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Social Security: The Widow(er)'s Limit Provision

Background

Social Security is a work-based federal insurance program that provides monthly cash benefits to retired or disabled workers and their family members and to the family members of deceased workers. Workers become eligible for Social Security benefits by working in Social Security–covered employment. Monthly benefits are based on the worker's career-average earnings in covered employment. Benefits paid to dependent family members and survivors are equal to a specified percentage of the worker's basic monthly benefit amount (subject to a maximum family benefit amount).

Widow(er) benefits are derived from the deceased worker's Social Security insurance status and lifetime covered earnings. Surviving spouses, former spouses, and those with a qualifying disability may be eligible for survivor benefits if they meet the age, marriage-duration, and other requirements for those benefits. In December 2020, nearly 3.6 million individuals received Social Security nondisabled widow(er) benefits. (About 96.1% were widows and 88.3% were aged 65 or older.) The average monthly benefit for those beneficiaries was $1,455.46. Almost 237,000 individuals received Social Security disabled widow(er) benefits, with an average monthly benefit of $770.57.

Benefit Adjustments for Claiming Age

The Social Security *full retirement age* (FRA) is the age at which workers can first claim *full* (i.e., unreduced) Social Security retired-worker benefits. The FRA ranges from 65 to 67 depending on birth year. The benefit payable at the worker's FRA is the Primary Insurance Amount (PIA).

Social Security benefits are adjusted based on the age at which a person claims benefits. Those adjustments are designed to provide roughly the same total lifetime benefits regardless of when a person begins receiving benefits, based on average life expectancy. The earlier a worker begins receiving benefits (before the FRA), the lower the monthly benefit will be to offset the longer expected period of benefit receipt. Conversely, the longer a worker delays claiming benefits (past FRA, up to age 70), the higher the monthly benefit will be to take into account the shorter expected period of benefit receipt.

Retired Workers

When a worker claims benefits before FRA, there is a permanent actuarial reduction in monthly benefits. For each of the 36 months immediately preceding the FRA, the monthly rate of reduction from the PIA is 5/9 of 1% (or 6⅔% each year). For each month earlier than three years (each month in excess of 36 months) before FRA, the monthly rate of reduction is 5/12 of 1% (or 5% each year).

The earliest a worker can claim retirement benefits is age 62. For workers with a FRA of 67, claiming benefits at 62 results in a permanent 30% benefit reduction.

Workers who claim benefits after the FRA receive a delayed retirement credit (DRC) up to age 70. The DRC is 2/3 of 1% per month (or 8% per year) for those born in 1943 or later. A worker with an FRA of 67, for example, receives a 24% permanent benefit increase if he or she claims benefits at age 70. (See the first row in **Table 1**.)

Widow(er)s

A widow(er) benefit is affected by the widow(er)'s own claiming age as well as the deceased worker's claiming age. Widow(er) benefits can be claimed as early as 60 (or age 50 if disabled), resulting in a wider claiming age range compared to the retired-worker benefit. Before other adjustments, the widow(er) benefit is unreduced (i.e., 100% of the deceased worker's PIA) if the widow(er) claims at FRA and thereafter. The adjustment for the widow(er)'s early claiming is a constant rate of reduction reaching a cumulative maximum reduction of 28.5% if benefits are claimed at age 60 (or claimed between ages 50 and 60 for a disabled widow[er]). Unlike retired-worker benefits, there are no DRCs for widow(er) benefits. (See **Table 1**, the column where the deceased worker's claiming age is 67.)

The deceased worker's benefit claiming decision affects that of his or her surviving spouse in two ways. First, in terms of a limitation, if the deceased worker started receiving benefits before reaching his or her FRA, a survivor can generally receive no larger benefit than what the deceased worker would have received. Second, a survivor can inherit a DRC if the deceased worker claimed benefits after reaching his or her FRA (or if the worker died after reaching FRA and before claiming benefits). In other words, a widow(er) cannot receive a DRC directly by choosing to claim widow(er) benefits after reaching his or her own FRA, but a widow(er) can benefit indirectly from a DRC that was applied to the deceased worker's PIA. (See the last three columns in **Table 1** for an example.)

Widow(er)'s Limit Provision (WLP)

If the deceased worker claimed benefits before the FRA, and was therefore receiving a reduced benefit, the widow(er) benefit may be reduced as well. This provision is referred to as the widow(er)'s limit provision (WLP) and was enacted as part of the Social Security Amendments of 1972 (P.L. 92-603). It is intended to prevent the widow(er) benefit from exceeding the deceased worker's retirement benefit. It does not apply if the deceased worker died before age 62. Under this provision, the widow(er) benefit is limited to the *higher* of (1) the benefit the deceased worker would be receiving if he or she were still alive and (2) 82.5% of the deceased worker's PIA. Put differently:

> WLP = maximum of {amount the deceased worker would receive if still alive OR 82.5% of the deceased worker's PIA} (see the second row in **Table 1**).

If the deceased worker and the widow(er) both claim benefits before their respective FRAs, the widow(er) benefit is the *smaller* of (1) the WLP amount and (2) the reduced benefit amount based on the widow(er)'s own FRA and claiming age. Put differently:

> Widow(er) benefit = minimum of {WLP amount OR widow(er) benefit amount reduced for early claiming by the widow(er)}.

If deceased workers claimed benefits at age 62, they would be entitled to a retired worker benefit equal to 70% of their PIAs due to the actuarial reduction. Under the WLP, the widow(er) benefit would be no more than 82.5% of the deceased worker's PIA. If the surviving spouse claimed the widow(er) benefit at ages 60-62, he or she would receive a monthly benefit ranging from 71.5% to 79.6% of the deceased worker's unreduced PIA (**Table 1**, column 2). If the surviving spouse claimed benefits at age 63 or later, his or her widow(er) benefit would be upper bounded by the WLP (82.5% of the deceased worker's PIA).

As demonstrated by the example, the WLP both *limits* the reduction the widow(er) faces due to the deceased worker's early claiming and *prevents* the surviving spouse from earning actuarial adjustments in the widow(er) benefit *after a certain age* (depending on the claiming age of the deceased worker). It is therefore financially advantageous for some surviving spouses to *not postpone* receipt of their widow(er)s' benefits past a certain age, because doing so would result in receiving a relatively *lower monthly benefit for a shorter period of time* (that is, the lifetime benefit would be unambiguously lower).

Among nondisabled widow beneficiaries aged 65 and older in December 2020, about 52.7% had their benefits reduced because they claimed benefits before their own FRA, about 22.4% had their benefits reduced because the deceased worker claimed benefits before his or her FRA, and about 4.2% had their benefits reduced because both the widow and the deceased worker claimed benefits before their respective FRAs.

Other Related Factors

Social Security widow(er) benefits may also be affected by the receipt of a Social Security benefit based on the widow(er)'s own work record, post-entitlement earnings prior to FRA above certain thresholds, earnings from employment not covered by Social Security, and benefits for other family members.

For Additional Information

CRS Report R41479, *Social Security: Revisiting Benefits for Spouses and Survivors*.

CRS Report R46182, *Social Security and Vulnerable Groups—Policy Options to Aid Widows*.

Table 1. Widow(er) Benefits as a Percentage of the Deceased Worker's PIA, by Deceased Worker's Claiming Age

The deceased worker and the widow(er) are both assumed to have a FRA of 67.

	Benefits as a Percentage of the Deceased Worker's PIA if the Deceased Worker's Claiming Age Is								
	62	**63**	**64**	**65**	**66**	**67**	**68**	**69**	**70**
Deceased Worker's Benefits	70.00%	75.00%	80.00%	86.67%	93.33%	100.00%	108.00%	116.00%	124.00%
Widow(er) Benefit Limit Under the Widow(er)'s Limit Provision	**82.50**	**82.50**	**82.50**	**86.67**	**93.33**	**100.00**	**108.00**	**116.00**	**124.00**
Widow(er)'s Claiming Age	Widow(er) Benefits as a Percentage of the Deceased Worker's PIA								
60	71.50%	71.50%	71.50%	71.50%	71.50%	71.50%	77.22%	82.94%	88.66%
61	75.57	75.57	75.57	75.57	75.57	75.57	81.62	87.66	93.71
62	79.64	79.64	79.64	79.64	79.64	79.64	86.01	92.39	98.76
63	**82.50**	**82.50**	**82.50**	83.71	83.71	83.71	90.41	97.11	103.81
64	**82.50**	**82.50**	**82.50**	**86.67**	87.79	87.79	94.81	101.83	108.85
65	**82.50**	**82.50**	**82.50**	**86.67**	91.86	91.86	99.21	106.55	113.90
66	**82.50**	**82.50**	**82.50**	**86.67**	**93.33**	95.93	103.60	111.28	118.95
67 or later	**82.50**	**82.50**	**82.50**	**86.67**	**93.33**	**100.00**	**108.00**	**116.00**	**124.00**

Source: CRS based on the Social Security Act §202(e)(2)(D) and §202(f)(2)(D).

Notes: Assumes the widow(er) is nondisabled and is not entitled to retired-worker benefits. The limit on widow(er) benefits is in bold. Effects of the retirement earnings test, the government pension offset, and family maximum benefit provisions are not included in the analysis.

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