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White Paper:

*Social Security Survivor's Benefits*

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# Social Security Survivor's Benefits

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## What is it?

When planning your estate, consider how much your survivors might receive from Social Security. Social Security survivor's benefits can provide much-needed income to your family and ensure that their financial life after your death is easier.

## Who will be eligible to receive survivor's benefits after your death?

Knowing your insured status is essential to determining who will be eligible to receive Social Security survivor's benefits based on your earnings record. If you were fully insured, meaning that you have 40 Social Security credits (quarters of coverage) at the time of your death, more of your survivors may be eligible for benefits than if you were currently insured (having 6 credits during the last 13 quarters prior to your death). For more information on insured status, see [Determining Eligibility for Social Security Benefits](#).

### If you are fully insured

If you are fully insured, survivor's benefits can protect those family members who are most dependent on you for financial support. If you are fully insured at the time of your death, benefits may be paid to the following family members:

- Your spouse
- Your divorced spouse
- Your dependent child or children
- Your dependent parents

### If you are currently insured

If you are currently insured at the time of your death, benefits may be paid to these family members only:

- Your spouse (only if caring for a dependent child)
- Your divorced spouse (only if caring for a dependent child)
- Your dependent child or children

The following table illustrates who may be eligible to receive survivor's benefits and under what conditions:

Beneficiary	Age	Insured Status of Worker	Conditions
<b>Spouse of worker (no dependent child)</b>	Age 60 or over (or if disabled, age 50 or over)	Fully insured	Must have been married to the worker for nine months before worker died (certain exceptions exist) or be parent of worker's natural or adopted child.
<b>Spouse of worker with dependent child</b>	Any age	Fully or currently insured	Must be unmarried. Not already eligible for widow(er)'s benefits.
<b>Divorced spouse of worker (no dependent child)</b>	Age 60 or over (if disabled, age 50-59)	Fully insured	Must have been married to the worker for at least 10 years.
<b>Divorced spouse of worker with dependent child</b>	Any age	Fully or currently insured	Must be unmarried. Not already eligible for widow(er)'s benefits as a divorced spouse.
<b>Dependent child of worker</b>	Under age 18, or age 18 or 19 if a full-time elementary or secondary school student. If child is disabled, can be over age 18 if disability began before age 22.	Fully or currently insured	Must be unmarried.
<b>Dependent parent(s) of worker</b>	Age 62 or above	Fully insured	Fifty percent or more of the parent's support must have been furnished by worker.

## What benefits will your survivors receive after you die?

Your eligible surviving family member will receive a monthly benefit based on your primary insurance amount (PIA) unless the survivor is eligible for a greater benefit based on his or her own PIA. Survivor's benefits are expressed as a percentage of your PIA:

Beneficiary	Percentage of deceased worker's PIA that beneficiary is entitled to
Surviving spouse (widow(er)'s benefit)	100% (at normal retirement age)
Surviving spouse when caring for dependent child (parent's benefit)	75% minimum (before normal retirement age)
Surviving divorced spouse	100% (at normal retirement age)
Surviving divorced spouse when caring for dependent child	75% minimum (before normal retirement age)
Dependent child	75%
Dependent parent (1)	82.5%
Dependent parent (2)	75% (each)

Survivor's benefits may be reduced for one or more of the following reasons:

### Beneficiary is younger than normal retirement age when he or she elects to receive benefits

This factor affects the surviving spouse or the surviving divorced spouse of the worker. If the surviving spouse is at least normal retirement age, the benefit payable is 100 percent of the deceased worker's PIA. However, if the surviving spouse elects to receive benefits early (as early as age 60 or age 50 if disabled), the benefit payable will be reduced by .475 percent for each month between the month benefits begin and the month in which the spouse will reach normal retirement age. So, a surviving spouse born in 1938 (and thus with a normal retirement age of 65 and two months) who is age 60 and two months will receive 71.5 percent of the deceased spouse's PIA instead of 100 percent (60 months x .475 = 28.5 percent reduction). If the surviving spouse is disabled, the benefit will never drop below 71.5 percent of the deceased spouse's PIA, even if the disabled spouse elects benefits at age 50.

**Example(s):** After Peter died at age 60, his wife, Patty, applied for survivor's benefits. She was 61. Because she elected to receive benefits 48 months before her normal retirement age, she was entitled to receive 77.2 percent of her deceased husband's PIA (48 months x .475 = 22.8 percent reduction).

## Benefit is subject to the family maximum

Survivor's benefits may also be reduced if they exceed the family maximum benefit. This commonly happens when benefits to children are payable along with a benefit to a surviving spouse. Because the family maximum benefit generally ranges from 150 to 180 percent of the worker's PIA, a spouse's benefit combined with the benefits for two children could easily exceed the family maximum. In this case, the benefit for each family member will be reduced accordingly.

## The survivor's earnings are more than the annual exempt amount

Benefits may be reduced when a surviving spouse's earned income exceeds the annual earnings exempt amount. For an in-depth discussion of earned income limits, see *Optimizing Your Social Security Benefits*.

Benefits to eligible family members end when:

- A surviving spouse entitled to parent's benefits remarries (unless the new spouse is another benefit-eligible individual).
- A surviving spouse entitled to parent's benefits loses eligibility because the child attains age 16 or loses disability status.
- A surviving divorced spouse remarries prior to age 60 (or age 50 if disabled). If the subsequent marriage ends, however, the spouse will again be eligible for benefits based on the deceased ex-spouse's earnings.
- A dependent child turns 18 and is no longer enrolled in school. (If the child is enrolled full-time in secondary school, benefits may be payable to age 19.)
- A dependent child marries (unless the child is over 18 and disabled and marries another benefit-eligible individual).
- A dependent parent marries (unless parent marries another benefit-eligible individual).
- The beneficiary dies.

## Who is eligible to receive the Social Security lump-sum death benefit?

Upon your death, your surviving spouse living in the same household with you at the time of your death will receive a \$255 lump-sum death benefit. If there is no surviving spouse, the death benefit will be split among your children who are eligible for benefits based on your PIA. In the event you have no surviving spouse or children, the benefit will not be paid.

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## Planning tips for Social Security survivor's benefits

### When you have dependent children

If you have dependent children, check your Social Security record to make sure you are at least currently insured. If you die currently insured, your family might receive some income from survivor's benefits. If you are not currently insured, consider working to obtain the required credits.

### When you have no dependent children but are married

If you have no dependent children and are nearing retirement, check your Social Security record to make sure you are fully insured. If you die fully insured, your spouse may receive some income from survivor's benefits when he or she turns age 60 (or age 50, if disabled).

### When you have any family members who may be eligible for benefits on your Social Security record

Make sure your family members know your Social Security number and what benefits they may be entitled to when you die. To apply for benefits, your spouse may also need proof of marriage or divorce and copies of children's birth certificates.

## Disclosures

This material does not constitute the rendering of investment, legal, tax or insurance advice or services. It is intended for informational use only and is not a substitute for investment, legal, tax, and insurance advice.

State, national and international laws vary, as do individual circumstances; so always consult a qualified investment advisor, attorney, CPA, or insurance agent on all investment, legal, tax, or insurance matters.

The effectiveness of any of the strategies described will depend on your individual situation and on a number of other factors. After reviewing your personal situation, we may recommend that you not use any strategy in this document but instead consider various other strategies available through our practice.

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