How to File a Restricted Application

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–Elaine Floyd, CFP®

Due to legislative changes, fewer people can take advantage of spousal Social Security strategies. But if you qualify, they can be a major benefit.

You may have heard from friends or the media about the "restricted application" for Social Security benefits. This is still available for some people, but you must meet certain criteria.

Ordinarily, when a person files an application for Social Security benefits, it is presumed that they are filing for their own retirement benefit. If they are also entitled to a spousal benefit, and if the spousal benefit is higher than their own benefit, they will be paid the difference so that the total equals the amount of the spousal benefit (reduced for early filing if applicable).

The only way to receive a spousal benefit when your own benefit is higher is to restrict the scope of the application to your spousal benefit. When done correctly, a high-earning worker can receive 50% of his spouse's primary insurance amount (PIA) between the ages of 66 and 70 while his own benefit grows. At 70, he switches to his own maximum benefit, which includes four years of delayed credits.

Let's say John is 66 now and his PIA is $2,800. His wife Jane is also 66 and just filed for her benefit of $1,600. John can file a restricted application for his spousal benefit and receive $800 per month for the next 48 months. When he turns 70, he switches to his own benefit, which has grown to $3,696 (including four years of 8% annual delayed credits, not counting annual cost-of-living adjustments, or COLAs). If he was going to delay his benefit to age 70 anyway, this strategy gives him an additional $38,400 in spousal benefits. If he otherwise would have claimed his own benefit at 66, it gives him an additional $37,632 in retirement benefits over his lifetime (to age 86) in addition to the spousal benefits for a total of $75,032 in additional benefits, again not counting COLAs.

Do I qualify?

Not everyone can do this. The Bipartisan Budget Act of 2015 changed the rules to disallow restricted applications for spousal benefits if you had not attained age 62 by the end of 2015. This means anyone born after January 1, 1954 will be required to file for their own benefit and may receive a spousal benefit only if it is higher than their own retirement benefit.

But those who are grandfathered have a unique opportunity and should definitely take advantage of it. All of the following conditions must exist:

- The applicant must have been born on or before January 1, 1954

- The applicant's spouse must have previously filed for his or her benefit, thus entitling the applicant to a spousal benefit
- The applicant must be full retirement age (FRA) or older
- The applicant must not have previously filed for Social Security benefits

We've seen cases where the worker is grandfathered for a restricted app, but his wife is too young for him to take advantage of it—by the time she turns 62 he will already be over 70 and receiving his own benefit. Or perhaps the wife also has a high PIA and wants to maximize it by delaying her benefit to age 70; the calculator shows that her delayed credits are worth more than four years of spousal benefits for him. If there is some reason why the spouse can't or won't have filed for his or her own benefit during that four-year period from age 66 to 70, the strategy cannot work.

We've seen other cases where someone is grandfathered, the spouse has filed for her benefit, but the client is not yet 66. Since it is not possible to file a restricted application prior to full retirement age, he has no choice but to wait. Note that the age of the spouse is not relevant providing she has filed for her benefit. If she took a reduced retirement benefit at age 62, this still entitles the worker to his spousal benefit; as soon as he turns 66 he can file a restricted app. It is not necessary to wait for the spouse to turn 66 (unless she wants to wait until then to file in order not to take a reduced benefit). Also note that the spousal benefit will be 50% of the spouse's primary insurance amount (PIA), not 50% of her actual benefit. So if she files at 62 and is receiving 75% of her PIA, the spouse will get 50% of the PIA, not 50% of the 75%.

We've seen yet other cases where a worker comes in who has already filed for benefits. He hears about spousal benefits and now wonders if he can suspend his benefit in order to file for the spousal benefit. The answer is no. Once a person has filed an application for benefits, it is not possible to file a restricted application. Even if he suspends his benefit, his application is still open. The only exception is if it's been less than 12 months since he filed. In this case he can withdraw his application and repay all the benefits he has received. Then he would be free to refile, this time restricting the application to the spousal benefit.

How to file

When all of the above conditions have been met and you are ready to file a restricted application for spousal benefits, you should go online to do it. Workers in local offices can be confused about the rules. The online application process is very easy. There's even a short video that explains how to do it.

The only slightly tricky part is the restricted part. They don't ask if you want to file a restricted application. Rather, on the bottom of page 15 the following question appears:

If you are eligible for both retirement benefits and a spouse's benefit, do you want to delay receipt of retirement benefit?

"If you are at full retirement age and we determine that you are eligible to receive both a retirement benefit and a spouse's benefit, you may choose to delay receiving your own retirement benefit and receive only the spouse's benefit for now."

By checking "yes" the applicant is saying he is applying for his spousal benefit now and wants to delay his own retirement benefit. This is essentially how you file a restricted application. We recommend that in the comments section on the last page you add this note: "I am restricting the scope of this application to my spousal benefit. I wish to delay my own retirement benefit in order to maximize delayed credits."

Page 15 also asks for an effective date. This would be the first of the month that you turn 66. For example, if you turn 66 on September 15, 2023, you would indicate an effective date of September 2023. If you don't become entitled to the spousal benefit until a later date—say you turned 66 in May but your spouse will not become eligible for her benefit until October, the effective date would be October. SSA will take applications up to three months prior to the effective date. But make sure the spouse's application has been processed so it is clear that you are entitled to the spousal benefit. So in this case the spouse could file as early as July 1, specifying an effective date of October. Once the application is processed and the spouse receives her award letter, you can file the restricted application, also with an effective date of October.

There would be no retroactive benefits payable in this case because the spouse did not become eligible for benefits until October 1. Even though you turned FRA in May, you were not entitled to a spousal benefit at that time because your spouse hadn't filed. But say your spouse filed for her benefit in February, you turned 66 in May, and in July you learn that you can file a restricted application. You can specify an effective date of May and get benefits back to that date. SSA will pay up to six months of retroactive benefits or back to FRA, whichever is shorter.

It will be necessary to refile a regular application for retirement benefits at age 70.

Is this the best strategy?

Note that both spouses cannot file a restricted application on the other at the same time. The reason is that one of the spouses must file a regular application for his or her own retirement benefit, and this precludes filing a restricted application.

Also, file and suspend was disallowed as of April 30, 2016. Prior to that, one spouse could file for his retirement benefit and suspend it. That entitled the other spouse to a spousal benefit; the suspension allowed delayed credits to accrue. So it was possible for two high-earning spouses to delay their own respective benefits to age 70 while one spouse received a spousal benefit from age 66 to 70. Now, if you suspend your benefit, no spousal benefits can be paid while that benefit is in suspension.

So it becomes necessary to coordinate the two spouses' benefits. If one spouse must file for—and take—his or her benefit in order for the other spouse to take a spousal benefit, you should confirm with your financial professional that this is the best strategy. A high-earning spouse may want to maximize her own benefit by delaying it to age 70, and in the long run those delayed credits may be more valuable than the spousal benefit. You also have to look at ages and PIAs to determine who should file for the retirement benefit and who should file for the spousal benefit. This is not always apparent and is where the financial professional's planning software comes in handy.

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