**2015 Budget Changes to Social Security – Eliminating “Loopholes”**

The Bipartisan Budget Act of 2015 eliminated several unintended “loopholes” in the Social Security rules that enabled some individuals to collect spousal benefits while their own Social Security continued to grow. This had the effect of increasing their Social Security benefits.

Here’s what has changed regarding Social Security rules:

* **“Deemed Filing” or “Restricted Applications” in which a person files for spousal-benefits-only at full retirement, allowing their own Social Security to continue to grow.** Previously, married couples who are 66 or older could claim Social Security benefits twice. They first collect spousal payments worth half of the higher earner’s benefit amount, and then later switch to payments based on their own work record, which are then higher due to delayed claiming.

People who turn 62 in 2016 or later will no longer be able to claim these two types of payments at different times. Instead, you can claim a spousal payment or a payment based on your own work record, generally whichever is higher.

* **“File-and-suspend” strategy.** In the past, you could claim Social Security benefits and immediately suspend them, which allowed your spouse to claim payments based on your work record while you continue to accrue delayed retirement credits that allow you to claim larger payments later on in retirement.

Effective 180 days after the Bipartisan Budget Act of 2015, there is no longer an option to retroactively unsuspend benefits, and you cannot received benefits on anyone else’s work record while your benefits are suspended. The law changing file-and-suspend returns to its original purpose: to enable a person who has filed for benefits and later goes back to work to suspend their Social Security benefits and accumulate the 8% annual delayed credits to age 70.

What hasn’t changed:

* Married couples can still claim payments worth up to 50 percent of the higher earning spouse’s benefit, if that amount is higher than payments based on the lower earning spouse’s work record.
* Widows and widowers inherit their spouse’s benefit payment when it is higher than their existing benefit.
* People still have the option to increase their Social Security payments by delaying claiming Social Security up until age 70. [Click here](http://www.consumerfinance.gov/retirement/before-you-claim/) for a link to a new tool developed by the Consumer Financial Protection Bureau and the Social Security Administration that shows how much monthly benefits rise if you change the age at which you claim them.

**To learn more about these changes, carefully review the linked items below and seek out current information from your tax advisor.**

* November 2015 Social Security Brief:[**Bipartisan Budget Act of 2015 Closes Social Security Loophole**](https://www.ssa.gov/legislation/Bipartisan%20Budget%20Act%20Closes%20Social%20Security%20Loophole.pdf)
* November 19, 2015 Wall Street Journal Article by Amy Tergesen: [**Social Security Strategies for Couples: The New Rulebook**](http://nebula.wsimg.com/ae2bbc113c1809169fce4054537836de?AccessKeyId=386E8A3834E68565118B&disposition=0&alloworigin=1)