



BOB CARLSON'S
Retirement Watch

7 SOCIAL SECURITY BOOSTERS **THAT CAN HELP TRANSFORM RETIREMENT**

BOB CARLSON

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7 Social Security Boosters That Can Help Transform Retirement

Social Security stands as one of the most valuable retirement assets most Americans have. Yet according to recent research, a staggering 96% of Americans make serious mistakes when claiming their benefits. These errors result in a staggering \$3.4 trillion in lost benefits for retirees over time.

This report reveals the seven Social Security boosters that can help Americans receive their rightful benefits.

The stakes could not be higher. The average household loses over \$100,000 in lifetime benefits due to poor claiming decisions. Many households lose substantially more. By understanding and implementing these Social Security boosters, retirees can potentially add hundreds of thousands of dollars to lifetime retirement income.

Social Security Booster #1: Increase Social Security Checks by 116%

The most common and costly Social Security mistake occurs when people claim their benefits as soon as they become eligible at age 62. While the promise of immediate income is tempting, this decision can dramatically reduce lifetime benefits and create financial hardship in later years.

The True Cost of Early Claims

The financial impact of claiming benefits at 62 instead of waiting until age 70 is staggering. A person who claims at 62 will receive a monthly benefit roughly 30% lower than if they had waited until their full retirement age. Even more significant, they miss out on delayed retirement credits that would increase their benefit by 8% annually between full retirement age and age 70.

Consider this real-world example: A person who would receive \$1,600 monthly by claiming at age 62 could instead receive \$3,451 by waiting until age 70. Over a lifetime, this difference amounts to an additional \$321,773 in benefits. This isn't just missing out on a few dollars each month. It represents a life-changing amount of money that could make the difference between a comfortable retirement and financial struggle.

The Solution: Strategic Delayed Claiming

Strategic delayed claiming requires careful planning and consideration of several key factors. First, retirees need to understand their full retirement age (FRA), which varies based on someone's birth year. For those born between 1943 and 1954, full retirement age is 66. For those born between 1955 and 1959, the FRA increases by two months for each year. Those born in 1960 or later have an FRA of 67.

The next step involves determining whether someone can realistically delay benefits. Many people can accomplish this through continued work, though this isn't the only option. Some retirees use their retirement savings to bridge the gap until claiming Social Security. Others tap into home equity through a reverse mortgage. Married couples often find success by coordinating their benefits, with one spouse claiming earlier while the other delays.

Life expectancy plays a crucial role in this decision. Many people underestimate how long they'll live, leading to poor claiming choices. Today's 65-year-olds have a 50% chance of living past age 85. Even more striking, one in four men will live to age 93, while one in four women will reach age 96. These longer lifespans make delayed claiming increasingly valuable.

The inflation protection aspect of Social Security adds another compelling reason to delay benefits. Unlike most other retirement income sources, Social Security benefits increase with inflation each year. This protection becomes increasingly valuable in later years when other resources may be depleted and the cost of living has risen substantially.

When Early Claiming Makes Sense

While delaying benefits often provides the highest lifetime income, certain situations do warrant claiming benefits early. People in poor health with a lower life expectancy may benefit from claiming as soon as possible.

Those with no other financial resources and an immediate need for income may have no choice but to claim early. In married couples, it sometimes makes sense for the lower-earning spouse to claim early while the higher earner delays to maximize the eventual survivor benefit.

Social Security Booster #2: Take Advantage of Survivor Benefits Properly

Many married couples make their Social Security decisions independently of each other, treating their benefits as separate financial islands. This seemingly innocent oversight can cost hundreds of thousands of dollars in lost benefits over their lifetimes. The key issue isn't how much income comes into the household while both spouses are alive. It's what happens to the surviving spouse after one passes away.

Understanding the Survivor's Dilemma

When one spouse dies, the household loses one Social Security check. The surviving spouse receives only the higher of their own benefit or their late spouse's benefit. This reduction in income comes at precisely the wrong time, as the surviving spouse still faces many of the same household expenses but with only one Social Security check.

The statistics make this situation even more crucial to plan for. In almost 75% of married couples, one spouse will outlive the other by at least five years. In about 50% of couples, the surviving spouse will outlive the other by at least 10 years. That's a long time to maintain a household on substantially reduced income.

Even more sobering, research suggests married couples have a 75% chance of one spouse living past age 88, and a 50% chance of one reaching 93. With potentially decades of solo retirement ahead, maximizing the survivor benefit becomes crucial.

The Solution: Strategic Benefit Coordination

The solution begins with understanding that Social Security claiming decisions should be made as a couple, not as individuals. The higher-earning spouse should typically delay claiming benefits as long as possible, ideally until age 70. This strategy ensures the surviving spouse, regardless of which one it is, will receive the highest possible survivor benefit.

Consider this detailed example: Max and Rosie are a typical couple approaching retirement. If Max claims his benefit at 62, he'll receive \$1,500 monthly. If he

passes away at age 80, Rosie would receive about \$1,650 monthly as a survivor's benefit. However, if Max delays claiming until age 70, his benefit grows to \$2,640 monthly. If Max passes away first, Rosie would receive that full amount, indexed for inflation, for the rest of her life. This difference amounts to \$990 more per month (\$11,880 per year) that Rosie would receive as a surviving spouse.

The lower-earning spouse has more flexibility in their claiming decision. Often, they can claim benefits earlier while the higher-earning spouse delays. This strategy provides some immediate income to the household while still protecting the surviving spouse's future income.

The Mechanics of Spousal Benefits

Understanding how spousal benefits work is crucial for proper coordination. The basic spousal benefit is 50% of the other spouse's full retirement benefit, but several important rules affect this amount:

1. Spousal benefits cannot be claimed until the other spouse has filed for their own retirement benefits.
2. If someone claims spousal benefits before their own full retirement age, they will be permanently reduced. The reduction can be as much as 30% if claimed at the earliest possible age of 62.
3. Unlike regular retirement benefits, spousal benefits don't grow by waiting beyond full retirement age. There are no delayed retirement credits for spousal benefits.

Coordinating Benefit Ages

For optimal coordination, couples should consider these key age milestones:

The earliest age for claiming retirement benefits is 62, but this results in a permanent reduction of up to 30% in monthly benefits. For spousal benefits, the reduction can be even greater.

Full retirement age varies based on birth year, ranging from 66 to 67. This is when older Americans can receive 100% of their earned benefit or 50% of their spouse's benefit if they're claiming spousal benefits.

Age 70 is when retirement benefits reach their maximum through delayed retirement credits. After 70, there's no advantage to waiting longer.

Advanced Coordination Strategies

Here are some proven approaches for different scenarios:

When one spouse has significantly higher lifetime earnings: The higher earner should generally wait until 70 to maximize their benefit, while the lower earner might claim earlier. This provides some immediate income while protecting the eventual survivor benefit.

When earnings are more equal: Consider having one spouse file early while the other delays. This provides immediate income while still maximizing one of the benefits for survivor protection.

When health is a factor: If one spouse has serious health concerns, they might claim early while the healthier spouse delays benefits to maximize the eventual survivor benefit.

Special Provisions for Survivors

Few people realize that surviving spouses have unique claiming opportunities. Unlike other Social Security recipients, surviving spouses can choose which benefit to receive first and switch to the other later. A surviving spouse might start with survivor's benefits while letting their own retirement benefit grow, then switch to their retirement benefit at age 70 if it would be larger.

This flexibility in survivor benefits creates powerful planning opportunities. For example, a widow who is eligible for both retirement and survivor benefits at age 60 could:

- Take reduced survivor benefits at 60 while letting her own retirement benefit grow
- Switch to her own retirement benefit at 70 if it would be larger
- Receive the higher amount for the rest of her life

The decision about which benefit to take first should be based on careful analysis of both benefit amounts and life expectancy. Working with a financial advisor who understands these complex rules can help ensure older Americans make the optimal choice.

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Social Security Booster #3: Get Credit for High Earning Years

Many people unknowingly shortchange themselves by not understanding how Social Security calculates their benefits. After a lifetime of work, some retirees miss out on a small fortune in extra benefits simply because they don't know how the system works. Understanding how additional work years can increase their benefits could mean the difference between a comfortable retirement and financial struggle.

How Social Security Calculates Their Benefits

At its core, Social Security uses a complex formula based on their lifetime earnings. The system looks at their highest 35 years of earnings, adjusted for inflation. Each of these years contributes to their final benefit amount. This seemingly simple concept has profound implications for their retirement income.

Many people are surprised to learn that years of zero or low earnings can dramatically reduce their benefits. If older Americans don't have 35 years of earnings, Social Security fills in the missing years with zeros. Even if they do have 35 years of work history, early-career years with low earnings could be dragging down their benefit calculation.

The Power of Additional Work Years

Consider this striking example: Two women with similar career paths each worked for a few years after college, then left the workforce to raise children. Both returned to work after their children were grown.

At age 62, they would each receive about \$1,049 in monthly benefits. However, one woman continues working until age 70, earning about 75% of the Social Security wage base. Because these additional years replace years of zero earnings in her record, her monthly benefit at age 70 increases to \$3,200. Over her lifetime

to age 90, this results in total benefits of \$1,070,000 instead of just \$568,000. That's nearly double!

This example illustrates a powerful truth: Working longer doesn't just delay someone's benefits; it can fundamentally transform them.

Understanding the Earnings Impact

The impact of additional work years varies based on several factors:

Current Earnings Record: If someone already has 35 years of high earnings, additional work years might have less impact. However, if their record includes years of low earnings or zeros, the potential for increase is substantial.

Wage Inflation: Social Security adjusts their historical earnings for wage inflation through age 60. This means earnings from early in their career are worth more than their face value in the calculation. However, earnings after age 60 are counted at face value, which can make recent high-earning years especially valuable.

Income Level: The impact of additional work years is often most dramatic for middle-income workers. Those who've consistently earned at or above the Social Security wage base might see less benefit from additional work years.

Strategic Work Planning

To maximize their benefits through work credits, consider these strategies:

Timing Retirement: If they're considering retirement but have some low-earning years in their record, working even a few more years could significantly increase their lifetime benefits. Each year of higher earnings that replaces a zero or low-earning year provides a permanent increase in their monthly benefit.

Part-Time Work: Even part-time work can help if it replaces years of zero earnings in their record. This creates flexibility in their retirement planning. Someone doesn't necessarily need to continue full-time work to improve their benefits.

Self-Employment: Self-employed individuals have unique opportunities to maximize their Social Security credits through careful income planning. However, they must be mindful of properly reporting their earnings and paying self-employment taxes.

The Multiplier Effect

The impact of higher benefits through additional work years becomes even more powerful when you consider three factors:

Cost of Living Adjustments: Once someone begins receiving benefits, they're adjusted annually for inflation. A higher initial benefit means larger dollar increases with each cost of living adjustment.

Survivor Benefits: For married couples, a higher worker benefit translates into a higher survivor benefit for the remaining spouse. This creates a form of life insurance that lasts for the surviving spouse's lifetime.

Tax Efficiency: While Social Security benefits may be partially taxable, the increase in benefits from additional work years often provides better after-tax returns than many other investments.

Special Considerations for Women

The strategy of maximizing work credits can be especially valuable for women, who often have gaps in their earnings history due to caregiving responsibilities. Statistics show that women generally live longer than men and are more likely to spend their final years alone.

Higher Social Security benefits through strategic work planning can provide crucial financial security during these solo years.

When Working Longer Might Not Help

While additional work years often increase benefits, there are situations where the impact might be minimal:

High Career Earnings: If someone already has 35 years of earnings at or near the Social Security wage base, additional work years might increase their benefits by only a few dollars per month.

Health Concerns: If someone has serious health issues that might limit their life expectancy, the long-term benefit of higher monthly payments might not outweigh the immediate need for income.

Family Obligations: Sometimes the value of time spent with family or pursuing other activities outweighs the potential increase in benefits.

Calculating Their Potential Increase

To determine how additional work years might affect their benefits:

1. Create a “My Social Security” account online to review their earnings history
2. Identify their lowest-earning years, including any zeros
3. Compare these to their current earnings potential
4. Use Social Security’s online calculators to estimate how different scenarios might affect their benefits

Remember, this isn’t just about working longer. It’s about making informed decisions that could significantly impact someone’s retirement security for decades to come.

Social Security Booster #4: Protect Benefits from Thieves and Scammers

A shocking new crime wave threatens Social Security benefits, and many retirees never see it coming. Sophisticated thieves now steal thousands in benefits every month through increasingly sophisticated schemes. In just one example uncovered by investigators, criminals redirected \$20 million in benefits from 12,200 recipients to wrong bank accounts.

The New Face of Social Security Theft

Today’s Social Security thieves work with surgical precision. Gone are the days when criminals simply stole checks from mailboxes. Modern thieves purchase stolen personal information from the dark web and use it to hack into Social Security accounts. Within minutes, they can redirect thousands in monthly benefits to untraceable accounts.

The criminals employ two primary methods of theft. The first targets people already receiving benefits. Using stolen personal information, thieves hack into the recipient's Social Security account and change the direct deposit information. Benefits then flow to the thieves' accounts instead of the legitimate recipient.

The second method, even more insidious, targets people who haven't yet claimed their benefits. Criminals file for benefits in the victim's name years before the legitimate person plans to retire. The scam often goes undiscovered until the real person tries to claim their benefits, sometimes years later.

Understanding Common Social Security Scams

Beyond direct theft of benefits, criminals increasingly use sophisticated scams to steal personal information. A common approach involves phone calls claiming to be from the "Social Security Department" (a red flag, as it's actually called the Social Security Administration). The caller claims their Social Security number has been suspended due to suspicious activity and demands immediate action.

Email deception represents another major threat. Thieves send official-looking emails claiming problems with their Social Security account. These emails often contain links to fake websites designed to steal their personal information.

Perhaps most insidious is the gift card scheme. Scammers demand payment through gift cards to "reactivate" their Social Security number or clear up supposed problems with their account. This is always fraudulent - the Social Security Administration never requests gift card payments.

The Solution: A Comprehensive Protection Plan

The best defense against Social Security theft starts with creating a "My Social Security" account on the Social Security Administration's website before criminals can create one in their name. Even if they're years from retirement, establishing this account prevents thieves from setting up a fraudulent one. Once their account is created, monitoring it periodically for suspicious activity becomes essential.

Their account security begins with choosing a strong, unique password and enabling any available two-factor authentication. Never share their login credentials with anyone. Making a habit of checking their account monthly for unexpected changes provides an early warning system for potential theft.

Careful monitoring of their bank account proves equally important. Watch their Social Security deposits carefully. If a payment doesn't arrive on schedule, contact the Social Security Administration immediately. Quick action can help prevent multiple payments from being stolen.

Understanding Official Communications

The Social Security Administration follows strict protocols for communication. They will never call to threaten someone with arrest or legal action, or say their Social Security number has been suspended, demand immediate payment, require payment by gift card, cash, or wire transfer, or ask for credit card numbers over the phone.

Immediate Actions If Theft is Suspected

When someone suspects benefit theft, immediate action becomes crucial. First, they should contact the Social Security Administration's fraud hotline at 1-800-269-0271. Follow this with filing a police report, which creates an official record of the theft. Also, it's a good idea to contact the bank immediately to alert them to the situation.

Filing a complaint with the Federal Trade Commission at [FTC.gov/complaint](https://www.ftc.gov/complaint) creates another layer of documentation. Additionally, placing a freeze on credit reports with the three major credit bureaus helps prevent further identity theft.

Recovery of Stolen Benefits

The Social Security Administration maintains procedures for restoring stolen benefits once someone alerts them to the theft and proves their identity. However, the process requires patience. Keep detailed records of all communications and follow up regularly on a case.

Special Protection for the Elderly

Older Americans face particular targeting by Social Security scammers. Family members can help protect elderly relatives through regular account monitoring and reviewing bank statements for unusual activity. Understanding common scams targeting the elderly helps prevent theft before it occurs.

Setting up trusted contact persons on financial accounts provides an additional layer of security. Creating a durable power of attorney for financial matters ensures someone can act quickly if problems arise.

The Future of Benefit Protection

As thieves become more sophisticated, protection methods continue evolving. The Social Security Administration constantly updates its security measures, but individual vigilance remains the best defense. Regular monitoring, immediate reporting of suspicious activity, and maintaining secure account access provide the foundation for protecting their benefits.

Remember, protecting their Social Security benefits requires ongoing attention. The time invested in protection proves minimal compared to the potential loss of benefits that could take months to recover. Making security measures part of their regular financial routine helps ensure their benefits remain safe from increasingly sophisticated thieves.

Social Security Booster #5: Update Social Security Records

Many retirees fail to realize that Social Security's records of their lifetime earnings might contain errors. Government audits have discovered errors in as many as one out of three individual earnings histories. These mistakes have cost retirees billions in lost benefits. Yet most people never check their earnings records until they're ready to claim benefits—when it might be too late to correct errors.

The Hidden Cost of Record Errors

The financial impact of record errors can be staggering. Even a single mistaken “zero earnings” year could cost a retiree \$4,300 in lifetime benefits. Often, these errors come in the form of underreported earnings or entire years mistakenly showing zero income. Each error could be cheating someone out of hundreds of dollars in benefits every year.

The problems typically fall into several categories:

Missing Earnings: Years when someone worked and paid Social Security taxes, but no earnings appear on their record.

Underreported Earnings: Years when their recorded earnings are lower than what someone actually earned.

Misattributed Earnings: Their earnings were accidentally recorded under someone else's Social Security number.

Name Change Errors: Earnings might be missing if their name change (due to marriage or divorce) wasn't properly reported to Social Security.

Time Limits for Corrections

The Social Security Administration imposes strict time limits on many corrections. This makes regular monitoring crucial. Here are the key time limits:

Three Years, Three Months, and 15 Days: After the year in which wages were paid, this is the time limit for employers to report changes to SSA.

Three Years: The time limit for correcting earnings records if someone has proof of payment from their employer.

No Time Limit: For a few specific situations, including fraudulent entries, mechanical or clerical errors, and errors apparent on the face of the record.

The Solution: Comprehensive Record Monitoring

Protecting their benefits requires a systematic approach to monitoring their Social Security records:

Annual Reviews: Check their Social Security earnings record every year through their online "my Social Security" account. Mark this as an annual task, perhaps coinciding with tax preparation time.

Document Preservation: Keep important records that verify their earnings:

- W-2 forms
- Tax returns
- Pay stubs from December of each year
- Any other documents showing their earnings and Social Security tax payments

Employment History Documentation: Maintain a personal log of:

- Employers' names and addresses
- Dates of employment
- How someone was paid (salary, hourly, etc.)
- Approximate earnings

How to Access Their Records

Several methods exist for reviewing their Social Security earnings record:

Online Access: Create a “my Social Security” account at www.ssa.gov. This provides immediate access to their earnings history and estimated benefits.

Phone Request: Call Social Security at 1-800-772-1213 to request a copy of their earnings record.

In-Person Visit: Visit their local Social Security office (appointment recommended) to review their records.

Social Security Statement: If they're over 60 and not receiving benefits, someone'll receive an annual statement by mail showing their earnings history.

Identifying Errors in Their Record

When reviewing their earnings record, look for these red flags:

Missing Years: Years when someone worked but show zero earnings.

Incorrect Amounts: Earnings that don't match their recollection or records.

Multiple Entries: More than one entry for the same year (could indicate identity theft).

Unexpected Patterns: Sudden drops in earnings that don't match their work history.

Steps to Correct Errors

If someone finds mistakes in their record, he or she should take these steps:

1. Gather Documentation:
 - W-2 forms or pay stubs

- Tax returns
- Written statements from employers
- Any other proof of earnings

2. Contact Social Security:

- Call 1-800-772-1213
 - Visit their local office
 - Write to the address provided on the Social Security website
3. File Form SSA-7008: This is the formal request for correction of earnings record.
4. Follow Up: Document all communications with Social Security and follow up regularly until the correction is made.

Special Situations Requiring Extra Attention

Certain work situations require additional vigilance in monitoring their records:

Self-Employment: Self-employed individuals should carefully track their earnings and ensure proper reporting of self-employment income.

Multiple Employers: Those who work for multiple employers in a single year should verify that all earnings were properly reported.

Tips and Commission Income: Workers who receive tips or commission should verify that all taxable income appears in their records.

Long-Term Monitoring Strategy

Develop a system for ongoing record maintenance:

Create a Filing System: Organize their earnings documents by year for easy reference.

Set Regular Review Dates: Schedule specific times each year to review their Social Security records.

Keep Digital Copies: Scan important documents and store them securely in case paper copies are lost or damaged.

Update Contact Information: Ensure Social Security always has their current address and phone number.

The Impact on Their Benefits

Regular monitoring of their Social Security records can significantly impact their retirement benefits. An extra \$250, \$350, or even \$550 per month really adds up over a lifetime of benefits. Consider that these increases are:

Permanent: Once corrected, the higher benefit amount continues for life.

Indexed for Inflation: Annual cost-of-living adjustments apply to the corrected amount.

Transferable: In many cases, the higher amount can affect survivor or spousal benefits for their spouse.

Remember, workers have earned these benefits through years of work and Social Security tax payments. Don't let record-keeping errors rob someone of the retirement income they deserve.

Social Security Booster #6: Stop Government Bureaucrats from Slashing Payments

Believe it or not, thieves and scammers aren't the only threat to their monthly benefits. Government bureaucrats can sometimes cut payments by up to 30% through various rules and regulations. These reductions lurk like hidden landmines, quietly eroding the payments of unsuspecting retirees month after month, year after year. Yet savvy retirees who understand these rules can often avoid or minimize these reductions.

The Early Retirement Trap

The Social Security Administration offers what seems like a generous option: someone can begin collecting benefits as early as age 62, even though full retirement age from 66 to 67 for most people. What they sometimes don't reveal

fully is that for each month someone claims benefits before full retirement age, their monthly payment will be slashed by a fixed percentage.

If someone claims at the earliest possible age of 62, he or she could forfeit up to 30% of their earned benefit. That means a monthly benefit that could have been \$2,000 will now start at just \$1,400. Over a 20-year retirement, that reduction adds up to \$144,000 in lost income.

The Earnings Test Surprise

One of the most misunderstood reductions comes from the “earnings test” for those who continue working while receiving benefits before full retirement age. In 2025, gross wages of just \$23,400 were enough to trigger benefit reductions. The Social Security Administration deducts \$1 from benefits for every \$2 earned above that threshold.

The penalty becomes even more severe for someone reaching full retirement age. If in 2025 someone who turns full retirement age that year earns more than \$62,160, the deduction increases to \$1 withheld for every \$3 earned.

While these forfeited benefits are theoretically restored after someone reaches full retirement age, that could take years. In the meantime, people who fall victim to this bureaucratic thievery could be stuck with severely diminished payments.

The Ex-Spouse Benefits Minefield

Divorced retirees face their own unique minefields when it comes to benefit reductions. Claiming spousal benefits based on an ex’s work record can seem like a straightforward way to boost income, especially for someone who didn’t work much themselves. Yet even one misstep can cost an uninformed retiree dearly.

For example, remarrying before age 60 completely wipes out eligibility for ex-spouse benefits. And if their ex delayed claiming their own benefits past full retirement age, they won’t share in those delayed retirement credits - capping the spousal benefit at 50% of their full retirement amount.

The Solution: Strategic Timing and Planning

The key to avoiding these reductions is understanding exactly when and how they apply. When it comes to early retirement, an older worker must first understand their full retirement age based on their birth year. Next, calculate exactly how much their benefit will be reduced for early claiming.

This allows them to evaluate whether they can use other resources to delay claiming. Their decision should also factor in how it might affect future spousal and survivor benefits.

For those planning to work in retirement, careful tracking of expected earnings becomes crucial. Older folks need to understand how close they are to the earnings limit and whether it makes sense to temporarily suspend benefits. Some retirees find it worthwhile to plan their work schedules specifically to stay under these limits.

Those dealing with ex-spouse benefits must pay special attention to timing any remarriage to preserve benefits.

Special Protections After Full Retirement Age

The good news is that many of these reductions disappear once someone reaches full retirement age. The earnings test vanishes entirely, allowing someone to earn as much as they want without penalty. Even better, some of the benefits lost to the earnings test aren't gone forever. They're added back into their benefit calculation once someone reaches full retirement age.

Recovery Strategies

If a person is already receiving reduced benefits, several options remain available. Once someone reaches full retirement age, he or she can suspend their benefits to earn delayed retirement credits, even if they started receiving benefits early.

Additional earnings can increase their benefit amount through Social Security's annual recalculation of benefits. Furthermore, if someone believes a reduction was applied incorrectly, he or she has the right to appeal within 60 days of receiving notice of the decision.

Long-Term Planning Considerations

When developing someone's strategy to avoid benefit reductions, careful consideration of their life expectancy is crucial. If someone expects to live well into their 80s or 90s, avoiding early retirement reductions becomes even more important.

Their family history and other sources of retirement income should inform these decisions. Having other retirement income sources can help someone delay benefits and avoid reductions.

Documentation Requirements

Protecting against unnecessary reductions requires thorough record-keeping. This includes maintaining detailed records of earnings from all sources and important dates such as marriages and divorces if claiming ex-spouse benefits. Keep copies of all appeals and correspondence with Social Security as well.

Remember, these reductions aren't inevitable. With proper planning and understanding of the rules can often avoid or minimize them. The key is to be proactive rather than reactive. Understand the rules before making claiming decisions rather than trying to fix problems after they occur.

Social Security Booster #7: Switch from One Type of Benefit to Another

Many people don't realize they might be eligible for different types of Social Security benefits at different times. This oversight can cost them tens of thousands of dollars in lost benefits over their lifetimes. The ability to switch between benefit types is particularly important for surviving spouses, who have unique opportunities to maximize their benefits through strategic switching.

Understanding Benefit Switching Options

A surviving spouse can receive either their own retirement benefit or a survivor's benefit based on their deceased spouse's record. Unlike other Social Security

recipients, surviving spouses can choose to take one type of benefit first and switch to the other later when it would be more valuable. This flexibility creates powerful planning opportunities that most people never utilize.

The Power of Strategic Timing

The timing of when to switch benefits can dramatically affect lifetime income. Social Security survivor's benefits can begin as early as age 60, while retirement benefits can't start until age 62.

However, both types of benefits are reduced if claimed before full retirement age. Understanding these timing differences is crucial for maximizing total benefits.

Consider this scenario: A widow might claim her survivor's benefit at age 60, then switch to her own retirement benefit at age 70 if it would be larger. Or she might take her own reduced retirement benefit early while letting the survivor's benefit grow to its maximum amount. The choice depends on the relative size of each benefit and the widow's life expectancy.

The Impact of Early Claiming on Switching Strategies

When a surviving spouse claims any benefit early, the reduction in that benefit is permanent. However, this reduction doesn't carry over to the other benefit type. For example, a widow who takes her own retirement benefit early will see that benefit permanently reduced, but her survivor's benefit won't be affected by this decision. This creates opportunities for strategic claiming that many people miss.

If the survivor's benefit at full retirement age would be substantially larger than their own retirement benefit at age 70, it often makes sense to take their reduced retirement benefit early. This provides some immediate income while allowing the survivor's benefit to grow to its maximum amount. Someone can then switch to the higher survivor's benefit at their full retirement age.

Special Rules for Divorced Surviving Spouses

Divorced surviving spouses have additional considerations when switching benefits. They can claim benefits on their ex-spouse's record if the marriage lasted at least 10 years and they haven't remarried before age 60. This creates additional switching opportunities that could significantly increase lifetime benefits.

For example, a divorced surviving spouse might be eligible for benefits on multiple ex-spouses' records. In this case, they can switch to whichever benefit provides the highest amount. The key is understanding that someone can only receive one benefit at a time, but can switch between them to maximize their income over time.

Coordinating with Other Benefits

The ability to switch between benefits becomes even more valuable when coordinating with other types of Social Security benefits. For instance, someone receiving disability benefits might become eligible for survivor's benefits after a spouse's death.

The ability to switch between these benefits can provide higher lifetime income than sticking with just one benefit type.

The timing of disability onset can also affect switching strategies. A surviving spouse who becomes disabled before age 60 might be eligible to begin survivor's benefits as early as age 50. This early access to benefits doesn't prevent them from switching to retirement benefits later if that would provide a higher payment.

Documentation Requirements for Switching

When planning to switch benefits, proper documentation becomes crucial. The Social Security Administration requires proof of eligibility for each type of benefit.

This might include marriage certificates, death certificates, divorce decrees, and birth certificates. Having these documents readily available can prevent delays in processing benefit switches.

Monitoring Benefit Amounts Over Time

Regular monitoring of benefit amounts is essential when planning to switch between benefits. Social Security benefits receive cost-of-living adjustments, which can change the relative value of different benefit types over time.

What might be the optimal switching strategy when first planning might need adjustment as benefit amounts change with inflation.

The Role of Life Expectancy in Switching Decisions

Life expectancy also plays an important role in determining the optimal switching strategy. A surviving spouse who expects to live well into their 80s or 90s might benefit more from maximizing their retirement benefit through delayed claiming, even if it means taking a reduced survivor's benefit early.

Conversely, someone with a shorter life expectancy might prioritize maximizing immediate income through early claiming of retirement benefits.

Financial Bridge Strategies

Sometimes the optimal switching strategy requires going without benefits for a period to maximize lifetime income. In these cases, developing a financial bridge strategy becomes essential. This might involve using retirement savings, part-time work, or other resources to provide income during the gap period while waiting for benefits to reach their maximum amounts.

Recovery Options if Mistakes Are Made

If someone has already claimed benefits but realizes a different switching strategy would have been better, they might still have options. Within 12 months of first claiming benefits, someone can withdraw their application and repay benefits received.

This allows a person to start over with a new claiming strategy. After the 12-month period, he or she might still be able to suspend benefits at full retirement age to earn delayed retirement credits.

The Impact on Other Family Benefits

Their switching decisions can affect benefits available to other family members. For example, dependent children might be eligible for benefits based on their parents' records. Understanding how switching between benefit types affects these auxiliary benefits is crucial for maximizing total family income.

Remember, the ability to switch between benefit types is a powerful tool for maximizing Social Security income, but it requires careful planning and understanding of complex rules. The optimal strategy depends on their unique

circumstances, including their age, benefit amounts, life expectancy, and other financial resources.

Conclusion: Creating a Social Security Action Plan

Social Security decisions aren't simple choices to be made casually. They require careful planning and consideration of multiple factors. The stakes are simply too high for snap decisions or assumptions.

Understanding What's At Risk

Consider the true value of Social Security benefits over a lifetime. A married couple receiving average benefits would receive jointly over \$36,000 annually.

To generate an equivalent annual income, they'd need an investment portfolio of more than \$1 million, and they'd have to invest it to earn about two percentage points more than the inflation rate. Even then, the investment return and safety of the principal wouldn't be guaranteed.

Even more striking, if the couple were to increase their lifetime benefits using the strategies outlined in this report, they would need a nest egg of \$1.5 million or more to produce the same cash flow.

To purchase an annuity from an insurance company that would generate the same inflation-protected stream of income guaranteed for life would require even more money.

The Increasing Importance of Social Security

As retirement progresses, Social Security often becomes increasingly crucial to financial security. Studies show the average retiree has only \$10,000 left in savings near life's end. This makes maximizing Social Security benefits even more critical.

Several factors make Social Security uniquely valuable:

First, the benefits are *guaranteed for life*, no matter how long someone lives. In an era when traditional pensions are increasingly rare, this lifetime guarantee becomes extraordinarily valuable.

Second, benefits are *indexed for inflation*. Few other retirement income sources offer this protection. Most pensions and annuities pay the same amount year after year, gradually losing purchasing power to inflation.

Third, Social Security *offers special protections* for spouses and survivors that aren't available from other retirement income sources. The ability to claim spousal benefits and survivor benefits can dramatically increase lifetime household income.

Taking Action: Next Steps

1. Create a Social Security timing strategy now, even if retirement is years away. The decisions someone makes today about work and savings can significantly impact their future benefits.
2. If someone is married, develop a coordinated claiming strategy with their spouse. Remember that these decisions affect not just current income but potentially decades of survivor benefits.
3. Protect benefits by creating a “My Social Security” account immediately. Don't wait until ready to claim benefits. The sooner someone establishes this protection, the safer their benefits will be.
4. Review earnings record annually. Mark this on their calendar as a regular task, just like checking a credit report or reviewing an investment portfolio.
5. If someone is already receiving benefits, regularly verify that payments are arriving as scheduled and review any communications from Social Security carefully.

When to Seek Professional Advice

While many Social Security decisions can be made on their own with careful research, certain situations warrant professional guidance. Consider seeking expert help if:

Someone's situation involves *multiple benefit types* (such as retirement, spousal, and survivor's benefits). The interplay between these benefits can be complex, and professional analysis might reveal opportunities someone might otherwise miss.

Someone is *divorced or widowed*. The special rules applying to these situations can be intricate, and the financial stakes are often high.

Someone is *still working or planning to work while receiving benefits*. The earnings test and other rules can complicate their claiming decision.

The Future of Social Security

While some worry about Social Security's future, the program will likely continue to be a crucial part of retirement planning. Even under the most pessimistic projections, the program will be able to pay at least 75% to 80% of promised benefits indefinitely.

However, changes to the program are likely in the coming years. These changes might include adjustments to the full retirement age, modifications to cost-of-living calculations, or changes to benefit formulas. This makes it even more critical to maximize their benefits under current rules while remaining flexible enough to adapt to future changes.

Final Thoughts

The decisions older Americans make about Social Security will affect not just their retirement but potentially their spouse's financial security – and potentially for decades to come. The difference between optimal and poor claiming decisions can amount to hundreds of thousands of dollars over a lifetime.

Remember that Social Security is not simply a retirement program. It's a comprehensive package of financial protections that includes retirement, spousal benefits, survivor benefits, and disability insurance. Understanding and properly using *all* these benefits is crucial to maximizing a retired person's lifetime income.

By implementing the solutions outlined in this report and, older Americans can help ensure they receive every dollar of Social Security benefits they've earned through a lifetime of work. Their retirement security could maybe even depend on it.

Biography



Bob Carlson is editor of the monthly newsletter and website, [*Retirement Watch*](#). He has served on the Board of Trustees of the Fairfax County Employees' Retirement System since 1992 and been chairman since 1995. The system has more than \$4 billion in assets. Carlson was a member of the Board of Trustees of the Virginia Retirement System, which oversaw \$42 billion in assets, from 2001-2005. He was appointed to the Virginia Retirement System Deferred Compensation Plans Advisory Committee in 2011.

His latest book is the revised edition of “The New Rules of Retirement” (Wiley, 2016; first edition 2004). He also co-authored “Personal Finance after 50 for Dummies” (with Eric Tyson; Wiley, 2015) and wrote “Invest Like a Fox...Not Like a Hedgehog” (Wiley, 2007).

He has written numerous other books and reports, including “The New Rules of Estate Planning,” “Securing Your Lifetime Stream of Income,” “Tax Wise Money Strategies, Retirement Tax Guide,” “How to Slash Your Mutual Fund Taxes,” “Bob Carlson’s Estate Planning Files” and “199 Loopholes That Survived Tax Reform.”

He also has been interviewed by or quoted in numerous publications, including *The Wall Street Journal*, *Reader's Digest*, *Barron's*, *AARP Bulletin*, *Money*, *Worth*, *Kiplinger's Personal Finance*, the *Washington Post* and many others. He has appeared on national television and on a number of radio programs. He is past editor of *Tax Wise Money*.

Carlson also was a Commissioner on the Fairfax County Redevelopment and Housing Authority. Carlson is an attorney and passed the CPA Exam. He received his J.D. and an M.S. (Accounting) from the University of Virginia and received his B.S. (Financial Management) from Clemson University. He also is an instrument rated private pilot. He is listed in many editions of *Who's Who in America* and *Who's Who in the World*.

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