

Social Security

Allison Hatfield
Claims Representative
Ivory Paul
Technical Expert

www.socialsecurity.gov

History of Social Security Programs

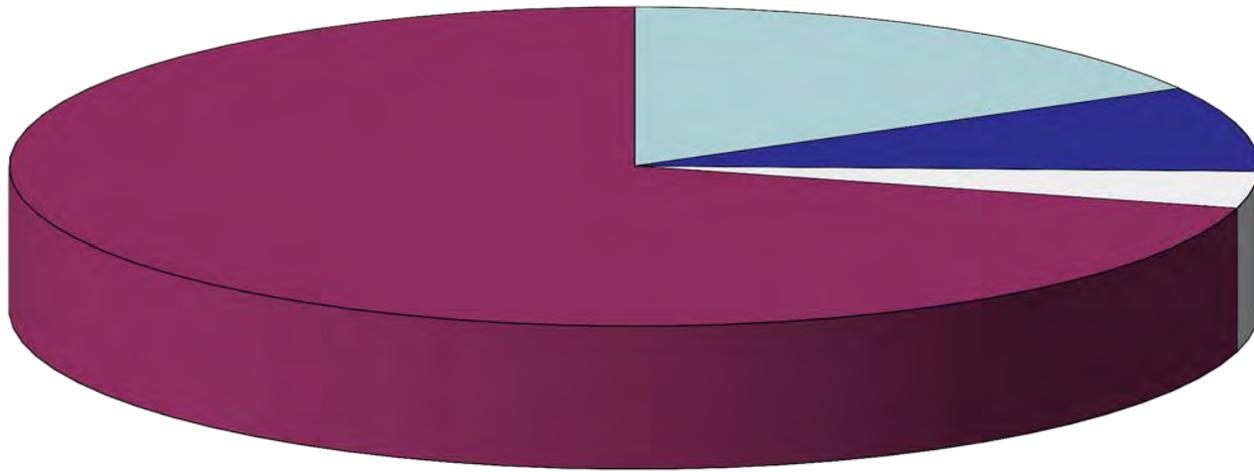
- **1935 – Retirement Insurance**
- **1939 – Survivors Insurance**
- **1956 – Disability Insurance**
- **1965 – Medicare Program**
- **1972 – Supplemental Security Income**
- **2003 – Medicare Part D Prescription Drug Coverage**

A Foundation for Planning Your Future



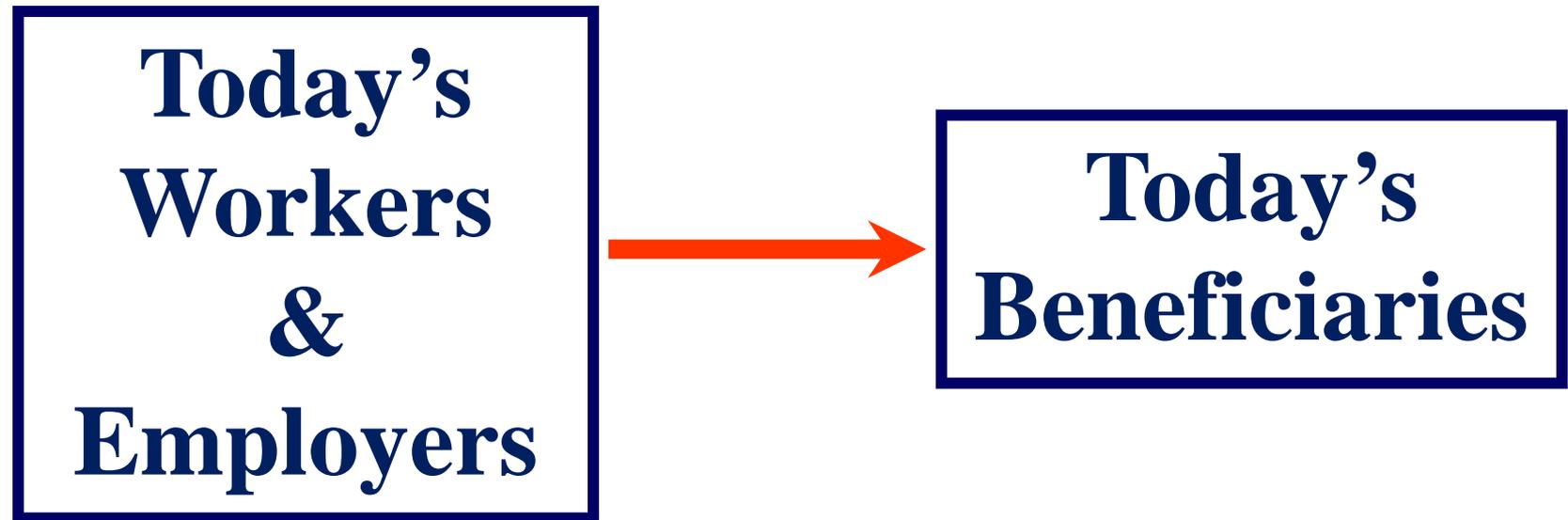
Who Gets Benefits from Social Security?

56 million people



- 8.6 million Disabled Workers and 2.0 million Dependents
- 4.4 million Widows/Widowers
- 1.9 million Children of Deceased Workers
- 36 million Retired Workers and 2.9 million Dependents

Who Pays for Social Security?



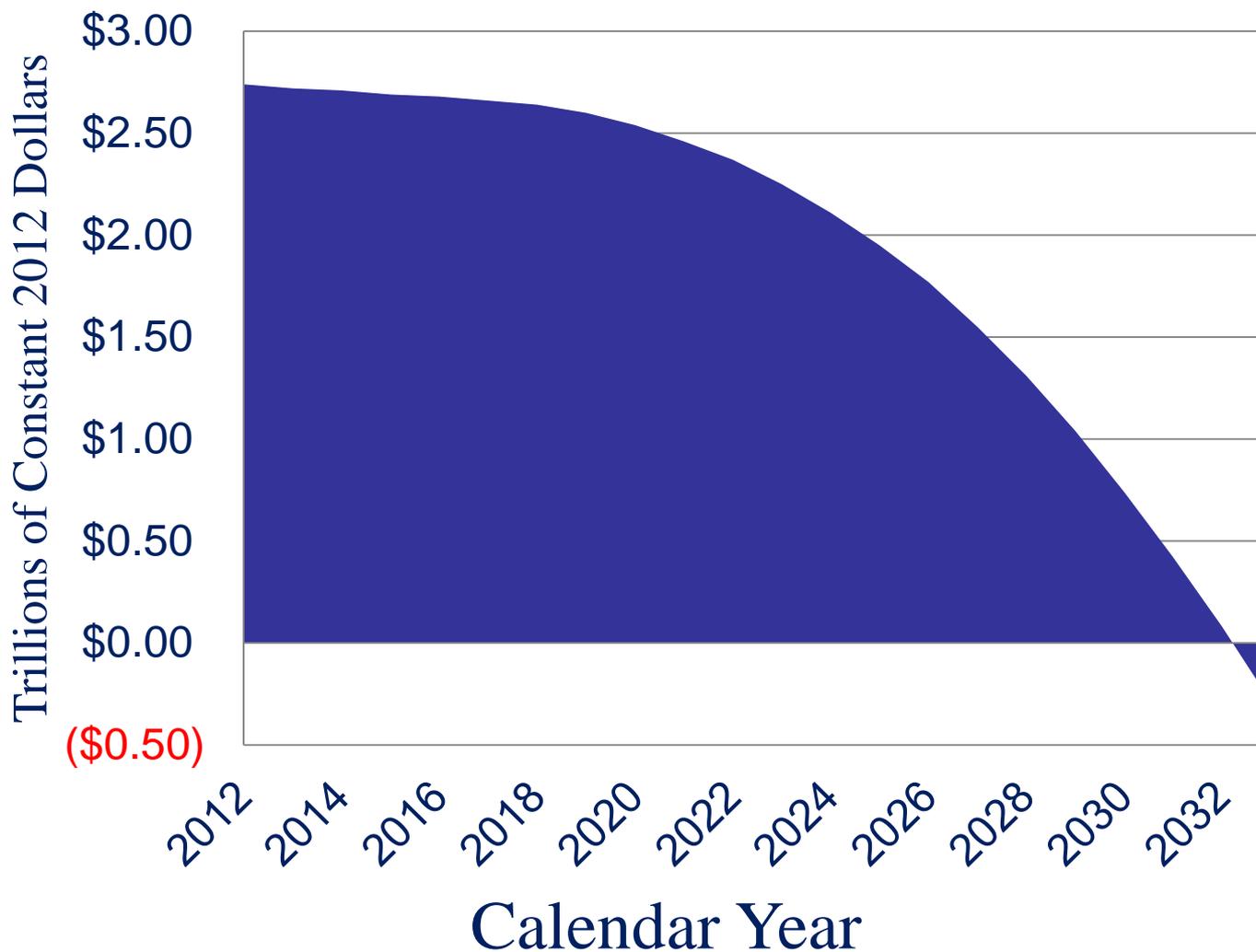
The Number of Workers per Beneficiary is Decreasing

5 – 1960

3 – 2012

2 – 2035

Social Security Trust Funds Will Be Able to Pay Only About 75 Cents for Each Dollar of Scheduled Benefits in 2033



How Do You Qualify for Retirement Benefits?

- You need to work to earn Social Security “credits”
- Each \$1,220 in earnings gives you one credit in 2015
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2015, you must earn at least \$4,880. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.

Thinking of Retiring?

- Deciding what is the ‘right’ age to retire
- How working after retirement can affect benefits
- Medicare considerations
- Online retirement estimator
- How to apply online for benefits

When To Start Receiving Retirement Benefits

At Social Security, we're often asked, "What is the best age to start receiving retirement benefits?" The answer is that there is no one "best age" for everyone and, ultimately, it is your choice. You should make an informed decision about when to apply for benefits based on your individual and family circumstances. We hope the following information will help you understand how Social Security can fit into your retirement decision.

Your decision is a personal one.

Would it be better for you to begin receiving benefits early with a smaller monthly amount or wait for a larger monthly payment later that you may not receive as long? The answer is highly personal and depends on a number of factors, such as your current cash needs, your health and family longevity, whether you plan to work in retirement, whether you have other retirement income sources, your anticipated future financial needs and obligations, and, of course, the amount of your future Social Security benefits. We hope you will weigh all the facts carefully and consider your own circumstances before making the important decision about when to begin receiving Social Security benefits.

Monthly payments differ substantially based on when you start receiving benefits.

If you live to the average life expectancy for someone your age, you will receive about the same amount in lifetime benefits no matter whether you choose to start receiving benefits at age 62, full retirement age, age 70 or any age in between. However, monthly benefit amounts can differ substantially based on your retirement age. Basically, you can get lower monthly payments for a longer period of time or higher monthly payments over a shorter period of time. The amount you receive when you first get benefits sets the base for the amount you will receive for the rest of your life, though you do receive annual cost-of-living adjustments and, depending on your work history, may receive higher benefits if you continue to work.

The following chart provides an example of how your monthly benefit amount can differ based on the age at which you decide to start receiving benefits.

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits
This example assumes a benefit of \$1,000 at a full retirement age of 66.

Age You Choose to Start Receiving Benefits	Monthly Benefit Amount
62	\$750
63	\$800
64	\$856
65	\$914
66	\$1,000
67	\$1,060
68	\$1,100
69	\$1,140
70	\$1,320

Let's say your full retirement age is 66 and your monthly benefit starting at that age is \$1,000. If you choose to start getting benefits at age 62, your monthly benefit will be reduced by 25 percent to \$750 to account for the longer period of time you receive benefits. This is generally a permanent reduction in your monthly benefit.

If you choose to not receive benefits until age 70, you would increase your monthly benefit amount to \$1,320. This increase is from delayed retirement credits you get for your decision to postpone receiving benefits past your full retirement age. The benefit amount at age 70 in this example is 32 percent more than you would receive per month if you chose to start getting benefits at full retirement age.

Retirement may be longer than you think.

When thinking about retirement, be sure to plan for the long term. Many of us will live much longer than the "average" retiree, and, generally, women tend to live longer than men. About one out of every four 65-year-olds (over)

www.socialsecurity.gov

When To Start Receiving Retirement Benefits

Social Security Administration
SSA Publication No. 05-10147
ICN 480136
Use of base +1D (one hundred)
July 2008

Your Age at the Time You Elect Retirement Benefits Affects the Amount

If You're a Worker and Retire

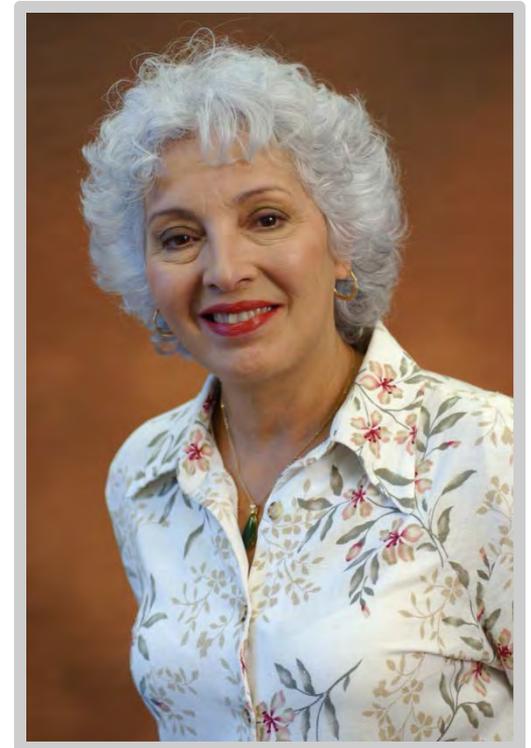
- **At age 62, you get a lower monthly payment**
- **At your Full Retirement Age, you get your full benefit**
- **You get an even higher monthly payment if you work past your full retirement age**



Your Age at the Time You Elect Retirement Benefits Affects the Amount

For example, if you were born from 1943 through 1954:

- Age 62 75% of benefit**
- Age 66 100% of benefit**
- Age 70 132% of benefit**



Full Retirement Age

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 & 2 months
1939	65 & 4 months
1940	65 & 6 months
1941	65 & 8 months
1942	65 & 10 months
1943 – 1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 or later	67

In Addition to the Retiree, Who Else Can Get Benefits?

Your Child

- **Not married under 18**
(under 19 if still in high school)
- **Not married and disabled**
before age 22

Your Spouse

- **Age 62 or older**
- **At any age, if caring for a child under age 16 or disabled**



In Addition to the Retiree, Who Else Can Get Benefits?

Your Ex-Spouse

- **Marriage lasted at least 10 years**
- **Ex-spouse 62 or older**
- **Divorced at least two years and you and your ex-spouse are at least 62, he or she can get benefits even if you are not retired**
- **Ex-spouse's benefit amount has NO EFFECT on the amount YOU or your CURRENT SPOUSE can get**

Spouse's Benefit Computation

- **Benefit is 50% of worker's unreduced benefit**
- **Reduction for early retirement**
- **If spouse's own benefit is less than 50% of the worker's, the benefits are combined**
- **Does not reduce payment to worker**

How Social Security Determines Your Benefit

Social Security benefits are based on earnings

- **Step 1 -Your wages are adjusted for changes in wage levels over time**
- **Step 2 -Find the monthly average of your 35 highest earnings years**
- **Step 3 -Result is “average indexed monthly earnings”**

Regardless of when your wages were earned, Social Security will include your highest 35 years for your computation.

Retirement Benefit Computation Example

If your average monthly earnings are = \$1,500
Then your monthly benefit would be = \$924.86

Average Monthly Earnings	\$1,500		
90% of First \$767.00	\$767	=	\$690
32% of next \$3,857 (1500-767=733 x .32)	\$3,857	=	\$234.56
15% of any remaining Earnings over \$4,624	\$4,624	=	\$0
	<hr/>		<hr/>
Primary Insured Amount			\$924.86

my Social Security

Your Online Account ... Your Control ...

www.socialsecurity.gov/myaccount



my Social Security is an easy-to-access, easy-to-use portal to view and update some of your own Social Security information.

Who Can Create a *my* Social Security Account?

You must be at least 18 years old and have:

An advertisement for the my Social Security online account. At the top, it says "my Social Security" with the Social Security Administration logo. Below that, it says "Your Online Account ... Your Control ..." and the website "www.socialsecurity.gov/myaccount". The main image shows a diverse group of people smiling. At the bottom, it says "Create your Social Security account now:" followed by "Access your Social Security Statement to check your earnings and get your benefit estimates." Below that, it says "If you receive benefits, you also can:" followed by a list of three bullet points: "Get your benefit verification letter;", "Change your address; and", and "Start or change your direct deposit." There is a QR code and social media icons for Facebook, Twitter, and YouTube at the bottom right.

my Social Security 

Your Online Account ... Your Control ...

www.socialsecurity.gov/myaccount

Create your Social Security account now:

Access your *Social Security Statement* to check your earnings and get your benefit estimates.

If you receive benefits, you also can:

- Get your benefit verification letter;
- Change your address; and
- Start or change your direct deposit.

- A valid E-mail address;
- A Social Security number; and
- A U.S. mailing address.

Your Online

***Social Security Statement* Provides**

- **Estimates of the retirement and disability benefits you may receive;**
- **Estimates of benefits your family may get when you receive Social Security or die;**
- **A list of your lifetime earnings according to Social Security's records;**
- **The estimated Social Security and Medicare taxes you've paid;**
- **Information about qualifying and signing up for Medicare;**
- **The opportunity to apply online for retirement and disability benefits; and**
- **A printable version of your *Social Security Statement*.**

The Online Benefit Verification Letter

With *my* Social Security you can get your online benefit verification letter and use it as official proof of:

- Your income when you apply for a loan or mortgage, assisted housing or other state or local benefits;
- Your current Medicare health insurance coverage;
- Your retirement or disability status; and
- Your age.

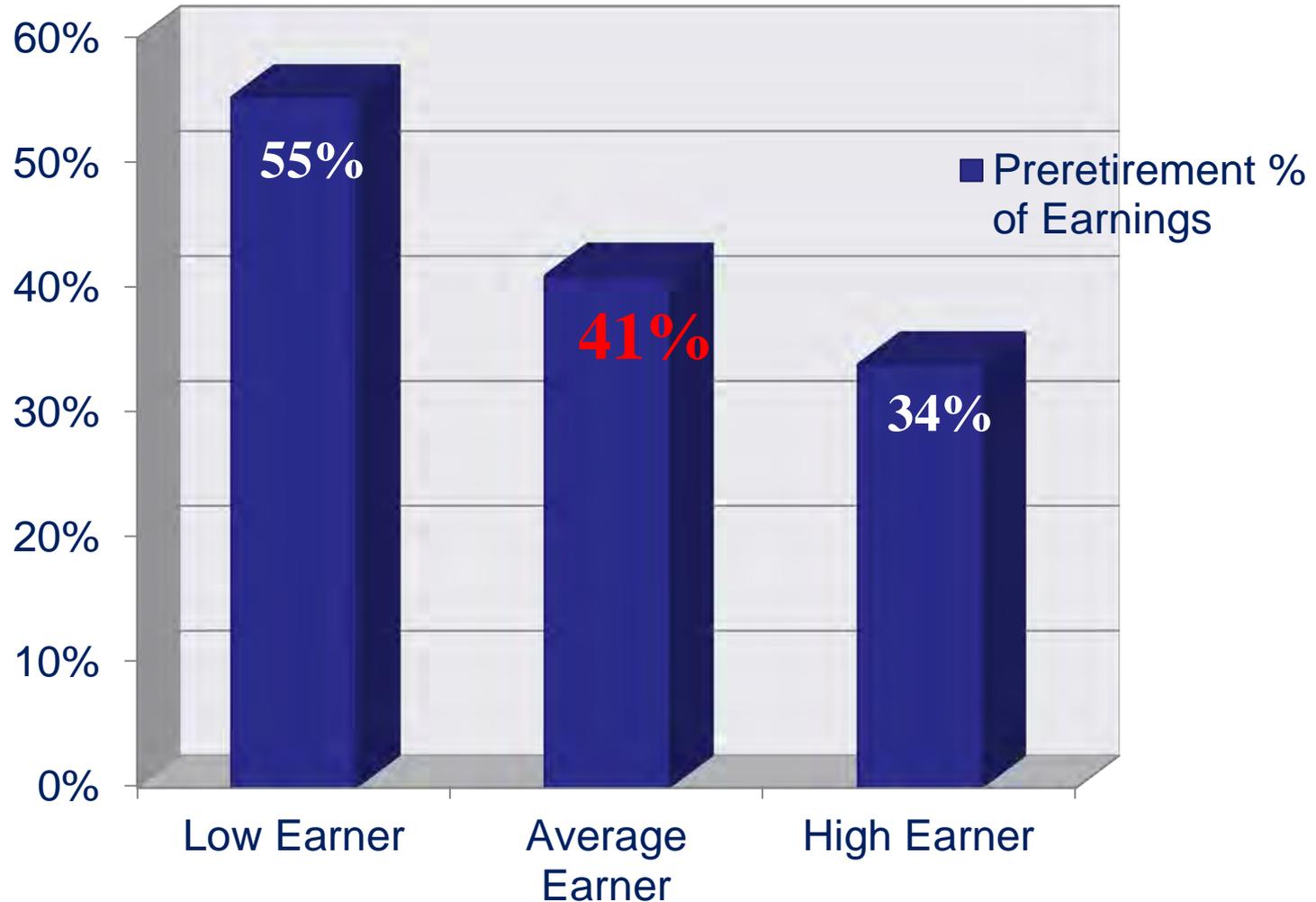
Extra Security is Available

In addition to your username and password, you would be required to enter a unique code we would send to your text-enabled cell phone each time you want to sign in. Your text message rates still apply.

To add this feature, you will first have to provide us with one of the following to verify your identity:

- The last eight digits of your Visa, MasterCard, or Discover credit card;**
- Information from your W2 tax form;**
- Information from a 1040 Schedule SE (self-employment) tax form; or**
- Your direct deposit amount, if you receive Social Security benefits.**

What You Can Expect at Full Retirement Age



Windfall Elimination Provision

If any part of your pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.

A public employee that does not pay into Social Security is not the kind of low-income worker the weighted benefit formula is trying to compensate.

In fact, the employee is an average paid employee and should get the rate of return for average workers.

Windfall Elimination Provision (WEP) Modified Computation

Normal Computation

90% of the First \$767

32% of the Next \$3,857

15% of the Remainder

WEP Computation

40% of the First \$767

32% of the Next \$3,857

15% of the Remainder

Exception to the Windfall Elimination Provision

Years of Social Security Coverage	% of First Factor in Benefit Formula
30 or more	90
29	85
28	80
27	75
26	70
25	65
24	60
23	55
22	50
21	45
20 or fewer	40

Our Online WEP calculator allows you to estimate your Social Security benefit.

WEP Computation Example

If your average monthly earnings are = \$1,500

Then your monthly benefit would be = \$924.86

Average Monthly Earnings	\$1,500		
90% → 40% of First \$767.00	\$767	=	\$690 → 306.80
32% of next \$3,857 (1500-767=733 x .32)	\$3,857	=	\$234.56
15% of any remaining Earnings over \$4,624	\$4,624	=	\$0
Primary Insured Amount			\$924.86
<i>PIA with WEP offset</i>			<i>\$541.36</i>

Government Pension Offset (GPO)

If you receive a government pension based on work not covered by Social Security, your Social Security spouse's or widow(er)'s benefits may be reduced.



Government Pension Offset (GPO)

Applies to Spouse's Benefits Only

- **2/3 of amount of government pension will be used to reduce the Social Security spouse's benefits**

Examples:

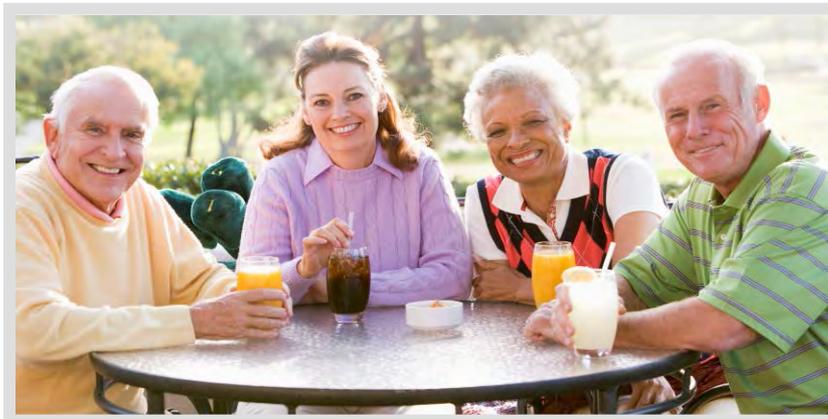
- **\$1,200 of government pension $2/3 = \$800$
Social Security spousal entitlement = \$750
Since $\$800 > \750 , no benefit payable by Social Security**
- **\$900 of government pension $2/3 = \$600$
Social Security spousal entitlement = \$750
Since $\$600 < \750 , there is a cash eligibility. SSA would pay \$150 to equal the non-covered pension amount.**

Our Online GPO calculator allows you to estimate your Social Security benefit.

You Can Work & Still Receive Benefits

<u>If You Are</u>	<u>You Can Make Up To</u>	<u>If You Make More, Some Benefits Will Be Withheld</u>
Under Full Retirement Age	\$15,720/yr. (\$1,310/mo.)	\$1 for every \$2
The Year Full Retirement Age is Reached	\$41,880/yr. (\$3,490/mo.)	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit

**** Work is defined as wages.**



Note: If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.

How Do I Apply for Retirement Benefits?

- Apply online at www.socialsecurity.gov
It is the most convenient way to apply;
- Call Social Security to schedule an appointment
1-800-772-1213 (TTY 1-800-325-0778); or
- Apply at your local Social Security office.

What Will You Need When Applying for Your Social Security Benefits?

- **Social Security number for each applicant**
- **Proof of age** (only if date of birth allegation doesn't match Social Security records)
- **Latest W-2 or self-employment tax return**
- **Earnings estimate**
- **Bank information for direct deposit**
- **Information about marriages/divorces**
- **Information about military or railroad service**

Who Can Get Survivors Benefits?

Your Child if:

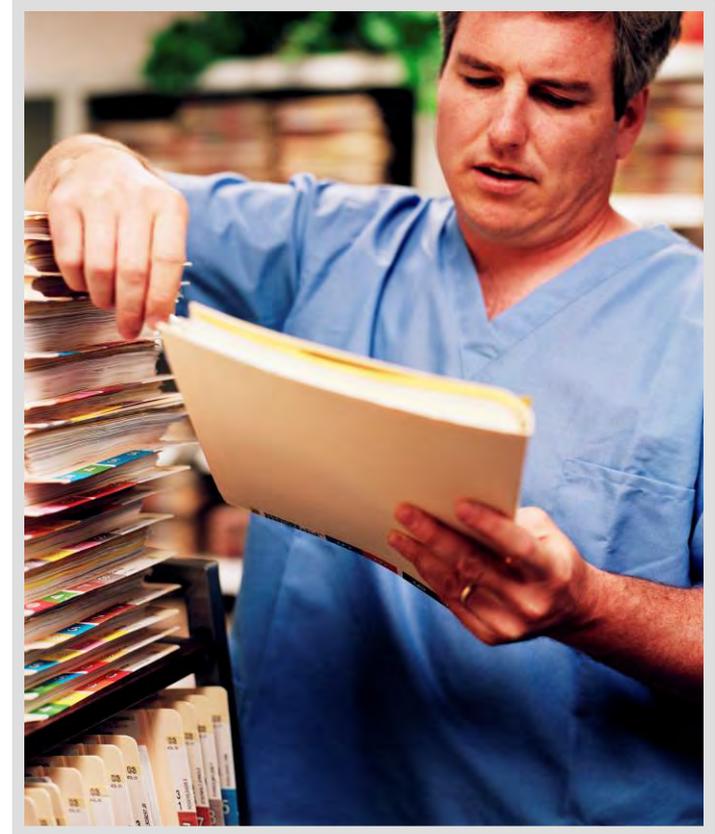
- **Not married under age 18** (under 19 if still in high school)
- **Not married and disabled before age 22**

Widow or Widower:

- **Full benefits at full retirement age**
- **Reduced benefits at age 60**
- **If disabled as early as age 50**
- **At any age if caring for child under 16 or disabled**
- **Remarriage after age 60 (50 if disabled)**
- **Divorced widows/widowers may qualify**

Social Security's Disability Definition:

A medical condition or combination of impairments preventing substantial work for at least 12 months, or expected to result in death. The determination also considers age, education & work experience.



Your Benefits Can Be Taxable

- About 1/3 of people who get Social Security pay income taxes on their benefits.
- At the end of each year, you'll receive a *Social Security Benefit Statement* (Form SSA-1099). Use this statement to complete your Federal income tax return to find out if you have to pay taxes on your benefit.
- Generally, if your 1040 adjusted gross income (including 1/2 of your Social Security) is over \$25,000 for individual or \$32,000 for a couple, you may be subject to taxation.

Who Can Get Medicare ?

65 & older

-or-

24 months after entitlement to Social Security disability benefits

-or-

Amyotrophic Lateral Sclerosis

-or-

Permanent kidney failure and receive maintenance dialysis or a kidney transplant

-or-

Exposure to Environmental Health Hazards

NOTE: If you apply for cash monthly benefits from Social Security BEFORE your 65th birthday, you will be AUTOMATICALLY enrolled. Billing for Part B is effective the month and year you attain age 65.

When Can I Sign Up for Medicare Part B?

Medicare Enrollment Periods:

➤ **Initial – at age 65**

3 months BEFORE and 3 months AFTER the month you attain age 65.

➤ **Special – after separating from employer**

After you stop working, you contact Social Security to enroll into Part B

➤ **General – January-March**

Medicare Coverage

Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- 2013 Deductible \$1,184
- FREE if you have 40/40 Credits or insured spouse.

Part B - Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1st \$140 in approved charges
- 2015 Standard Monthly Premium \$104.90

Part D - Medicare Prescription Drug Plan

- Covers a major portion of prescription drug costs for Medicare beneficiaries
- Enroll With Medicare prescription drug provider not SSA

Extra Help Could Further Reduce Medicare Prescription Drug Costs

Extra Help is available for beneficiaries with limited resources and income to help pay for the costs—monthly premiums, annual deductibles, and prescription co-payments—related to a Medicare prescription drug plan.

The Extra Help is estimated to be worth about \$4,000 per year.

How Do I Apply for Extra Help?

Complete the *Application for Extra Help with Medicare Prescription Drug Plan Costs* (Form SSA-1020). Here's how:

- **Apply online at www.socialsecurity.gov**
- **Call Social Security to apply over the phone or request an application at 1-800-772-1213 (TTY 1-800-325-0778)**
- **Apply at your local Social Security office**

Social Security will review your application and send you a letter to let you know if you qualify

For More Medicare Information

1-800-MEDICARE

(1-800-633-4227)

TTY 1-877-486-2048

www.medicare.gov

The Affordable Care Act

- **President Obama signed Affordable Care Act into law March 23, 2010.**
- **Key parts of Affordable Care Act take effect January 1, 2014.**
- **Starting October 1, you can get information about all the plans available in your area.**
- **If your employer doesn't offer health insurance, you can buy insurance directly in a new competitive "Marketplace."**

The Affordable Care Act

- **Every plan will offer comprehensive coverage—from doctors to medications to hospital visits.**
- **The Marketplace lets you compare health plans in plain language.**
- **Visit the Health Insurance Marketplace at *www.HealthCare.gov* now to get information about how the Affordable Care Act can help you.**
- **You can also call an ACA representative at 800.318.2596 for more information.**

www.healthcare.gov

HealthCare.gov

Take health care into your own hands

Search

[Find Insurance Options Now](#) [Prepare for the Health Insurance Marketplace](#) [Health Insurance Basics](#) [The Health Care Law & You](#) [Prevention, Wellness & Comparing Providers](#)

Need health insurance?

Learn more & get ready.

Email Address

[Get Email or Text Updates >](#)

Already a subscriber?
[Manage your account settings](#) [Privacy Policy](#)

A New Way to Get Coverage

Coming soon: More control over your insurance choices.

[Learn More >](#)



Current Topics



Get a Break on Costs Starting in 2014

Thanks to a new kind of tax credit and the expansion of some programs, more people than ever will qualify for help that will make insurance affordable.



Why It's Important to Have Health Insurance

No one plans to get sick or hurt, but most people need medical care at some point. Health insurance helps pay these costs. Learn how insurance works – and why it's so important to have.



How the Health Care Law Benefits You

Learn how the rights, benefits, and choices provided by the Affordable Care Act affect you – and the community you live in.

HealthCare Blog

Posted April 10, 2013

The FY2014 Budget: Strengthening Health and Opportunity for all Americans

The budget for HHS provides investments that create healthier and safer families, stronger communities and a thriving... [Continue Reading](#) →

Posted April 05, 2013

A Healthy Choice For America's Small Businesses

In 2014, employers will be able to choose a plan through a new Health Insurance... [Continue Reading](#) →

[See all blogs](#) →

THANK YOU

Questions?