

Can I Stop My Social Security Payments?

Exchange Capital Management

December 28th, 2023



If you're rethinking your decision to claim Social Security early, try not to worry – you may be able to pump the brakes and push off your benefits for a potentially larger payout in the future. As you may know, the age you claim your benefits can significantly impact how much money you receive from the government and claiming too early can have a massive negative impact on the total income you receive in retirement.

This leaves many people second-guessing when they claim their benefits and wondering if there's a way to reverse a claim made prematurely. **Here's the quick and easy answer: yes, you can stop your Social Security benefits as long as you meet certain criteria.**

How To Stop Social Security Benefits

There are two ways to do this:

Withdrawal of Benefits

If you've recently started receiving benefits and realize it might be wiser to wait, you can opt for a withdrawal of benefits. Think of it as a Social Security "do-over" with the Administration. You're basically erasing the claim as if it never happened, but there's a catch: you've got to pay back EVERYTHING you, your spouse, or beneficiaries received since the initial payout. Yep, that includes Medicare premiums, taxes, and garnishments.

You can only do this withdrawal once in your life. So, be absolutely sure it's the right time when you claim benefits again in the future.

Suspension of Benefits

If it's already been 12 months since you've claimed, you can place a temporary hold on your benefits once you hit Full Retirement Age (FRA) but haven't hit age 70 yet. This means you'll stop getting monthly payments until you choose to start them again. While your benefits are paused, you earn "delayed retirement credits," which boosts your future payout when you resume payments. Your benefits automatically kick back in at age 70 (but you can start them back up earlier if you need the money).

If you're still debating whether the increased payout is worth it, Fidelity states that suspending benefits for one to three years after reaching FRA could potentially increase your benefits by up to 24%. That can be a helpful bump when you're working with a fixed income.

Who Should Stop Their Social Security Benefits?

Just because you can withdraw or suspend your benefits doesn't mean you should. While a bigger payout in the future sounds appealing to most, it may not make sense for some people.

Here's who should consider stopping their benefits:

Significant Life Change: If there's been a big change in your life, like suddenly having more money from an inheritance or a lucky lottery win, you might want to rethink your benefits.

Jumping Back into Work: If you've decided to return to work instead of retiring, it could make sense to stop your benefits. After all, if you're back at work, you might not need that monthly Social Security payment anymore.

Improved Health Outlook: If you initially claimed benefits due to a health scare but things have improved, and you expect to live longer now, stopping benefits could be a smart move.

Ready To Suspend/Withdrawal Benefits?

If you're not sure if this is the right path for you, try reaching out to a financial advisor. If you're 100% certain it's time to stop your benefits, these are your next steps:

Withdrawing Benefits

- You need to mail in your request.
- Download and complete form 521: Request for Withdrawal of Application.
- Find the closest Social Security office to your home
- Mail them the completed form
- If you have questions, call the Social Security Administration for help at 800-772-1213. If you're deaf or hard of hearing, contact this number: 800-325-0778

Suspending Benefits

- You do not need to mail in a suspension request. You can call or write to the Social Security Administration and ask for a suspension. If you'd rather do it in person, you can at any local Social Security Administration office. If you're planning on doing it over the phone, call 800-772-1213 or 800-325-0778 (for those who are hard of hearing).

The Bottom Line

It's overwhelming to have such a big decision about retirement resting on just your shoulders, if you don't know when to claim Social Security, click on the graphic down below or give us a call. We'd be happy to help strategize when you should lock in your benefits.