

## Planning Alert: File & Suspend Get the Axe

[By Claire E. Toth, JD, MLT, CFP™](#)

As part of the recently passed budget deal, a popular technique for claiming Social Security benefits, called file & suspend, is being terminated as of the end of April 2016. If you and your spouse will both reach full retirement age—that's 66—by then, acts soon to take advantage of this technique.

File & Suspend takes advantage of a confluence of factors: a person's Social Security benefit continues to increase, by eight percent annually, if he waits until age 70 to claim it. The lower earning spouse can claim the higher of her own benefit or the spousal benefit (one half of the higher-earning spouse's benefit). If she waits until her own full retirement age, she can claim half her spouse's benefit then and her own at age 70. In order for her to do so, the higher earning spouse must file for his benefits but immediately suspend taking them—hence, file & suspend.

This technique has proven to be a boon for many couples—not all of them high income—where both spouses have significant work histories. They can both defer receiving their own benefits past full retirement age, but she can claim half of his at full retirement. This maximizes the total benefit available to them as a couple.

Not surprisingly, as the technique has grown in popularity, it has come under fire. The Obama administration has had it on the chopping block for a few years now. Almost without publicity, killing the file & suspend technique became part of the recently-passed budget deal.

What to do? If both you and your spouse will reach age 66 by the end of April next year, then by all means file and suspend. If not, speak with your advisor about maximizing your total retirement income—Social Security, pensions, and other retirement plan distributions.