

Social Security

Disclaimer: *The material in this presentation has been prepared by the Social Security Administration's (SSA) Public Affairs Office and is intended for educational purposes only. Participation in this presentation does not constitute an endorsement by the Social Security Administration or its employees of the organizations and information and products not provided by SSA.*

Social Security is governed by federal law. The statements in this document are general. If there is a conflict between the law and this document, any decisions will be based on the law and not this document.

Agenda

This presentation covers information on:

- Social Security Website and my Social Security
- Retirement Income Sources
- How Do You Qualify for Retirement Benefits?
- How Much Will I Receive in Retirement Benefits
- Retirement Benefits Filing Strategies & Options
- Spousal Benefits
- Medicare Benefits

Social Security Website and **my Social Security**

[Social Security](#) is a federally mandated social insurance program funded through payroll taxes.

[my Social Security](#) is convenient and secure and puts you in control of your personal Social Security information, as well as help you manage your benefits when you're ready. Your account gives you the information you need whenever you want.

You can only open an account for yourself. You cannot open an account for another person, even if you have their written consent.

You may be unable to open a [my Social Security](#) account if you:

- Blocked electronic access to your personal Social Security information
- Recently moved or changed your name
- Placed a freeze on your credit report

Your online account provides a variety of information to help you and your family.

Your [Social Security Statement](#) is useful for people of all ages who want to learn about their future Social Security benefits and current earnings history. You can find your benefits and history on your [my Social Security](#) account.

Retirement Income Sources

For the average worker, Social Security will only replace about 40% of your pre-retirement earnings. You'll most likely need additional income sources such as pensions, savings, investments, and/or a retirement account to have a comfortable income in retirement.

Remember that Social Security was never meant to be the only source of income for people when they retire.

How Do You Qualify for Retirement Benefits?

When you work and pay Social Security taxes, you earn "credits" toward Social Security benefits.

You must earn a certain number of credits to qualify for benefits. The number of credits you need depends on your age when you apply and the type of benefit application.

To qualify, you need "40 credits" or 10 years of work.

How Much Will I Receive in Retirement Benefits?

There are supplemental easy-to-read fact sheets available on the [Social Security Statement](#) page. The fact sheets include information based on:

- Age (18-48, 49-60, 61-69 and 70+)
- Earnings
 - May be subject to Windfall Elimination Provision or Government Pension Offset
 - Not be fully insured
 - Have intermittent work history
 - New workers

There is also a Medicare fact sheet available.

You can use the [Retirement Estimator](#) to get immediate and personalized benefit estimates to help you plan for your retirement.

You can use the estimator if:

- You have enough credits at the time to qualify for benefits and
- You are not:
 - Currently receiving benefits on your own Social Security record
 - Waiting for a decision about your application for benefits or Medicare
 - Age 62 or older and receiving benefits on another Social Security record
 - Eligible for a pension based on work not covered by Social Security

How Social Security Determines Your Benefit

We base your benefit payment on how much you earned during your working career. We're looking for the highest 35 years during your lifetime of earnings, regardless of when earned. Using this formula means

a worker who qualifies for a retirement benefit with just 10 years of work would have a lower benefit payment than someone who worked longer.

Retirement Benefit Filing Strategies & Options

The [earliest age](#) to retire with a permanent reduction of benefits is 62. It's a personal choice when to start receiving your retirement benefits. So, make an informed decision about when to apply for benefits based on your individual and family circumstances.

You should consider:

- 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
- The amount of your future Social Security benefits

At your full retirement age, you'll receive 100 percent of your benefit and the income limitations do not apply. Full retirement age increases apply to both retirement and survivor benefits. Regardless of your full retirement age, reduced benefits can still be paid as early as age 62. The Medicare eligibility age of 65 has not changed.

Read [How Work Affects Your Benefits](#) and find your full retirement age by using the [Retirement Age Calculator](#).

You Can Work & Still Receive Benefits

You may continue to work after retirement with limitations until your full retirement age. Annual income limits change every year.

What Income Counts Towards the Annual Earnings Limits?

Income that counts as earnings includes gross wages from employment and/or net earnings from self-employment. The earnings limit may change yearly. Visit ssa.gov/pubs and search for, **How Work Affects Your Benefits** for more information.

Income that doesn't count as earnings:

- Inheritance payments
- Pensions
- Income from investments
- Interest and dividends
- Capital gains
- Other sources

You can receive 100 percent of your benefit with no income limit at your full retirement age. You can increase your benefit eight percent for every year you delay your benefit after your full retirement age,

until you hit the maximum. Use the [Retirement Earnings Test Calculator](#) to see how your benefit would be affected if you go over the limit.

Spousal Benefits

Spousal and survivor benefits may be payable.

Spousal benefits can start from age 62 to Full Retirement Age (FRA). The spouse can receive 50 percent at the FRA or less if you start prior to FRA but there's a reduction if you take it early.

Survivor benefits can start from age 60 to FRA. They would get 71.5 percent at age 60 and increase each month if they wait. They can receive up to 100 percent if they start at FRA, or as early as age 50 if disabled.

Divorced spouses qualify for spousal and/or survivor benefits if the marriage lasted at least 10 years and other conditions are met.

Windfall Elimination Provision (WEP)

The [Windfall Elimination Provision](#) can affect how we calculate your retirement or disability benefit. If you work for an employer who doesn't withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any pension you get from that work can reduce your Social Security benefits.

WEP can apply if after 1985 you:

- Reached age 62
- Became disabled
- First became eligible for a monthly pension based on work where you didn't pay Social Security taxes

WEP only applies to retirement and disability benefits. Survivor benefits are not affected by WEP.

If you're a government employee the benefit estimate you see on your Social Security Statement might be incomplete because the formula used in the estimate does not take into consideration WEP. WEP applies to the workers' benefits. Any auxiliary benefits payable on the worker's record also would be affected. Social Security does not yet have the capability to determine that a worker may receive a non-covered pension to then determine the benefit after WEP.

The [WEP Online Calculator](#) or the [Detailed Calculator](#) allow you to estimate your benefit.

Prior to the 1983 Amendments when workers spent most of their careers in government jobs where they did not pay Social Security taxes (non-covered employment), they received the equal benefits of the weighted benefit formula. These workers, based on their Social Security earnings record, appeared to be low wage earners primarily because the majority of their wages were not covered for Social Security purposes. These federal, state, or local employees effectively were receiving a windfall from Social Security.

The 1983 Amendments rectified this windfall. Since they had their 40 credits, they will continue to be eligible for a Retirement benefit, but their benefit will be computed differently. The benefit formula is

identical to the normal computation except for the first level of the formula. Instead of receiving 90% of the first level, they will receive 40%. You will not be subjected to the WEP if you have 30 or more years of substantial earnings.

Government Pension Offset

We may reduce your Social Security spouse's or widow's, or widower's benefits may be reduced if you receive a pension from a federal, state, or local government based on work for which you didn't pay Social Security taxes. We'll reduce your Social Security benefits by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you're eligible for a \$500 spouses, widows or widowers benefit from Social Security, you'll get \$100 a month from Social Security ($\$500 - \$400 = \$100$).

Benefits we pay to spouses, widows, and widowers are "dependent's" benefits. Set up in the 1930s, these benefits were to compensate spouses who stayed home to raise a family and were financially dependent on the working spouse. It's now common for both spouses to work, each earning their own Social Security retirement benefit. The law requires a person's spouse, widow, or widower benefit to be offset by the dollar amount of their own retirement benefit.

To estimate your future benefits under GPO, use our [GPO calculator](#). You can also read the [Government Pension Offset](#) factsheet.

Medicare Benefits

Medicare has four parts:

1. **Part A** is hospital insurance that helps pay for inpatient hospital stays, skilled nursing facilities, hospice care, and very limited amount of home care.
2. **Part B** is the medical insurance that helps pay for outpatient health care expenses, including doctor visits.
3. **Part C** is the Medicare Advantage plan and combines Parts A, B, and D.
4. **Part D** is Medicare prescription drug coverage.

Social Security is responsible for Medicare eligibility, enrollment, and premiums. The [Centers for Medicare and Medicaid Services \(CMS\)](#) handles the coverage. If you sign up for Part B, your premium is deducted from your monthly Social Security benefit and sent to CMS before you receive your payment each month. If you enroll in Medicare only, CMS will bill you for your Part B premiums until you go on Social Security.

For more information, visit the [Medicare](#) website or [contact](#) them.

Medicare has three enrollment periods:

1. Initial Enrollment Period – Your initial enrollment period is seven months. It begins three months before your 65th birthday, includes the month you turn age 65, and ends three months after that birthday.
2. Special Enrollment Period – If you are age 65 or older and you or your spouse are still working and you are covered under a group health plan based on your current employment, you may not need

to apply for Medicare Part B at age 65. You may qualify for a "Special Enrollment Period" that will let you sign up for Part B at the time you retire.

3. General Enrollment Period – If you didn't sign up for Part A and/or Part B (for which you must pay premiums) when you were first eligible, and you aren't eligible for a Special Enrollment Period, you can sign up during the General Enrollment Period between January 1–March 31 of each year. You may have to pay a late enrollment penalty for as long as you have Part B coverage.

Medicare Effective Dates for Initial Enrollment

The chart below shows when your Medicare will become effective if you apply during your initial enrollment period.

If you enroll in the month of your initial enrollment period	Then your Part B coverage starts
1 - 3 months before you reach age 65	The month you reach age 65
The month you reach age 65	1 month after the month you reach age 65
One month after you reach age 65	2 months after the month of enrollment
2 - 3 months after you reach age 65	3 months after the month of enrollment

Medicare Part B Premiums

Most Medicare beneficiaries pay the standard premium for Part B. It's automatically deducted from your Social Security check, if you receive one. If you're not getting a check, you can be billed or have the premium deducted from a checking or savings account.

People with higher incomes will pay more for Part B and their prescription drug plan premium. This is called [Income Related Monthly Adjustment Amount \(IRMAA\)](#). We determine whether you pay the higher premium every year. To decide your IRMAA, we ask the Internal Revenue Service (IRS) for your Modified Adjusted Gross Income (MAGI). That equals your adjusted gross income + certain tax-exempt income from the federal income tax return you filed two years ago.

Applying for Benefits

You can apply for benefits using one of three options:

- Online
- By phone 1-800-772-1213
- In-person by appointment only