

RAISE YOUR SOCIAL SECURITY BY \$1,000 A MONTH? *Fill out Form SSA-521 to help put more money in your mailbox.*

Provided by Timothy C. Hucks, CEP, President, Rising Tide, Inc.

A couple of years ago, Boston University economics professor Laurence Kotlikoff publicized a mindblowing discovery: retirees could dramatically increase their Social Security checks by reapplying for Social Security benefits.

It was entirely legal; it was an opportunity that had lay unnoticed for years. It was soon discussed on National Public Radio and PBS, and in *USA Today* and a number of financial magazines. Let's discuss it here.

Hit "restart" and reset your RIB. Everyone eventually applies for Social Security, but few people reapply - and that's the key to this strategy, which can potentially bring retired couples \$1,000 or more in additional RIB (retirement income benefits). Kotlikoff calls it "restarting the Social Security clock". If you are in good health and have retired within the last few years, it is a move worth considering.

You can start collecting Social Security benefits when you're first eligible, and then restart your payments at a higher rate later. You simply file Form SSA-521 (www.ssa.gov/online/ssa-521.pdf) to request a withdrawal of your Social Security application. After the SSA processes that form, you reapply for Social Security - and since you are older now than when you first applied, this time you will receive much higher payments.¹

So if you think you applied for Social Security too soon, this presents you with a remedy, as Kotlikoff noted while presenting a hypothetical example to the *Los Angeles Times* in 2009.

Take the case of a 70-year-old husband and wife, he noted. In 2009, they each would have received \$13,250 in benefits if they had started taking Social Security at age 62. But if they had waited to apply for Social Security until 70, they each would get \$20,692 annually. Instead of \$26,500 in combined monthly benefits, they could get \$41,384 - 36% more.¹

That's a pretty good case for hitting restart.

What's the catch? If you want to restart your Social Security benefits at a later age, you have to repay the Social Security benefits you have already received. But you don't have to pay interest on that money.¹ Basically, you're repaying an interest-free loan from Uncle Sam.

Now if enough people do this, there is the risk that the federal government may say, "Wait a minute - look at all these people exploiting this opportunity." But very few retirees do.

If you do reapply, there's nothing fishy about it. Visit your local Social Security office (make an appointment by calling 1-800-772-1213). Bring Form SSA-521 with you, or ask for it and fill it out while you are there. Don't be surprised if the person on the other side of the desk doesn't know what you're talking about when you mention reapplying for benefits. So bring a copy of the formal SSA explanation (www.ssa.gov/OP_Home/handbook/handbook.15/handbook-1515.html) with you.²

Once you repay your benefits, you can restart them whenever you want. If you fill out Form SSA-521 and hand over a check repaying the money you've received, you can reapply for benefits right then and there - the request is routinely approved.³

For the record, Form SSA-521 only allows you to check one of two boxes for why you want to reapply for benefits. The first is "I intend to continue working" and the other is "Other (please explain fully)".⁴ Mickie Douglas, a spokeswoman with the Social Security Administration, told *Financial Advisor* Magazine that it is entirely legitimate to write down that you are reapplying because it is "financially better for you".⁵

What risks do I run by doing this? The big risk is that you could die soon after you repay your benefits - you could be out, say, \$50,000 or \$60,000 without living long enough to enjoy much of the additional income. But survivor benefits would be larger for your spouse, of course. Speaking of spouses, widows and widowers cannot employ this strategy to reapply for a deceased spouse's benefits.⁵

Is this a good move for you? It might be. In case you are wondering, Kotlikoff is no hack - he holds a Harvard Ph.D. in economics and is a former member of the President's Council of Economic Advisors. He knows his stuff, and so should you. If you have the money to repay a lump sum equivalent to the benefits you have received, this may be a great move - but talk with your financial or tax advisor to see how this decision affects your overall financial strategy.

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Citations.

² articles.latimes.com/2009/nov/01/business/fi-perfin1 [11/1/09]

² ssa.gov/OP_Home/handbook/handbook.15/handbook-1515.html [8/1/06]

³ esplanner.com/case-reapply-social-security [3/2/09]

⁴ ssa.gov/online/ssa-521.pdf [7/03]

⁵ fa-mag.com/fa-news/3209.html [2/29/08]