

Questions & Answers

Social Security and the family maximum

Q: The decision about when to retire and begin taking Social Security is covered often by others. However, no one (to my knowledge) has covered the intersection of when a married couple (each with their own work record) should retire to maximize their benefits. On the one hand, it would be easy to say, work as long as possible and each retire with as much as you can. However, there is a section in the Social Security code that applies a limit of just over \$30,000 for a family's benefits...

Nowhere in the Social Security Administration's Q&As does it explain whether this family maximum applies to taking Social Security benefits based on two worker/spouse's work records. This is critical. If the \$30,000 maximum applies to work records as well as family disability benefits, then it might not make sense for me to work beyond 66 — or my wife to work beyond 63 — because at that point our total combined benefits would have hit the Social Security Administration family maximum. Many, many families will be in a similar situation.

We need someone to lay out the options for us. O.S. A: According to Donna Clements, manager of Social Security Information Services for Mercer Human Resource Consulting, "The family maximum only applies if the benefits are being paid on one worker's earnings record. In the family benefits section of "Mercer's 2007 Guide to Social Security and Medicare," it says: "When you become entitled to Social Security retirement benefits, your spouse and children may also be eligible for benefits on your earnings record. [one earnings record]

... The amount of benefits that members of one family may receive on the earnings record of one worker is limited. [maximum family benefit] "Since this man and woman each have a benefit based on their own work record, they can make a decision as to when to retire based on their individual needs."

Regardless, at age 70 you should retire since you will no longer earn DRCs beyond that age. And Joseph Matthews, author of "Social Security, Medicare & Government Pensions," had this to say: "I think your confusion derives from mixing up family benefits (retirement or disability plus dependents benefits based on the retired/disabled worker's work record) with two separate retirement/disability benefits (husband and wife each claiming retirement or disability benefits based on his and her own work record).

"There is no family limit on spouses each claiming their own retirement or disability benefits based on their own work record. Each is entitled to the full amount of his or her benefit (the actual amount depending on each work record and on when each claims the benefit) regardless of their marital status.

"On the other hand, a worker claiming retirement or disability benefits plus a spouse claiming dependents benefits based on the other spouse's work record is limited by the family benefits maximum, which is 150-180% of the worker's retirement or disability benefit."