



## Latinos and Social Security: How to Maximize Your Benefits

It Pays to Wait

**NCLR**  
NATIONAL COUNCIL OF LA RAZA

## **Introduction**

The National Council of La Raza (NCLR)—the largest national Latino civil rights and advocacy organization in the United States—created this brochure for Latino workers and family members. Many Latinos lack access to workplace retirement plans and therefore depend on Social Security for almost all of their retirement income. It is important for these workers to learn how to maximize their Social Security benefits.

To create this brochure, NCLR used information from the National Academy of Social Insurance, the National Women’s Law Center, and the Social Security Administration.

NCLR would like to thank the National Academy of Social Insurance, the Alfred P. Sloan Foundation, and the Ford Foundation, whose generous support made this work possible. The views and conclusions of this report are those of the author and NCLR alone and do not necessarily reflect the opinions of our funders.

Publication Date: May 2014



**LATINOS LIVE LONGER:** In 2011, Hispanic men who were age 65 can expect to live to age 85, compared to age 82 for all men. Hispanic women who were age 65 can expect to live to age 89, compared to age 85 for all women.

*Source:* Social Security Administration

## Wait to Claim Social Security and Increase Your Benefits for Life

Social Security is the foundation of our nation’s retirement system. The Social Security Administration hasn’t missed a payment since forming in 1935. That’s especially good news for Hispanic Americans, because the average Hispanic person lives longer than other Americans. Planning ahead can ensure a more comfortable retirement for you and those who depend on you.

### What Is My Full Retirement Age?

To calculate your retirement benefit, Social Security uses your **full retirement age**, which is the age when you become eligible for full benefits. Your full retirement age is either 66 or 67, depending on when you were born.

WHEN IS YOUR FULL RETIREMENT AGE?	
If you were born in:	Your full retirement age is:
1943–54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67



## Should I Collect Benefits Before My Full Retirement Age?

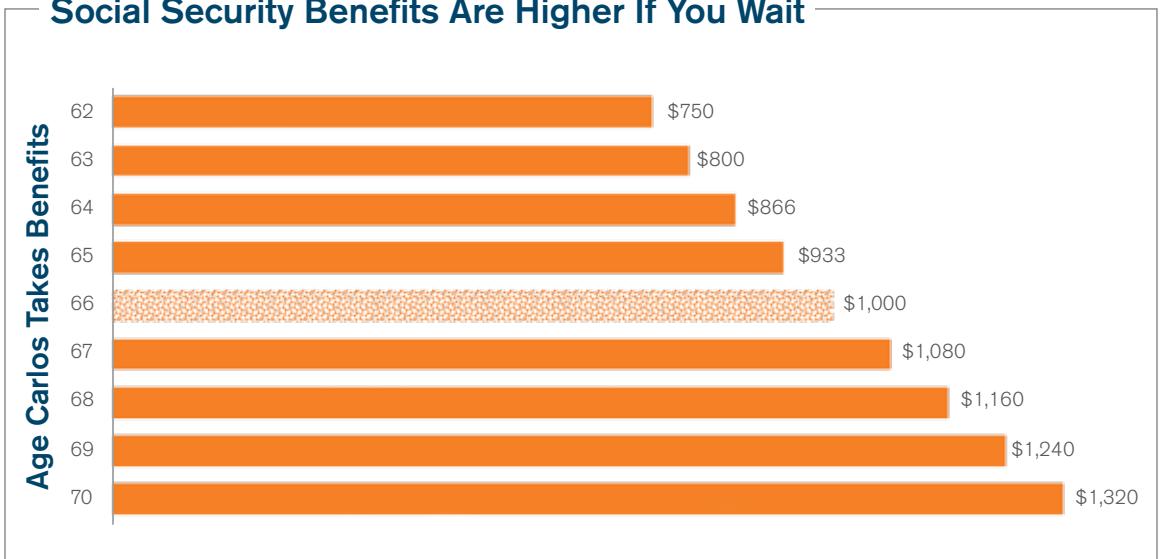
While you can begin collecting retirement benefits as early as age 62, there is a **reward for waiting**. Up to age 70, every year you wait can increase your monthly benefit for the rest of your life. Waiting just a year or two will help!

Why? If you take Social Security **before** your full retirement age, your benefits are **reduced** due to penalties for claiming early. If you wait until **after** your full retirement age—up to age 70—your benefits are **increased** with rewards for waiting.

## Is It Worth the Wait?

Yes! For example, Carlos earned \$27,000 this year after working steadily in his career. He has earned a monthly benefit of \$750 if he begins collecting Social Security early, at age 62. But if he waits until his full retirement age of 66, Carlos's monthly Social Security retirement benefit will be \$1,000, a 33% increase. His full, unreduced benefit is \$1,000. If he waits until 70, his monthly benefit will be \$1,320, which is 76% **higher** than if he claims his benefit at age 62.

### Social Security Benefits Are Higher If You Wait





Every year he waits means more in benefits to improve his quality of life. He can put it toward major expenses, like a new car payment, rent or mortgage, or medical expenses. Or, put it toward fun: a dream vacation, or to finally learning Spanish, or just to spoil his grandchildren.

Every year you wait after age 62 increases your benefits by **up to 8%, guaranteed**. There is no safer investment in your future. Income from savings and other sources of retirement income may decline as you get older. But **Social Security lasts for life**, increases to keep up with inflation, and provides extra benefits to your spouse.

Working longer can further increase your benefits. Your benefits are based on the average of your highest 35 years of earnings. If you don't have 35 years of earnings yet, or if your earnings are higher now than when you were younger, then those additional years of earnings will increase your benefit even further.

## **What If I Need Social Security Early?**

If you need Social Security early, take it—you've earned it! However, doing so will permanently reduce your monthly benefits significantly.

If you have to stop working before your full retirement age because of a disability, you may be eligible for disability benefits. Your disability benefits are not reduced based on your age, and you will get your full retirement benefit at full retirement age.



## Can I Work and Still Receive Social Security Retirement Benefits?

Yes. If you draw Social Security **early**, your benefits will be **reduced** by \$1 for every \$2 you earn **over about \$15,000**. However, these benefits aren't lost—they will be added back once you reach your full retirement age. Remember, in Carlos's case, he will get \$9,000 per year in benefits if he begins collecting at age 62. If he also works and earns \$15,000 per year, this would bring his overall income to \$24,000 per year without affecting his benefits. However, once Carlos is unable to continue **working**, he will be left with permanently lower overall benefits of only \$9,000 per year. If he had waited even one year longer to claim benefits, his benefits would have been higher for the rest of his life. The higher monthly benefits add up to more money over a lifetime.

### **ASSUME CARLOS DIES AT AGE 85.**

- *If Carlos begins collecting Social Security benefits at age 62, he will collect a total of \$216,000 by the time he dies.*
- *If he waits to collect benefits until age 66, he will collect a total of \$240,000.*
- *If he waits further until age 70, he will collect a total of \$253,440 by the end of his lifetime.*

If you continue working **after your full retirement age**, there is **no limit** on what you can earn while also receiving Social Security retirement checks. Try a new line of work during retirement without worrying about what you get paid or affecting your benefits. After all, retirement is about enjoying work and enjoying life.



## How Do These Choices Affect My Spouse?

If you are married, you have two lives to plan for, especially if you earn more money. Your spouse can get **up to 50% of your full benefit** or get a benefit based on their own work history, whichever is higher. If the lower-earning spouse takes Social Security benefits before full retirement age, benefits will be reduced.

For example, Carlos is married to Maria, who is four years younger and earns less, so she claims Social Security spousal benefits based on Carlos' earnings history. If Carlos takes benefits when he is 62 and Maria is 58, Maria will not be entitled to spousal benefits until she turns 62. If they both take benefits when Carlos is 66 and Maria is 62, Maria would only get \$350 in spousal benefits and Carlos would get his full benefit of \$1,000, for a total of \$1,350. If they wait until Maria reaches full retirement age at 66, when Carlos is 70, Maria would receive \$500 and Carlos would receive \$1,320, maximizing their income at \$1,820. When Maria is 66 she can claim the top spousal benefit of 50% of Carlos' full benefit.

## Sample Spousal Benefits

Carlos's Retirement Age	Carlos's Monthly Benefit	Maria's Age When Carlos Retires	Maria's Benefit	Total Monthly Benefit for the Couple
62	\$750	58	\$0	\$750
66 (full retirement age)	\$1,000 (full benefit)	62	\$350	\$1,350
70	\$1,320	66 (full retirement age)	\$500	\$1,820

Maria can continue to work while also claiming her spousal benefits after age 66. If she does this, her own worker benefits can continue to grow based on her earnings. If at age 70 she has built a higher benefit based on her own work history, she could start claiming on her own record.



## How Do These Choices Affect My Spouse If I Die First?

There is a good chance that either you or your spouse will live past age 85. If you earn more than your spouse, waiting to collect Social Security means providing an even **higher survivor benefit** for your partner if you die first. On the other hand, if you claim benefits before your full retirement age, the survivor benefits will also be reduced permanently.

A survivor can receive either **100% of their deceased spouse's benefit** or their own worker benefit, whichever is higher. A survivor who claims benefits before their full retirement age will have reduced benefits. Survivors can claim survivor benefits as early as age 60, or 50 if they are disabled.

Normally, the widowed spouse's benefits can't be greater than the benefit of the primary worker. However, a widowed spouse claiming at age 62 must get at least 81% of the deceased worker's full benefit.

The important point is that for every year that you delay claiming Social Security benefits, your and your survivor's benefits would be higher for the rest of your lives. By waiting to start collecting Social Security, you provide more life insurance protection for your survivor.

## Sample Survivor Benefits

Carlos's Retirement Age	Carlos's Monthly Benefit	Maria's Survivor Benefit, If Carlos Dies Before Her
62	\$750	\$810 (81% of \$1,000, the full benefit)
66 (full retirement age)	\$1,000 (full benefit)	\$1,000
70	\$1,320	\$1,320



## What If I Am Divorced?

If two spouses get divorced but were **married for at least 10 years**, the ex-spouse is eligible for the same benefits as a current spouse or widow/widower. For example, if Maria and Carlos divorced, Maria would still be eligible for 50% of Carlos's full benefit—\$500 in the above example—if she took benefits at her full retirement age of 66.

To claim retirement benefits as a divorced spouse, you must wait until you and your former spouse are at least age 62. If you are currently remarried, you cannot claim a benefit based on your former marriage. This claim would not affect the new spouse or family.

## What If I Still Have Dependent Children or Grandchildren?

If Carlos started a family later in life or is supporting a grandchild, his dependent child or grandchild may also be eligible for benefits. The maximum family benefit is generally limited to 150–180% of Carlos's benefit.



## **Will Social Security Be Here for Me If I Wait? Yes!**

If you choose to wait, your increased Social Security benefit will ensure a more comfortable financial future for you and your loved ones. Social Security's finances are much stronger than many people think. Even today, the program can pay full benefits for the next 20 years.

Congress has amended Social Security many times to meet new needs and serve new generations. Legislation has also preserved benefit levels for those already retired or nearing retirement. Policymakers have many options to adjust revenues, benefits, or both to ensure that all future benefits will be paid in full and on time.

**Estimate your future Social Security benefits using the Social Security Administration's retirement benefit estimator:**

[www.ssa.gov/estimator](http://www.ssa.gov/estimator) (English)

[www.socialsecurity.gov/espanol/calculador](http://www.socialsecurity.gov/espanol/calculador) (Spanish)

**Or, see your estimated benefits based on your own earnings record:**

<http://ssa.gov/myaccount> (English)

[www.ssa.gov/espanol/micuenta](http://www.ssa.gov/espanol/micuenta) (Spanish)

**For more information:**

"When to Take Social Security: It Pays to Wait"

[www.nasi.org/whentotakesocialsecurity](http://www.nasi.org/whentotakesocialsecurity)

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