

Do-Over Options

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Anyone has the right to change their mind about claiming Social Security within 12 months of first claiming benefits by withdrawing their application and filing form **SSA-521** (<https://www.ssa.gov/forms/ssa-521.pdf>). But there's a catch. They must repay any benefits they have received, as well as any benefits collected on their earnings record by a spouse or minor or disabled children. Repayment includes Social Security benefits plus any money withheld from those benefits to pay for Medicare premiums or voluntary federal income tax withholding.

Repaying your benefits wipes the slate clean as if you had never applied for Social Security, so when you claim benefits in the future, they will be based on your new age at time of claim. That will result in a larger monthly benefit, plus any cost-of-living adjustments that were awarded since you became eligible for Social Security at age 62.

Although Social Security retirement benefits are available as early as age 62, they are reduced by 25% to 30% compared to your full retirement age amount, depending on your birth year. There's an added bonus of 8% per year for every year you postpone claiming Social Security beyond full retirement age up to age 70. The difference between claiming benefits as early as possible at age 62 and the maximum age of 70 is a whopping 76% increase in monthly Social Security benefits for the rest of your life.

If you already have Medicare and you decide to withdraw your application for Social Security, you must clearly state on form SSA-521 whether you want to keep your Medicare benefits. (There's a box to check yes or no.) Medicare Part B premiums, which cover outpatient services and doctors' fees, are normally deducted directly from your monthly Social Security benefits. If you want to keep your Medicare coverage, you will have to pay your premiums quarterly directly to the Centers for Medicare and Medicaid Services.

If you miss the 12-month window for withdrawing your application for benefits, or if you prefer not to repay your benefits, you have another do-over option. You can "suspend" your benefits. Your monthly Social Security payments will stop. And, if there are other people in your household who receive benefits on your record, such as a spouse or dependent children, their benefits will stop, too, during the period your benefits are suspended with one exception: a divorced spouse will be able to continue receiving benefits.

The math works like this. Assume you were entitled to \$2,000 per month at your full retirement age of 66, but you filed for benefits early at 62, and they were reduced by 25% to \$1,500 per month. You collected benefits for four years and then suspended them at age 66. Your benefit would grow by 8% per year for four years—a 32% increase. At 70, your benefits would be worth 99% of your full retirement-age benefit, effectively restoring your full-retirement-age benefit amount $75\% \times 1.32 = 99\%$.

Your benefits will automatically start again the month you reach 70 — unless you request benefits to be reinstated before then. But you can only receive delayed retirement credits for the months your benefits were suspended. If you die first, your widow or widower would be entitled to survivor benefits based on your new larger benefit amount.

If you're enrolled in Medicare, the Centers for Medicare and Medicaid Services (CMS) will bill you for future Part B premiums. Warning: If you don't pay the premiums on time, you may lose your Part B Medicare coverage.

Individuals who claim Social Security at their full retirement age or later have the right to request a lump-sum payout, but the amount is limited to six months of retroactive benefits beginning no sooner than the claimant's full retirement age. No double dipping is allowed.

For example, if someone whose full retirement age is 66 claims benefits at 67, he or she could request a lump-sum payout of six months of retroactive benefits. Future monthly benefits would be paid as if the person claimed at age 66 and six months, which would equal 104% of that person's full-retirement-age benefit amount plus six months of delayed retirement credits.

If that person filed for Social Security at 66 and three months, they would only be eligible for three months of retroactive benefits as lump sum payouts cannot be paid for periods before full retirement age.

Caution: Requesting a lump sum payout of Social Security benefits could result in more of your Social Security benefits being subject to income taxes, raising your tax bill, and possibly your future Medicare premiums, which are based on income.

*Contact Mary Beth's
Team*



Ask a Social Security Question for Free

Please ask your Social Security question here and Mary Beth or an expert Social Security Advisor will answer you.

Your Name *

You Can Use an Anonymous Name if You Prefer

Email *

Phone *

Gender *

Date of Birth *

Employment Status *

Do You Have Children Under 18 or Disabled Prior to 22?

Do You Have or Will You Have a Non-Covered Pension? *

This is a pension from a job where you DID NOT pay into Social Security.

Have You Started to Collect Social Security? *

What is Your Marital Status? *

If you were married for at least 10 years before getting divorced, select

"Divorced" otherwise if it was less than 10 years, select "Single."

What is Your Social Security Question for Mary Beth and Her Team? *

Please enter your Social Security question here



SUBMIT MY QUESTION

