# Customized Career Paths Keep Women on Partner Track

Deanna White (/profile/deanna-white)

Columnist

Sep 23rd 2015 0

Women are making "steady" gains on the road to leadership at accounting firms of all sizes, according to the 2015 Accounting MOVE Project Report (http://wilson-taylorassoc.com/wp-content/uploads/2012/04/Accounting-MOVE-Report-2015.pdf).

The report, which surveys leading financial and accounting firms to determine the state of women in the industry, found that the number of women principals and partners has increased to 22 percent, up from 17 percent just six years ago, at the 47 firms participating in the project.

The pioneering development of flexible work arrangements is undoubtedly one of the major factors behind the advancement of women at these firms, said Joanne Cleaver, president of Wilson-Taylor Associates Inc., the content and communications firm that manages the Accounting MOVE Project.

When it comes to creating successful work-life programs, Accounting MOVE Project firms view flexibility, whether in the form of alternative work arrangements or alternative career paths, as a critical business solution to the problem that “women tend to defect the leadership pipeline in the face of direct work-life conflict,” said Cleaver, who authored the book, *The Career Lattice*.

And firms looking for examples of those that are creating the most innovative – and most workable – work-life arrangements, Cleaver said, need to look no further than the 10 firms named to the MOVE Project’s 2015 Best Public Accounting Firms for Women (http://www.accountingweb.com/practice/growth/10-best-public-accounting-firms-for-women-in-2015) list. These firms all offer a primer on how to create best-in-class, meaningful workplace flexibility.

The 10 firms on the list, which is sponsored by the Accounting & Financial Women’s Alliance and the American Woman’s Society of CPAs, tend to do one thing differently from the crowd: They eschew one-size-fits-all flex plans to create customized flexibility programs designed for each individual employee’s needs.

“Firms that want to offer successful workplace flexibility need to consider customized career paths. Business conditions change daily. New opportunities crop up all the time. And companies in all industries are coaching employees to plot their own futures, instead of waiting for their bosses to unveil their next steps,” Cleaver said. “If you’re going to tell people that they need to identify, pursue, and win their next positions, you must match that with career tools to achieve those next positions and use specific, clear communication to outline what’s expected of those employees.”

The following are customized flexibility programs offered by three firms on the top 10 list.

**Mahoney Ulbrich Christiansen Russ PA: Foundational Flexibility**
At St. Paul, Minnesota-based Mahoney Ulbrich Christiansen Russ PA, flexible work arrangements are unique to each individual employee at the 50-person firm, and they are developed through a fairly informal dialogue between employees and supervisors.

Roz Allyson, the firm's newly appointed managing partner, is one example of an employee who followed a flex plan to leadership. Allyson recently merged back into a full-time schedule after years of flexible hours and alternative schedules, illustrating that the firm offers numerous paths to success.

All Mahoney staffers (with the exception of most new hires) are offered flexible schedules, with each employee deciding annually on his or her custom plan for the following 12 months.

Founding Partner Bonnie Russ says this adaptability has been in play since Mahoney opened its doors in 1989.

"I was a single parent with a 6-year-old, so it was pretty much engrained in our culture from the start," Russ said. "Frankly, we just wanted to keep the most talented people on the partner track, and some of them happened to be women. We realized early on that one of our values as an organization was 'work-life balance,' as it used to be called, and that family really comes before everything."

These personalized arrangements work, Russ believes, because the firm doesn't have formal arrangements or set-in-stone career tracks.

"We approach career development a little more individually than a typical firm might. Everyone really has their own individual track," Russ said. "We hope that all our staff aspire to leadership, but if they don't, or if they don't right now, we want them to stay here and make significant contributions that align with their existing goals."

Typically, those goals are centered on how much time the employee has to work, how much money he or she wants to earn, and what types of clients he or she wants to work with, Russ added.

The process is fairly simple. Mahoney employees determine their 12-month custom work arrangement at their annual development review (usually with two partners, or a partner and manager). All arrangements are documented, and partners are made aware of the arrangements.

Flexible schedules (working the required annual hours but on a different schedule) require approval from immediate supervisors. Reduced schedules (working fewer hours or part-time), however, require a "bigger conversation" with the managing partner, HR staff, and, ultimately, the entire partner group, Russ said. Typically, employees who've recently had children request reduced schedules, but employees have also been granted that arrangement for other reasons, she added.

"Our flexibility is available to everyone. It is embedded in our culture, and it is a source of pride," Russ said. "It's been a very important recruiting and retention tool for us, and as a smaller firm, it has given us a competitive edge. It was also hugely important as a tool to keep women in the public accounting profession – and on the partner track. We definitely would have lost some great talent otherwise."

**The Bonadio Group: Full-Time Partners, First-Class Flexibility**

Alternative work arrangements don't pose a barrier to success at Pittsford, New York-based The Bonadio Group either, where women comprise 31 percent of the firm's partners and principals.

While many firms are using alternative career tracks to keep women in the partnership pipeline, Bonadio has chosen to "zig while others zag," Cleaver says. The firm sticks with the traditional full-time model for partner candidates, but counterbalances it with exceptional workplace flexibility that enables women to make the most of virtual work and alternative hours.

"Bonadio's experience proves there are many ways to successfully retain women to partnership," Cleaver said.

Bonadio Partner Kristen Clark, head of the firm's Professional Excellence division, says the firm's strategy has long been one of growth.

"We believe continuous growth provides the best environment for us to provide limitless opportunities for our people, regardless of gender," she said. "We always have room to promote people who possess the talent and work ethic that is consistent with our firm's culture."

Consequently, Bonadio has never had an "up or out" philosophy when it comes to high-potential professionals, Clark added.

“If someone has the potential to be a principal and, ultimately, a partner, yet needs to take a slower route to arrive there, we can accommodate that because we recognize such people are a long-term investment for us,” she said.

Because all of the partners at Bonadio are equity partners, the firm insists those partners adhere to a traditional full-time schedule.

“We’ve concluded it is best to wait until someone is ready to fully commit to being a business owner before they are admitted to the partnership,” Clark said. “Our understanding is that many firms have nonequity partners who are less than full-time. We believe that having multiple classes of partners dilutes the significance of being a true, full partner.”

But forgoing a part-time partnership model doesn’t mean people who want alternative schedules are precluded from leadership at Bonadio.

“Our principal level is similar to what some firms refer to as nonequity partners and is open to people who want to pursue alternative or part-time tracks,” Clark said.

The firm also offers best-in-class workplace flexibility options, tailored to the individual, to help all employees achieve their personal leadership goals and counterbalance their full-time model for partner track.

“Our people have the opportunity to customize their careers to maximize their work-life integration,” Clark said. “We believe this consistent, dynamic example of our flexibility shows our people early on that we are not just providing lip service to flexibility and balance. Our seniors and managers have many successful role models, and can see that there is no one-size-fits-all approach to flexible arrangements."

Those flexible arrangements include:

- Part-time schedules/reduced workloads.
- Flexible schedules.
- Virtual work/remote work arrangements.
- Shifting career paths (i.e., some employees have transferred from one division to another to make managing a part-time schedule more workable).

Clark says to ensure these alternative arrangements are successful in the long run for employees and the firm:

- Managers supervise employees with reduced workloads or part-time employees to ensure those workers aren't pressured into taking on additional work.
- Leadership works with employees to ensure personal and professional success when they transition back to full-time schedules, including the partnership track.
- Part-time employees understand that their benefits are prorated.
- Part-time employees understand that their raises, bonuses, and promotions will be less than their full-time counterparts.
- Part-time employees also understand that just as full-time employees may work more than 40 hours per week, they may have weeks where they work more than 30 hours. The firm looks at the total hours a person works in a year relative to their arrangement, and "if it's in the hunt,"

Clark says, both the firm and the employee feel it’s successful.

Proof of Bonadio’s flex success is in the numbers, Clark says. In addition to its impressive combined tally of women in its partner/principal group (36 percent), the firm’s current complement of principals is 50 percent male and 50 percent female.

Of that current principal group, 31 percent – both men and women – are working some form of a part-time arrangement.

“Some of these principals will never be partners, often by their own choice. However, because they are high-performing professionals, they will be with us for many more years,” Clark said. “Many of them have transferred from one division to another to make managing a part-time schedule more workable. And if down the road they change their minds and want to ramp back up, we will definitely have the conversation with them.”

**Yeo & Yeo CPAs & Business Consultants: Leadership Legacies and New Solutions**

Saginaw, Michigan-based Yeo & Yeo CPAs & Business Consultants has taken a unique approach to flexible work arrangements: ensuring career paths are always personalized, but never do-it-yourself, thanks to maps and structures that show employees multiple proven routes to success.

Yeo & Yeo’s current approach was born three years ago out of suggestions culled from a survey of the firm’s first generation of female leaders. They suggested Yeo & Yeo develop a Career Advocacy Team to tackle the issues most relevant to all the firm’s professionals, regardless of gender. On the top of their list: equal access to career development and advocacy experiences, and promoting the successful integration of personal and professional lives.

"At Yeo & Yeo, the flexibility in our career paths allows professionals to be on partner track while maintaining work-life balance," Yeo & Yeo CEO Thomas Hollerback said.

Hollerback emphasizes that Yeo & Yeo's success lies in the fact its career paths are individualized; not a one-size-fits-all approach. Through its open door and mentor programs, the firm actively assists individuals in designing the path that works for them – a smart move given that research says the "tell us what you want" approach is actually counterproductive.

"We offer varying career paths based on an individual's strengths, passion, performance, leadership attributes, personal situations, and more," Hollerback said. "We have professionals on technical career paths; others that will top out at manager or senior manager level, as they do not wish to be a partner, but bring tremendous value to the firm; some who want to work part-time for a period of time or for the rest of their careers; and others who want to work remotely on a temporary or permanent basis."

Yeo & Yeo also has individuals whose path may change from partner track to an administrative or director role within the firm, and those who are on the fast-track toward partner. Because Yeo & Yeo promotes on ability, Hollerback says, the firm never delays promotion because an individual hasn't "done their time."

Yeo & Yeo goes beyond simply providing aspiring leaders an alternative path to success. They also provide mentorship, career advocacy, and skill development through its:

- Emerging Leaders Program, which identifies future leaders on partner track and provides the advanced training, tools, and support they need to accelerate their growth and success.
- Enhanced performance evaluation process, which includes more frequent check-ins, clearly defined weighted goals, and ongoing feedback to help retain aspiring leaders.
- Restructured Mentor Program, which pairs the high proportion of women on Yeo & Yeo's partner track with established female partners who serve as peer models for success.

The combined results of these efforts? Women comprise 25 percent of Yeo & Yeo's partner group and 71 percent of its senior management group.

"We have embraced women partners for over 30 years, and they are great examples of work-life balance, which results in greater retention of women throughout the organization," Hollerback said. "And we are confident our career development programs will yield high return in the years to come."

What has worked best at Yeo & Yeo, Hollerback believes, is the number of examples of alternate paths actually being utilized throughout the firm and the acceptance by all.

"If the words don't agree with the actions, then it doesn't matter how good the words are," Hollerback said.

And today it's critical that all firms that want to ensure future growth adopt a similar attitude toward flexibility and their aspiring leaders.

"This is the time to invest in the future leaders of our firms. At Yeo & Yeo, we would rather keep a high-performing individual who wants to cut back the number of hours they work versus not having them at all," Hollerback said. "That's why we embrace individualized career paths with appropriate coaching: to provide a clear road map to show the next professional – man or woman – who wants to be partner what it takes to get there."

**Related articles:**

10 Best Public Accounting Firms for Women in 2015 (http://www.accountingweb.com/practice/growth/10-best-public-accounting-firms-for-women-in-2015)
CPA Firms Use Pay Equity to Build Employee Trust – and Their Brand (http://www.accountingweb.com/practice/practice-excellence/cpa-firms-use-pay-equity-to-build-employee-trust-and-their-brand)

**Tags**

Leadership (/tags/leadership)

## Please login (/user/login?destination=node/25657) or register (/user/register?destination=node/25657) to join the discussion.

There are currently no replies, be the first to post a reply.

name@domain.com

Subscribe

# How to Help Clients Claim Social Security Benefits

Alan M. Schapire (/profile/alan-m-schapire)

Columnist

Sep 22nd 2015 0

Tens of millions of Americans currently rely on Social Security benefits to provide income during retirement. Tens of millions not yet collecting benefits are hoping it will do the same for them. Maximizing the benefits available to them is a growing concern among clients.

It can be difficult deciding when to begin collecting Social Security benefits. The question is one of the first on the mind of anyone approaching age 62. Because the decision is based upon future variables (life expectancy/longevity, investment performance, inflation factors, etc.), there is no way to determine with absolute certainty that a decision made today is the correct or most beneficial decision; only time will tell. With that in mind, one must analyze the retiree's overall financial situation, evaluate the alternatives and options presently available, and make a decision that is reasonably expected to be the best decision today.

This article provides some general guidance on the decision.

**The Basics**

There are several types of benefits available through the Social Security system, including disability, dependent, and survivor benefits, but retirement is the most common. Retirement benefits will be the focus of this article.

In general, an individual age 62 or older is eligible to collect Social Security retirement benefits if they are "fully insured," meaning they earned the required number of Social Security credits, typically 40. A credit is earned for every $1,200 of earnings each year, up to a maximum of four credits per year.

A spouse is eligible to receive benefits beginning at age 62. A spousal benefit is payable to a spouse or former spouse of an eligible worker. If presently married, the worker and spouse must have been married for at least one year. An unmarried divorced former spouse is eligible if the marriage lasted at least 10 years and the eligible worker is at least 62.

The retirement earnings limit affects Social Security beneficiaries who begin benefits before attaining full retirement age. (The Senior Citizens' Freedom to Work Act of 2000 eliminated the retirement earnings test for people who have attained full retirement age.) For 2015, a Social Security recipient can earn up to $15,720 without surpassing the retirement earnings limit. Any amount earned in excess of this limit will result in $1 of Social Security benefits being withheld for every $2 of earnings above the limit.

For a Social Security recipient who reaches full retirement age during 2015, up to $41,880 can be earned in the portion of the year before the month in which you attain full retirement age. If this earnings limit is exceeded, $1 in benefits will be withheld for every $3 in excess of this limit. Once the month of full retirement age is reached, the earnings limit disappears. For Social Security purposes, an age is reached on the day before your birthday.

There are a few other less common situations that need to be mentioned before delving into the details of retirement benefits. The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) are two methods of computing Social Security benefits that differ from the standard calculation. The GPO is used when one has worked for a federal, state, or local government and was not covered by Social Security for the last 60 months of employment. The WEP affects individuals who receive certain government, nonprofit organization, or foreign pensions, and if it is applicable, the primary insurance amount calculation is altered to reduce benefits.

**The Details**

Social Security retirement benefits are based upon an individual's primary insurance amount. This is the amount that would be received if an individual began claiming benefits at full retirement age. Full retirement age starts at age 65 for an individual born prior to 1938, and it increases in a nonlinear manner to age 67 for an individual born in 1962 or later.

Although the actual calculation is somewhat detailed, the amount of Social Security benefits at full retirement age ranges from about 56 percent of compensation subject to Social Security tax at low levels of compensation to 28 percent at high levels of compensation. Please keep in mind that the compensation level driving this ratio is compensation subject to the Social Security tax ($118,500 in 2015). Compensation in excess of the Social Security tax maximum does not affect this ratio or the Social Security benefits. The calculation of the primary insurance amount is dependent on a worker's average indexed monthly earnings, an indexed calculation of lifetime earnings.

Social Security benefits claimed at any time before or after full retirement age are subject to an adjustment, either a reduction from the primary insurance amount for benefits beginning before full retirement age (referred to as permanently reduced benefits) or an increase above the primary insurance amount for benefits delayed until after full retirement age (referred to as delayed retirement credits).

Retirement benefits can be claimed as early as the first full month that someone is age 62. As mentioned, the Social Security Administration considers an age reached on the day before the birthday; therefore, someone born on the first or second day of a month is the new age for the entire month, whereas someone born on the third day or later must wait until the following month to be eligible.

The permanent reduction in benefits is dependent upon how many months prior to full retirement age one begins receiving benefits. Benefits are reduced by 5/9 of 1 percent for each of the first 36 months (6.67 percent per year) before full retirement age and by 5/12 of 1 percent for each month over 36 months (5 percent per year). For example, someone whose full retirement age is 66 and who begins collecting at the earliest point in time (age 62) will incur a permanent reduction of 25 percent, or will collect a benefit equal to 75 percent of the primary insurance amount.

Delaying benefits until after full retirement age also results in a permanent change, but this is a permanent increase in benefits. The delayed retirement credit increase is equal to 8 percent per year, prorated for each month, that benefits are delayed past full retirement age up to age 70. (The delayed retirement credit increase of 8 percent per year is for anyone born after 1942.) Someone whose full retirement age is 66 and waits the entire four years before collecting Social Security will receive a 32 percent increase in benefits over the primary insurance amount.

**Claiming Strategies**

For all of the benefit-claiming strategies discussed in this section, the assumption is that full retirement age for all individuals is age 66. References to starting benefits at age 62 or delaying to age 66 or age 70 are for illustration only. Benefits can begin any month from age 62 to age 70.

**Single individuals (never married).** Immediately upon eligibility at age 62 or sometime later, the decision to collect Social Security is based on two objective factors, as well as personal preference. The two objective factors are current earned income and cash-flow availability.

As mentioned earlier, receiving benefits before full retirement age will result in a permanent reduction in the benefit, but there is also the retirement earnings limit to be concerned with. If an individual has earned income in excess of that limit, it makes little or no sense to begin receiving benefits only to forfeit half of them and continue to suffer from the permanent benefit reduction. Therefore, in the scenario where a recipient is pre-full-retirement age, still working, and earning in excess of the retirement earnings limit, the decision is easy: delay drawing benefits.

The caveat to this simple scenario is the amount of earnings in excess of the retirement earnings limit. If we change the scenario slightly, whereby the individual is earning an amount slightly in excess of the retirement earnings limit, say $1,000 in excess, the decision is more complicated, and the next factor, cash-flow availability, kicks in. The bottom line is that you need money for food, clothing, shelter, and other basic necessities. If there are no other resources – financial or societal – and the Social Security benefits (even at a reduced level) will be the difference between maintaining or losing a home or affording some other needs, beginning benefits makes sense. This is certainly an extreme example, and obviously, the greater the amount in excess of the limit, the less likely that drawing benefits makes any sense.

Now consider the scenario where the worker is retired with no earned income (so the retirement earnings limit is not a factor) and has sufficient other resources (retirement and/or nonretirement cash and investments, pension income, etc.) to provide for living expense needs. The decision would now rest on life expectancy.

It was previously noted that beginning benefits at age 62 will result in a permanent benefit reduction of 25 percent from the primary insurance amount. Without factoring in investment returns or cost-of-living adjustments, it will take 12 years (to age 78) to recover the benefits not taken from age 62 to age 66. (Example: A primary insurance amount of $1,000, which would result in a permanently reduced benefit of $750. The four years from age 62 to 66 would result in total benefits paid of $36,000. The additional $250 per month of the primary insurance amount starting at full retirement age will recoup this difference over 144 months.) Therefore, an expected life expectancy beyond age 78 would result in a decision to delay benefits until age 66.

Delaying benefits beyond full retirement age results in an increased benefit resulting from delayed retirement credits, to as much as 32 percent if benefits do not start until age 70. This decision would still focus on the life-expectancy variable. Again, without factoring in investment returns or cost-of-living adjustments, it will take 12.67 years (almost to age 83) to recover the benefits not taken from age 66 to age 70. (Example: A primary insurance amount of $1,000 for the four years from age 66 to 70 would result in total benefits paid of $48,000. The additional $320 per month resulting from the delayed retirement benefits will recoup this difference over approximately 152 months.) Therefore, an anticipated life expectancy beyond age 83 would result in a decision to delay benefits until age 70.

Two planning options offered by the Social Security Administration also may alter the timing of a decision, if not the decision itself. The first is the withdrawal of an application for Social Security retirement benefits, more commonly known as "the do-over." If an application for benefits has been filed and benefits are being received, the application can be withdrawn and the account reinstated as if the application had never been filed if two criteria are met. The first is that the withdrawal must occur less than 12 months from when the entitlement to retirement benefits became effective. The second criteria is that all benefits received, including spousal and dependent benefits resulting from the application, as well as any money voluntarily withheld from the Social Security benefit payment, must be repaid in full within that 12-month window. Know that anyone receiving benefits based on this application (spouse/dependent) must also consent in writing to its withdrawal and that this withdrawal provision is limited to once in a lifetime.

The second planning option is suspending retirement benefit payments, more commonly known as "file and suspend." This planning option is only available once full retirement age has been reached. By suspending benefits, the account will continue to earn delayed retirement credits to age 70.

For an unmarried individual, the do-over would likely only be used before attaining full retirement age. It gives an individual the ability to get an interest-free loan from the Social Security Administration for a period of up to one year and also "reset" the benefit to an amount that is at least 5 percent higher (based on a one-year revision from age 62 to 63). There are, of course, tax and cash-flow implications that need to be considered, but in those few situations where someone thought they needed the additional cash flow but ultimately didn't, the benefits can be repaid and a new timetable established for drawing benefits.

The file and suspend election is much more useful. Assuming the individual has reached full retirement age, the application for benefits can be filed and immediately suspended. While this technique is more commonly used with married couples (addressed below), it also has usefulness for an unmarried individual.

Let's say this unmarried individual is unsure of cash-flow needs or has uncertain health issues. By filing and suspending, the eligibility for benefits is established and, for illustrative purposes, let's say that the benefit is being put in an envelope with their name on it at the Social Security Administration. There are now two options: decide when benefits should start without tapping into this envelope and receive a higher monthly benefit amount based on the delayed retirement credits, or reinstate the benefits retroactively to as far back as the date of the election to suspend and receive a lump-sum payout and ongoing benefits as if the election to suspend had never been filed. Even an otherwise healthy individual at full retirement age may choose to file and suspend in the event of something happening that would shorten life expectancy or create a financial hardship.

**Single individuals (previously married).** There are some additional planning opportunities for divorced individuals who are not currently married. Provided the marriage lasted 10 years or longer and the ex-spouse is at least age 62, the Social Security Administration essentially disregards the divorce and allows the individual to file for benefits and receive the higher of the benefit to which they are entitled based on their own earnings history, or the benefit to which they would be entitled based on the earning history of the ex-spouse.

There is also no requirement that the ex-spouse have filed for benefits in order to claim the "spousal" benefit. The divorced individual can also wait until full retirement age and file a restricted application for spousal benefits only, thereby collecting only the spousal portion of the benefit while allowing their own benefit to continue accruing delayed retirement credits. The restricted application is just what it sounds like: an application to receive only a spousal benefit. (More on this below.)

**Married individuals.** Married individuals, assuming the marriage has lasted at least one year, have the same strategies available to them as do single individuals, plus some additional strategies that could enhance their combined benefits. There are innumerable variables that come into play for couples, including whether each qualifies for their own benefits, the primary insurance amount for each, their ages and the age difference between them, as well as life-expectancy and cash-flow matters.

When discussing planning options for a single individual, I touched on the file and suspend and “restricted application” planning strategies. Where they really come into the equation is with married couples. Here are a few simplified examples in which both spouses are eligible for benefits based upon their own work history, there are no health or longevity concerns, and cash-flow needs are not an important factor in the decision.

Let’s say the spouses are four years apart in age and full retirement age for both is age 66. The older spouse (O) has a primary insurance amount of $2,500 per month, and the younger spouse (Y) has a primary insurance amount of $2,000 per month. Because cash flow is not needed, O will wait until at least full retirement age to file for benefits. O reaches full retirement age at the same time that Y reaches age 62. They have several options. Option 1 is to do nothing: neither would file for benefits, so O would continue to earn delayed retirement credits and Y would not have a permanent reduction that lessens benefits. Option 2 is to have both file for benefits: O would receive the primary insurance amount of $2,500 and Y would receive a reduced benefit of $1,500 per month, which is a 25 percent permanent reduction in benefits. Option 3 is to have Y file for benefits and have O file a restricted application for spousal benefits only. Y would again receive the reduced benefit of $1,500 per month, but now O would receive a spousal benefit of $1,000 per month while O's individual benefit continues to earn delayed retirement credits.

If they decide on Option 1 and do nothing at present, they will continue to have all three options available to them each month for four years, until O turns age 70 and Y reaches full retirement age, at which time O will now collect a benefit of $3,300 and there is an additional claiming option. This fourth option is for Y to file a restricted application for spousal benefits, thereby collecting a spousal benefit of $1,250 per month while continuing to earn delayed retirement credits for his or her own account. Y would then switch to his or her own benefit at age 70, which would now be $2,640 per month as a result of the delayed retirement credits. In addition, the do-over is available to either spouse who has filed for benefits on their own account.

For a second example, let's say the spouses are the same age and have the same primary insurance amount. Aside from the early-filing option beginning at age 62, there is not much to consider until both reach full retirement age. At that time, they have several options. Option 1 would be for each to file for benefits on their respective accounts. Option 2 would have one file for benefits on his or her own account and the other file a restricted application for spousal benefits only. This allows one of their accounts to earn delayed retirement credits. Option 3 would have one file and suspend, and the other file a restricted application. By doing this, both will continue to accrue delayed retirement credits and maximize their combined age 70 benefit. There is not a fourth option here. It is not permissible for both spouses to file and suspend against their own accounts and also file restricted applications against the spouse's account. The same individual cannot utilize file and suspend and the restricted application for spousal benefits at the same time.

The Social Security benefit decision is not as simple as many clients believe. It is one that requires a significant amount of thought and analysis. From an advisor's perspective, it is important to understand the client's cash-flow needs, income and tax situation, as well as the client's marriage history, health situation, longevity expectations, and personal preferences.

*This article was reprinted with permission from the "Pennsylvania CPA Journal," a publication of the Pennsylvania Institute of Certified Public Accountants.*

**About the author:**

*Alan M. Schapire, CPA, PFS, CFP, is a founding principal of Convergent Financial Strategies LLC in Wayne, Pennsylvania. He can be reached at alan@convergentfs.com (mailto:alan@convergentfs.com).*

**Related article:**

Untangling the Taxation of Social Security Benefits (http://www.accountingweb.com/tax/individuals/untangling-the-taxation-of-social-security-benefits)

**Tags**

Retirement (/tags/retirement) Wealth management (/tags/wealth-management)

**Please login (/user/login?destination=node/25655) or register (/user/register?destination=node/25655) to join the discussion.**

There are currently no replies, be the first to post a reply.