

# **SOCIAL SECURITY: WHAT YOU NEED TO KNOW**

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## Topics:

**What is Social Security?**

**Will Social Security Be There For Me?**

**How Do We Earn Credits?**

**Who Can Get Benefits?**

**When Should I Retire?**

**How Do I Apply?**

**What About Medicare?**

# What is Social Security?

**A social insurance program which provides a base of economic security through a valuable package of retirement, disability and survivor's insurance.**




# A Foundation for Planning Your Future

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# Save for a Secure Future

**Social Security is the foundation for a secure retirement, but you also will need other savings and investments. If you want to learn more about how and why to save, visit: [www.mymoney.gov](http://www.mymoney.gov)**



# The Number of Workers per Beneficiary is Decreasing

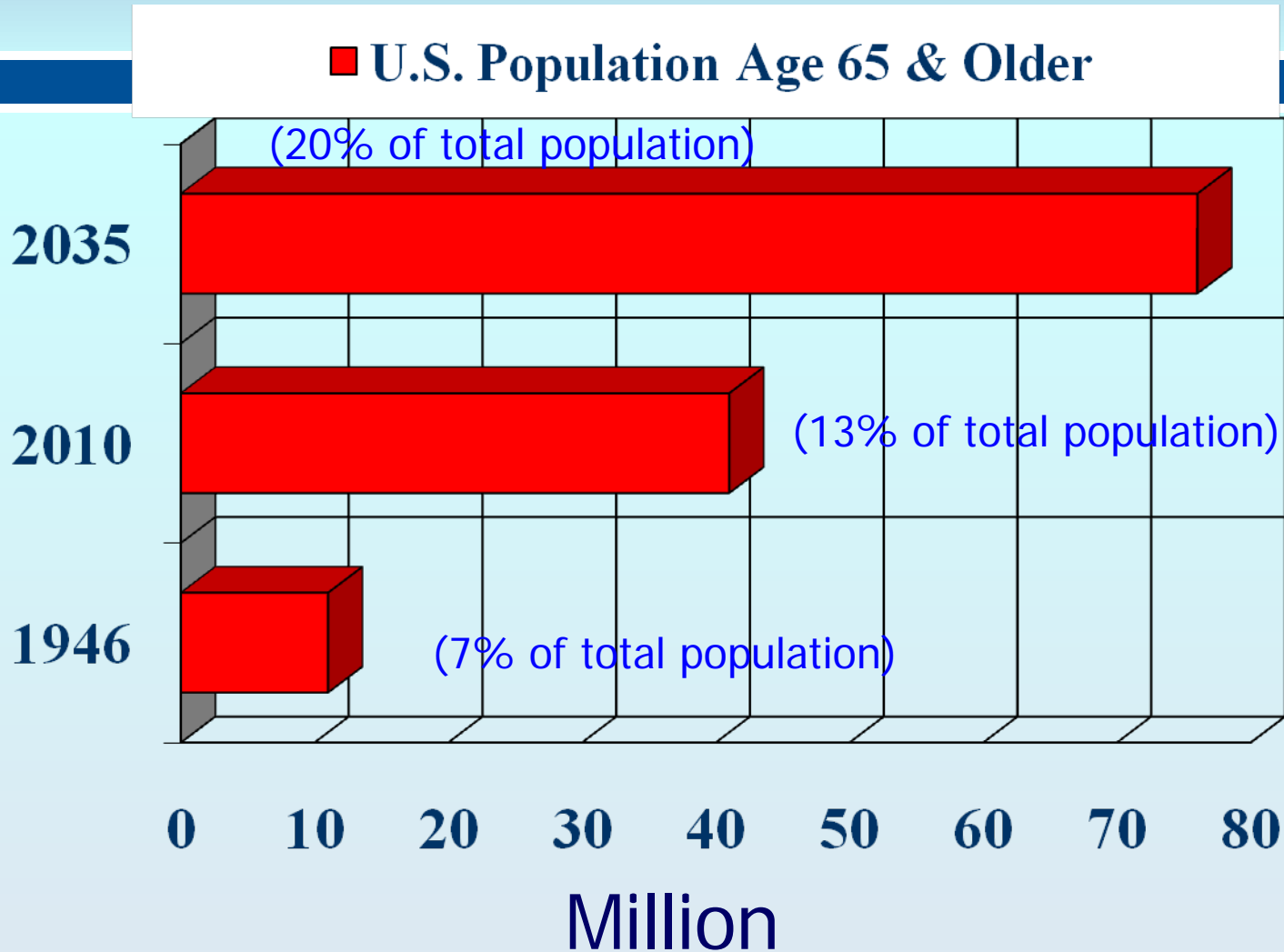
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5 – 1960

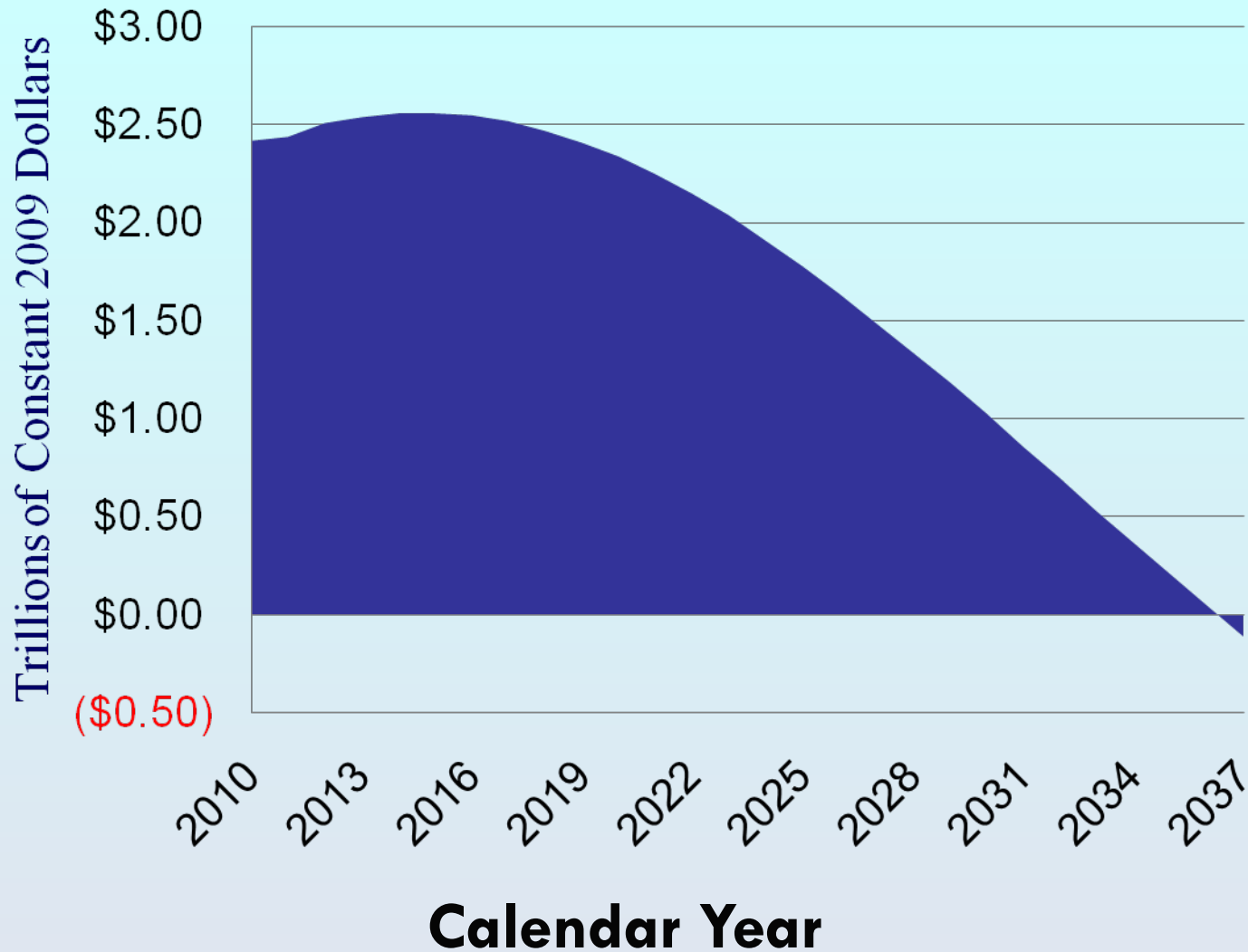
3 – 2010

2 – 2035

# America is Getting Older



# Social Security Trust Funds will be able to pay only about 78 cents for each dollar of scheduled benefits in 2037





# How many people receive Social Security benefits?

- About **61.6** million people receive monthly Social Security benefits:
  - About **45** million retirees and their families receive monthly retirement benefits.
  - About **10.6** million workers and family members get disability benefits.
  - About **6** million people get monthly survivors benefits.



# How Do You Qualify for Retirement Benefits?

- You need to work to earn Social Security “credits”.
- Each \$1,320 in earnings gives you one credit.
- You can earn a maximum of 4 credits per year.
- Earning 40 Credits (10 years of work) throughout your life will qualify you for retirement benefits.

Example: To earn 4 credits in 2018, you must earn at least \$5,280.

# Full Retirement Age

## Age to receive full Social Security benefits

<i>Year of birth</i>	<i>Full retirement age</i>
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

**NOTE:** *People who were born on January 1 of any year should refer to the previous year.*



# How Social Security Determines Your Benefit

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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”

# Retirement Benefit at Full Retirement Age Computation Example

If your average monthly earnings are = \$5,500  
Then your monthly benefit would be = \$2,260

90% of Lowest portion of Earnings	\$895	=	\$805
32% of Mid Earnings over \$895 to \$5,397	\$4,502	=	\$1,440
15% of Highest Earnings over \$5,397	\$103	=	\$15
Average Monthly Earnings	\$805 + \$1,440 + \$15	=	\$2,260

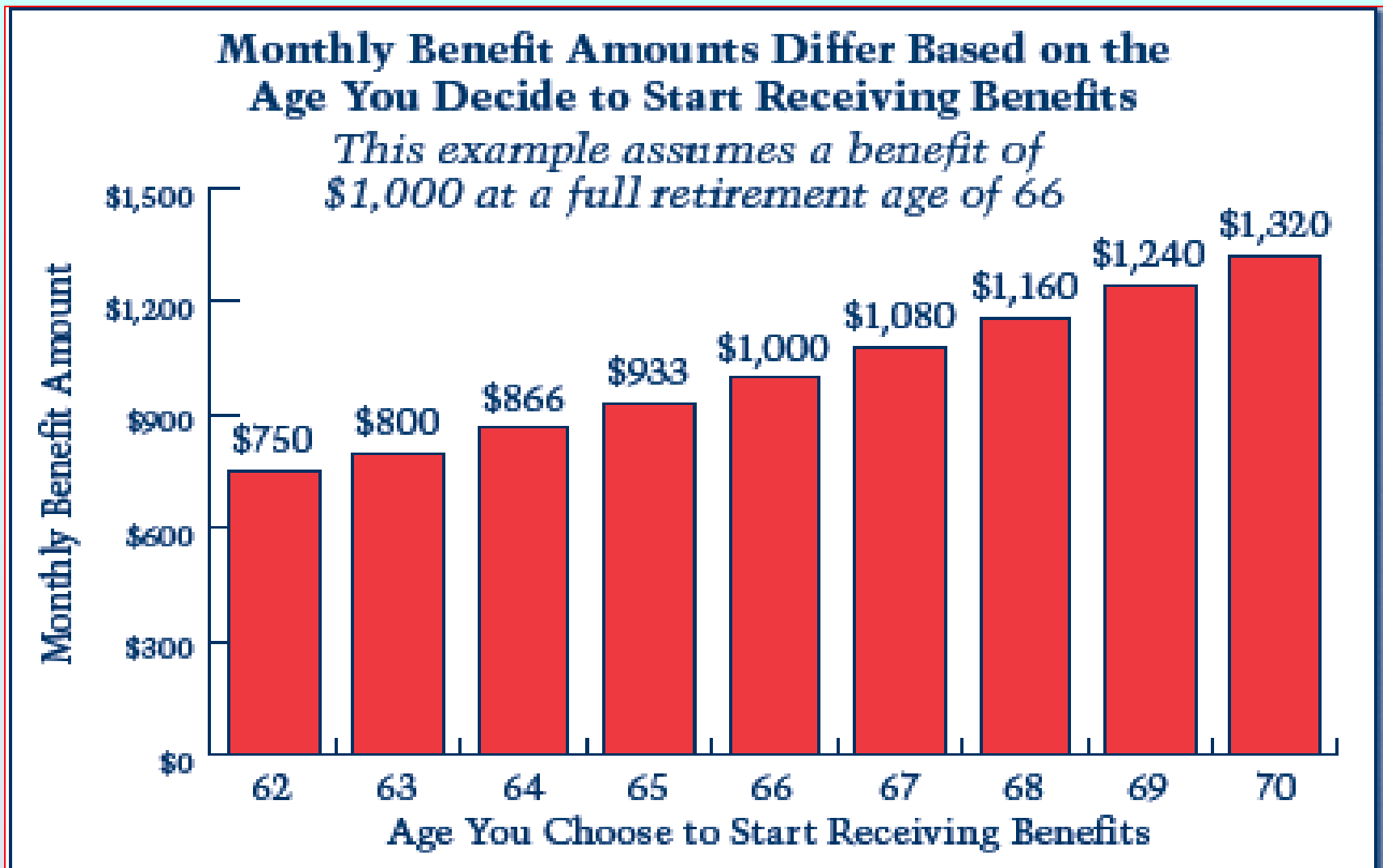
# Replacement Rates

Low Income Worker: 55%

Average Income Worker: 40%

Upper Income Worker: 25%

# When to start receiving your retirement benefits...





# Delayed Retirement Credits

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## *Yearly Rate of Increase from Full Retirement Age to Age 70*

<u><i>Year of Birth</i></u>	<u><i>Increase (%)</i></u>
<b>1937-38</b>	<b>6.5</b>
<b>1939-40</b>	<b>7.0</b>
<b>1941-42</b>	<b>7.5</b>
<b>1943 or later</b>	<b>8.0</b>



# How Work Affects Your Benefits Before and After Full Retirement Age (FRA)

<u>Age</u>	<u>Earnings Limit</u>	<u>Amount Withheld If Above Limit</u>
Under (FRA)	\$17,040 (\$1,420/mo.)	\$1 for every \$2
Year reach (FRA)	\$45,360 (\$3,780/mo.)	\$1 for every \$3
Month attain (FRA) & Above	No limit on earnings	N/A

**Note: This applies to Retirement benefits, Spouse's benefits, and Widow(er)'s benefits.**



# 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 and unmarried  
(you can be married)
- 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 receiving benefits
- 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



# 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

# Other Survivors Benefits

## ➤ Parents

Age 62 and was receiving at least one-half support from deceased worker

## ➤ Lump Sum Death Payment (\$255)

Most widows and widowers  
Some children



# Pensions Can Affect Your Payment

## Windfall Elimination Provision

- You are receiving a pension from an Employer that did not pay into Social Security
- The Payment on your own record could be reduced

## Government Pension Offset

- You are receiving a pension from the Government and they did not pay into Social Security
- Your Payment as a Spouse or Widow(er) could be reduced

<https://www.ssa.gov/planners/retire/gpowep.html>

# What is Deemed Filing?

When you file for either your retirement or your spouse's benefit, you are required or "deemed" to file for the other benefit as well.

Deemed filing rules already apply when you file for either your retirement or your spouse's benefit and you are full retirement age (FRA).



# Deemed Filing Changes

- The new deemed filing rules are effective for individuals **who turn 62 on or after January 2, 2016** (DOB January 2, 1954).

The new rules consist of the following two changes:

- Deemed filing will extend beyond FRA for all claimants who turn age 62 on January 2, 2016 and beyond; and
- Once entitled to either a Retirement or Spouse benefit, an individual will be deemed to file beginning with the first month thereafter that the individual becomes eligible for the second benefit. The application of deemed filing is no longer limited to the first month of entitlement to Retirement or Spouse benefits.

# Deemed Filing Changes

The deemed filing changes removes the option of taking a spouse benefit at Full Retirement Age (FRA) and later switching to your own benefit amount.

## **Example (old rules):**

Your Retirement rate at FRA is \$1,000 per month, at age 70 is \$1,320 and the Spouse's rate at FRA is \$1,000 per month.

Take the Spouse rate at FRA and switch to your own at 70.

<https://www.ssa.gov/planners/retire/deemedfaq.html>

# Voluntary Suspension Changes

- **Note:** Effective April 30, 2016:
- **If you voluntarily suspend your retirement benefit and you have others who receive benefits** on your record, they will not be able to receive benefits for the same period that your benefits are suspended. Please note that there is one exception; divorced spouse's will be able to continue receiving benefits.
- If you request voluntary suspension on or after April 30, 2016, we will only permit benefit reinstatement beginning with the month after the month of your request

<https://www.ssa.gov/planners/retire/suspend.html>

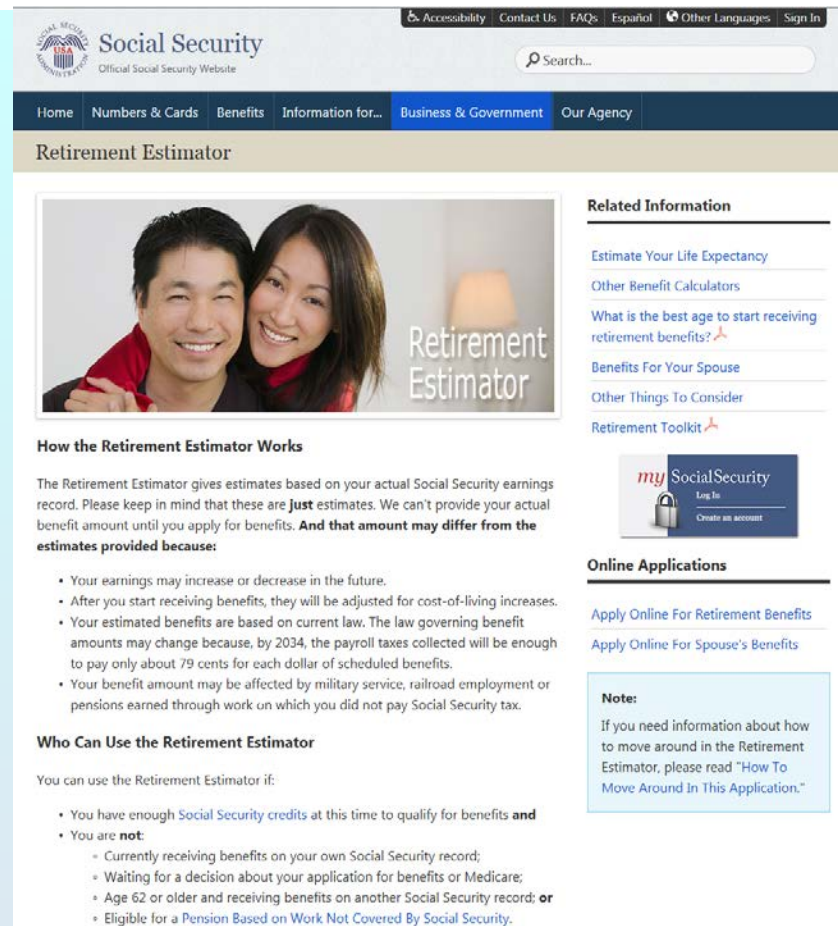
# Voluntary Suspension Changes

- **Note:** Effective April 30, 2016:
- We will no longer permit suspension of retroactive benefits in situations where you apply for benefits and we have not yet made a determination regarding your entitlement.
- If you voluntarily suspend your retirement benefit, any benefits you receive on someone else's record will also be suspended. Your Part B premiums cannot be deducted from your suspended benefits.

<https://www.ssa.gov/planners/retire/suspend.html>

# Use the Retirement Estimator

- Convenient, secure, and quick financial planning tool
- Immediate and accurate benefit estimates
- Lets you create “What if” scenarios based on different ages and earnings



**Related Information**

- [Estimate Your Life Expectancy](#)
- [Other Benefit Calculators](#)
- [What is the best age to start receiving retirement benefits?](#)
- [Benefits For Your Spouse](#)
- [Other Things To Consider](#)
- [Retirement Toolkit](#)

**Online Applications**

- [Apply Online For Retirement Benefits](#)
- [Apply Online For Spouse's Benefits](#)

**Note:**

If you need information about how to move around in the Retirement Estimator, please read "How To Move Around In This Application."

[www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator)



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

- Social Security number for each applicant
- Proof of age (only if there is a discrepancy with Social Security records)
- Earnings estimate
- Bank information for direct deposit
- Information about marriages/divorces
- Information about military or railroad service
- Latest W-2 or self-employment tax return (optional)
- Review your earnings before you apply

# Applying for Retirement, Spouse Benefits, or Medicare

Go to [SSA.GOV](https://www.ssa.gov) and click on “Retirement”.

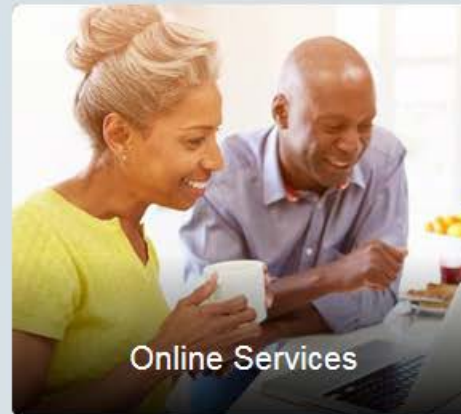


Social Security

[SEARCH](#) [MENU](#) [LANGUAGES](#) [SIGN IN/UP](#)

A close-up photograph of a hand holding a pen and using a calculator. The background is blurred, showing a laptop and some papers.

Tax time is here...  
Get answers to tax questions related to Social Security

A photograph of a young woman and a man sitting at a table, looking at a laptop. The woman is holding a white mug.

Online Services

A photograph of an older man with white hair smiling, with a young girl in a white sailor-style outfit sitting on his shoulders and smiling.

Retirement

A photograph of a man in a wheelchair and a woman smiling together outdoors.

Disability

A photograph of a woman with curly hair sitting at a desk, looking at a laptop.

Get a copy of your  
SSA-1099 or SSA-1042S



# Medicare

- Medicare is this country's health insurance program for people who are:
  - Age 65 or older
  - Under age 65 and receiving Social Security Disability for two years
  - Any age with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).
  - Lou Gehrig's Disease



# Different parts of Medicare:



## Hospital (Part A)

- Paid for by taxes while still working
- Covers In-patient Hospital costs
- Very limited nursing home coverage



## Doctors (Part B)

- Paid by premiums deducted from SS check
- Covers roughly 80% of doctor/bills.
- May not need part B if still working or have other coverage

# Different Parts of Medicare:

- Part C - Medicare Advantage Plans:
  - Like HMOs and PPOs
  - Combines Part A – Hospital and Part B – Medical
  - Private insurance companies approved by Medicare provide this coverage
  - Generally you must see doctors in the plan

# Different Parts of Medicare:

- Part D – Prescription Drug Coverage
  - Program is voluntary
  - When you become eligible for Medicare, you can purchase Part D
  - You want to sign up when first eligible, or you will pay more



# When do I enroll in Part B?

- **IEP** - Initial Enrollment Period (Age 65)
- **SEP** - Special Enrollment Period (Anytime after Age 65 if covered through work insurance)
- **GEP** - General Enrollment Period (January through March of each year and Part B will start in July of the same year)

# Wealthier Medicare Beneficiaries will Pay More for Their Part B in 2018

Beneficiaries who file an <b>individual tax</b> return with income:	Beneficiaries who file a <b>Joint tax</b> return with income:	Income Related Monthly Adjustment amount	Total Monthly Premium amount
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	<b>\$134.00</b>
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$187.50	\$321.50
Greater than \$107,000 and less than or equal to \$133,500	Greater than \$214,000 and less than or equal to \$267,000	\$267.90	\$401.90
Greater than \$133,500 and less than or equal to \$160,000	Greater than \$267,000 and less than or equal to \$320,000	\$348.30	\$482.30
Greater than \$160,000	Greater than \$320,000	\$428.60	\$562.60

# Wealthier Beneficiaries will Pay More for Their Part D in 2016

Beneficiaries who file an <b>individual tax</b> return with income:	Beneficiaries who file a <b>Joint tax</b> return with income:	You Pay
Less than or equal to \$85,000	Less than or equal to \$170,000	<b>Your Plan Premium</b>
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$13.00 + Your Plan Premium
Greater than \$107,000 and less than or equal to \$133,500	Greater than \$214,000 and less than or equal to \$267,000	\$33.60 + Your Plan Premium
Greater than \$133,500 and less than or equal to \$160,000	Greater than \$267,000 and less than or equal to \$320,000	\$54.20 + Your Plan Premium
Greater than \$160,000	Greater than \$320,000	\$74.80 + Your Plan Premium



# *my* Social Security

**Your Online Account ... Your Control ...**

[www.socialsecurity.gov/myaccount](http://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:



**my Social Security** 

Your Online Account ... Your Control ...

[www.socialsecurity.gov/myaccount](http://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.

my Social Security is a service of the Social Security Administration. © 2014 Social Security Administration. All rights reserved.

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





# *my* Social Security Services

If you *don't* get benefits, you can—

- View, save, and print your online *Social Security Statement*.

If you *do* get benefits you can—

- Get your benefit verification letter;
- Check your benefit, payment information and your earnings record;
- Change your address and phone number; and
- Start or change your direct deposit.

# 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.

# *Visit our Website or Call*

***[www.socialsecurity.gov](http://www.socialsecurity.gov)***



**National Number: 1-800-772-1213**

**Medicare: 1-800-633-4227**



# **CONTACT INFO:**

**Social Security Administration  
169 Walnut Avenue  
Santa Cruz, CA 95060**

**Phone: 1-800-593-8523**

**Hours: Monday – Friday, 9:00AM to 4:00PM**

**Except Wednesdays, 9:00AM to Noon**