

# Social Security

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

# History of Social Security Programs

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- **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

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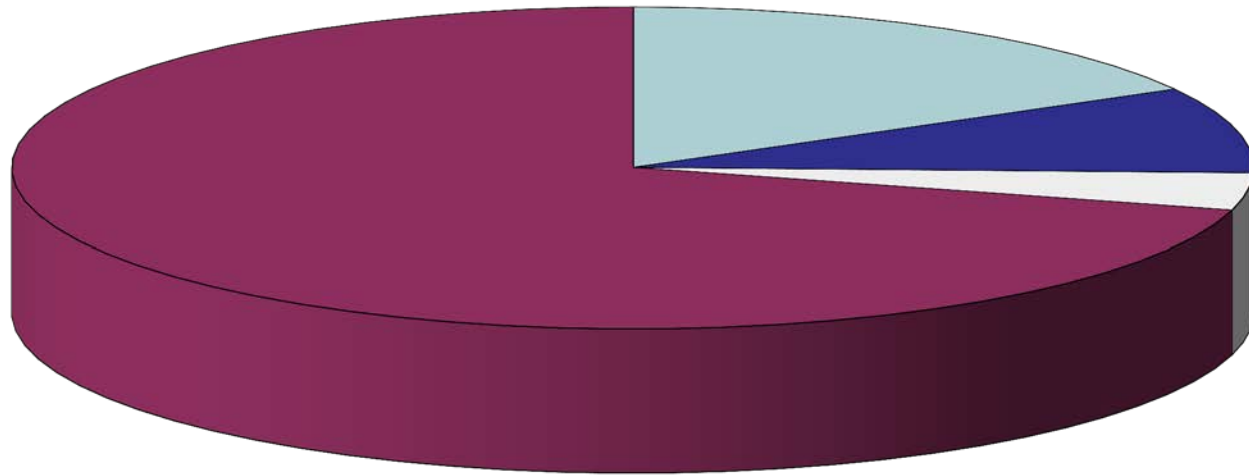


**Social Security was never intended to be your *sole source* of income for your post-work years. The program is designed to provide a modest pension for the retired worker.**

# Who Gets Benefits from Social Security?

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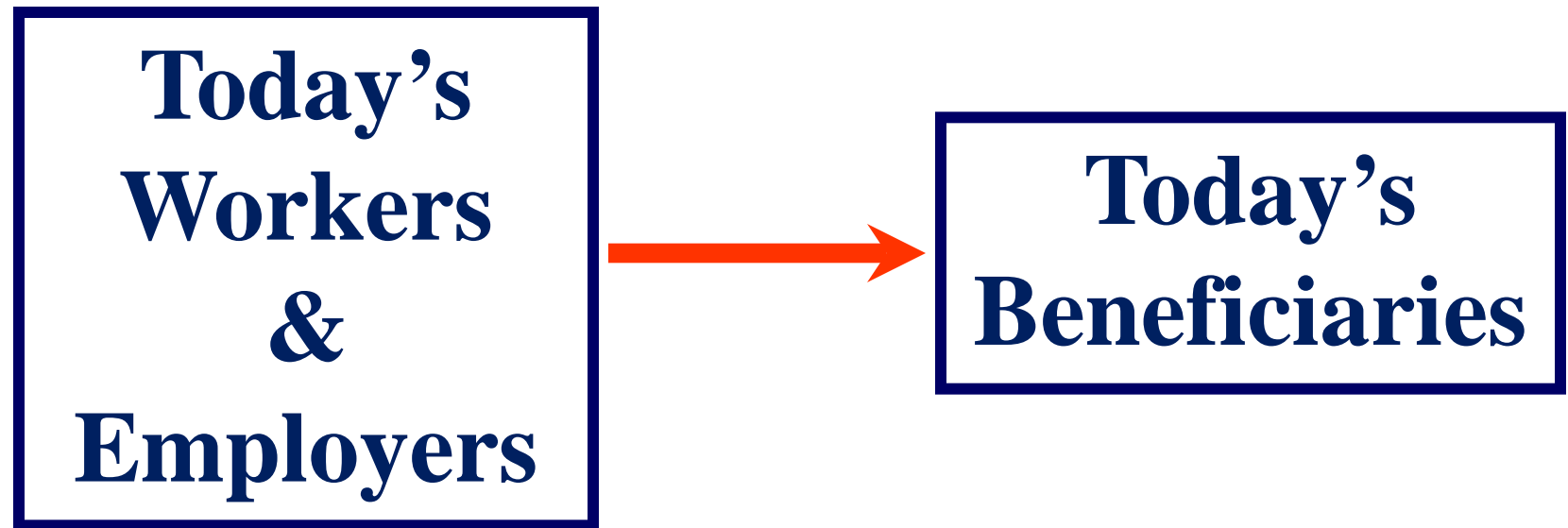
**57 million people**



- 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?

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# **The Number of Workers per Beneficiary is Decreasing**

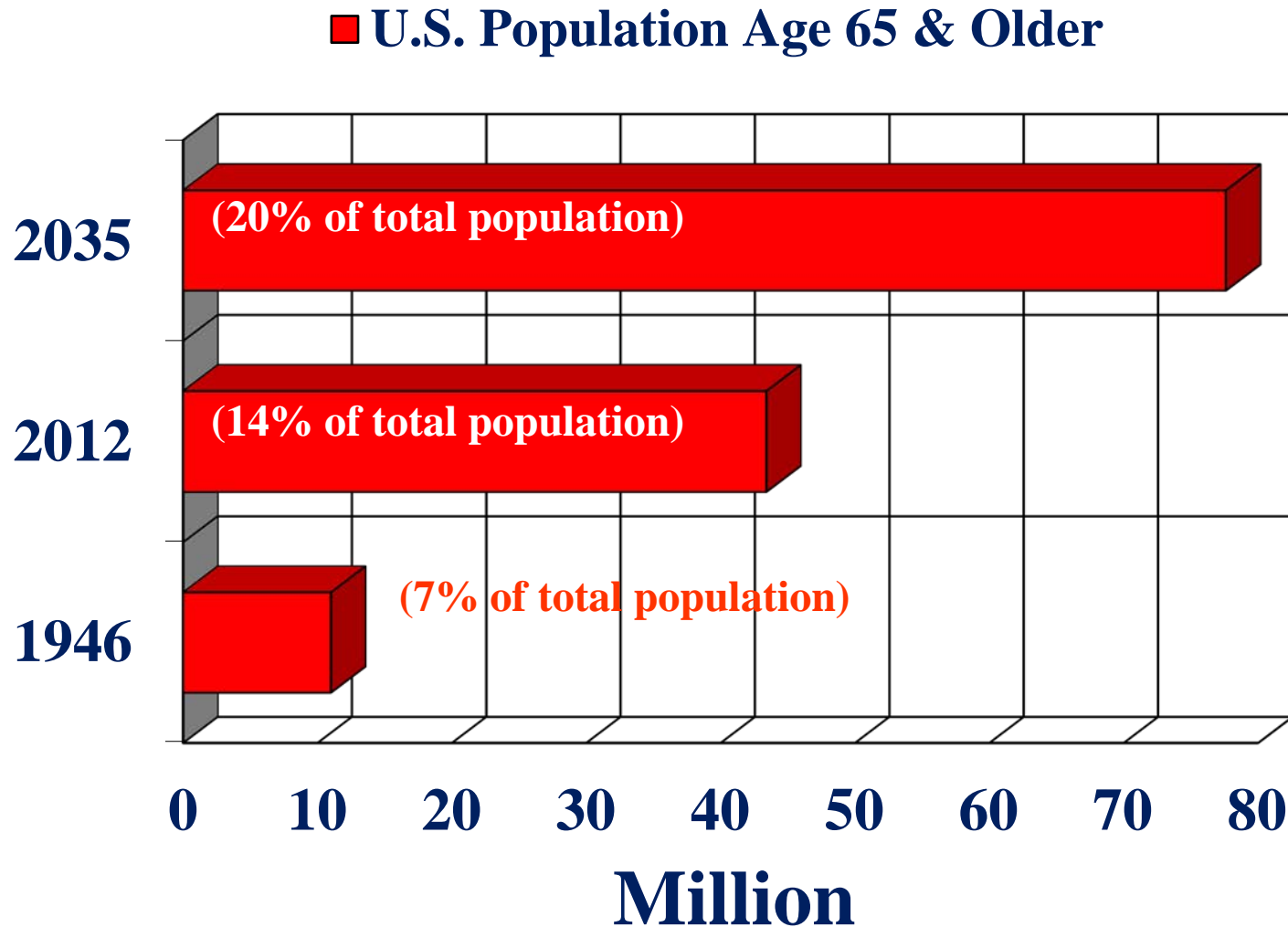
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**5 – 1960**

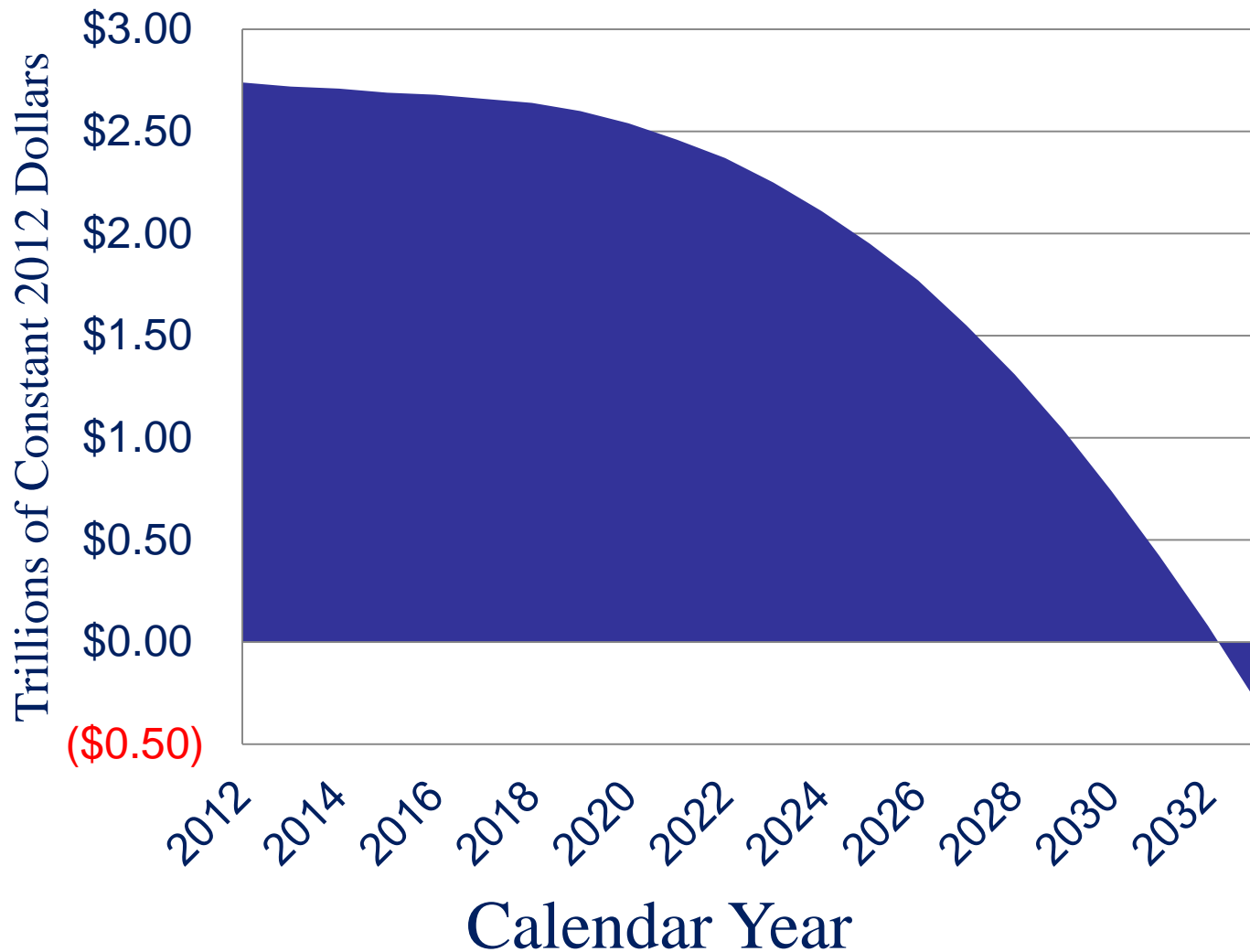
**3 – 2012**

**2 – 2035**

# America is Getting Older



# Social Security Trust Funds Will Be Able to Pay Only About 77 Cents for Each Dollar of Scheduled Benefits in 2033

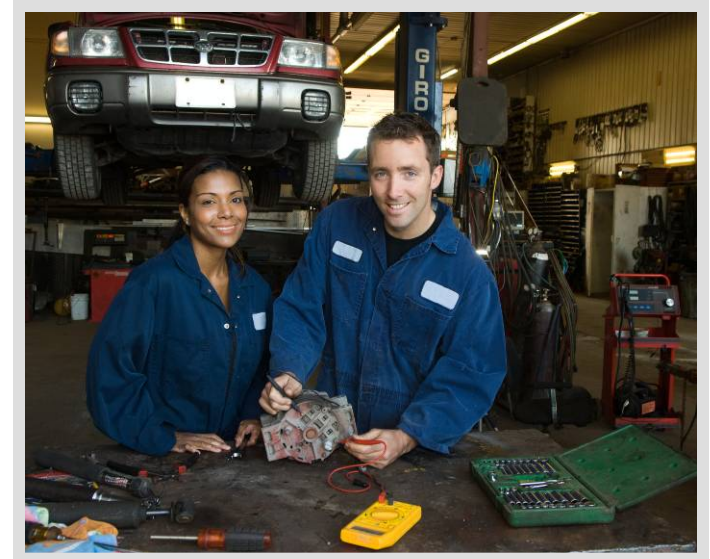




# How Do You Qualify for Retirement Benefits?

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- You need to work to earn Social Security “credits”
- Each \$1,200 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2014, you must earn at least \$4,800. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.

# 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



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

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

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## **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**

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**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

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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 Beneficiary, Who Else Can Get Benefits?

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## 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?

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## 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 receive.

# Spouse's Benefit Computation

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- **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**

In cases where harassment and life-endangerment are involved, there is a provision that allows former spouses to collect benefits without any notification sent to the worker.



# 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. We bring the wages to 2014 dollar values.
- **Step 2** -Find the monthly average of your 35 highest earnings years. Regardless of when they were earned.
- **Step 3** -Result is “Average Indexed Monthly Earnings” or AIME.

# 2014 Retirement Benefit Computation Example

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If your average monthly earnings are = \$5,200  
Then your monthly benefit (FRA) would be = \$2,010

**Average Indexed Monthly Earnings \$5,200**

90% of First \$767.00                      \$767       =       \$690

32% of next \$3,857 (1500-767=733 x .32)       \$3,857       =       \$1,234

15% of remaining earnings over \$4,624               \$576       =       \$86

	<u>\$5,200</u>	<u>\$2,010</u>
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**\$2,010 is the Primary Insured Amount.**

# Social Security Cost-of-Living Adjustments

Effective Date	Amount	Effective Date	Amount
June 1975	8%	Dec 1994	2.8%
June 1976	6.4%	Dec 1995	2.6%
June 1977	5.9%	Dec 1996	2.9%
June 1978	6.5%	Dec 1997	2.1%
June 1979	9.9%	Dec 1998	1.3%
June 1980	14.3%	Dec 1999	2.5%
June 1981	11.2%	Dec 2000	3.5%
June 1982	7.4%	Dec 2001	2.6%
Dec 1983	3.5%	Dec 2002	1.4%
Dec 1984	3.5%	Dec 2003	2.1%
Dec 1985	3.1%	Dec 2004	2.7%
Dec 1986	1.3%	Dec 2005	4.1%
Dec 1987	4.2%	Dec 2006	3.3%
Dec 1988	4%	Dec 2007	2.3%
Dec 1989	4.7%	Dec 2008	5.8%
Dec 1990	5.4%	Dec 2009	0%
Dec 1991	3.7%	Dec 2010	0%
Dec 1992	3%	Dec 2011	3.6%
Dec 1993	2.6%	Dec 2012	1.7%
		<b>Dec 2013</b>	<b>1.5%</b>

# *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:

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



**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.



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# **Your Online**

## ***Social Security Statement Provides***

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- **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; and**
- **A printable version of your *Social Security Statement*.**

# *my* Social Security Services

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**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 and payment information and your earnings record;**
- **Change your address and phone number; and**
- **Start or change your direct deposit.**

# The Online Benefit Verification Letter

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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.



# Important Information: Changes In Certain Services Coming Later This Year



To meet the increasing demands for our service, we need to make changes to how we provide some services to our customers. Later this year Social Security will stop providing benefit verification letters in our offices. You will still be able to get an instant letter online with a personal **my Social Security** account or you may call us toll-free to request a letter by mail.

Also, to protect the integrity of the Social Security number and prevent fraud, later this year we will discontinue providing Social Security number printouts. If you need proof of your Social Security number and you do not have your Social Security card, you will need to request a replacement Social Security card by completing the *Application for a Social Security Card* (Form SS-5) and providing the required documentation.

See steps below for obtaining your benefit verification letter or requesting a replacement Social Security card. We also encourage you to visit [www.socialsecurity.gov](http://www.socialsecurity.gov) to learn about the many convenient online services available to you.

## How to get benefit verification letters

If you need proof of your Social Security or Supplemental Security Income benefits, you can get a benefit verification letter online

If you are unable to go online, you can call our toll-free number, **1-800-772-1213** (TTY **1-800-325-0778**) to request your letter be mailed to you. You also can use your annual cost-of-living adjustment notice or SSA Form 1099 as proof of income from Social Security.

## How to get replacement Social Security cards

Your Social Security card is your legal proof of your Social Security number. If you need proof of your number, and you can't find your card, you will need a replacement card. To get a replacement card, you must complete an *Application for a Social Security Card* (Form SS-5), which you can find online at [www.socialsecurity.gov/ssnumber](http://www.socialsecurity.gov/ssnumber). You also will need documents proving your identity, age and citizenship or lawful immigration status.

In most cases, you can take, or mail, your completed application and original documents to any Social Security office. Go to [www.socialsecurity.gov/locator](http://www.socialsecurity.gov/locator) to find the Social Security office or Social Security Card Center that serves your area. After processing, we will return your documents to you.

## For more information

A wealth of information and online service options are available on our website

# Windfall Elimination Provision

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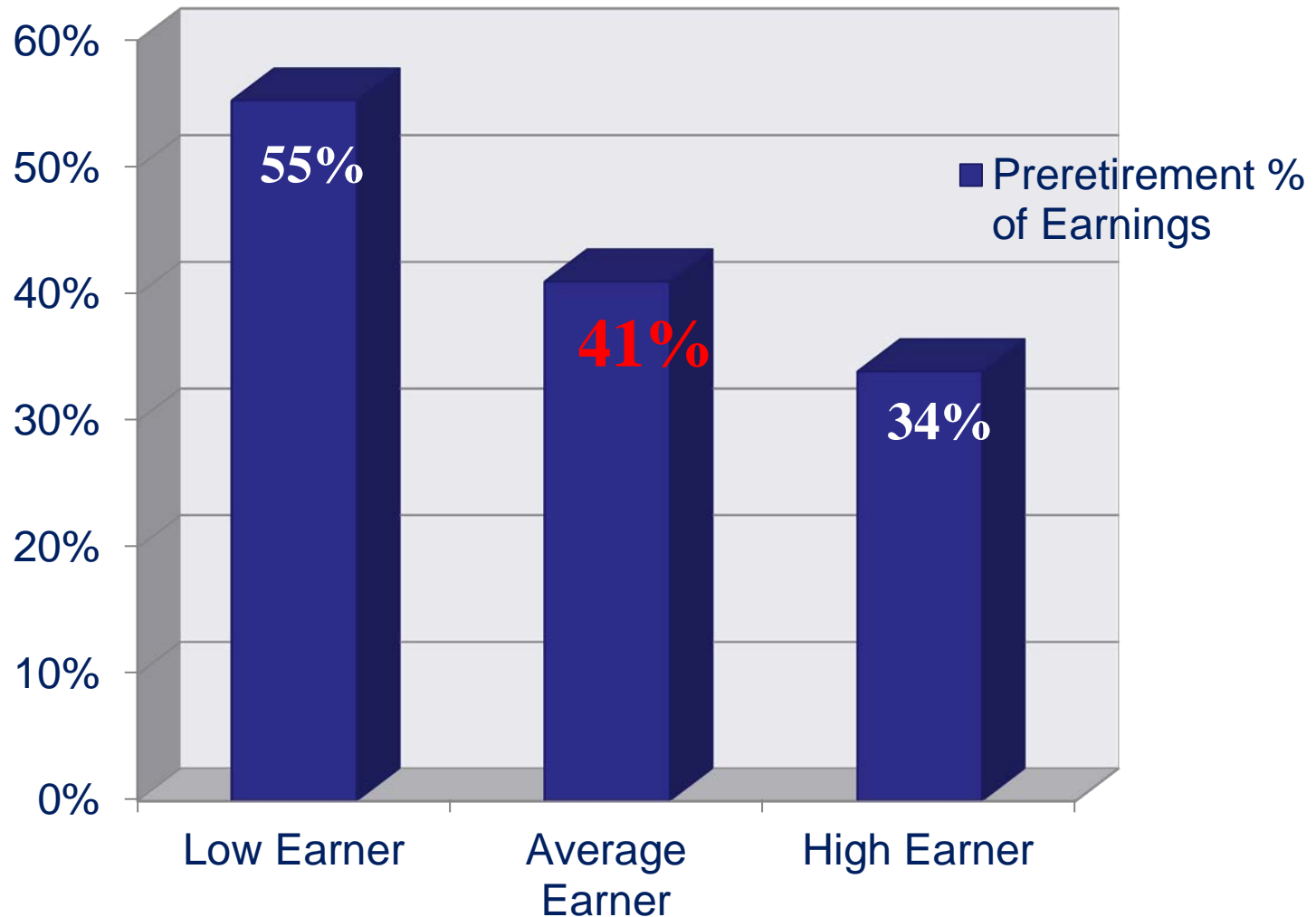
**If any part of your pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.**

**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.**

# What You Can Expect at Full Retirement Age

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# Exception to the Windfall Elimination Provision

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**Years of Social  
Security Coverage**

**% of First Factor  
in Benefit Formula**

<b>30 or more</b>	<b>90</b>
<b>29</b>	<b>85</b>
<b>28</b>	<b>80</b>
<b>27</b>	<b>75</b>
<b>26</b>	<b>70</b>
<b>25</b>	<b>65</b>
<b>24</b>	<b>60</b>
<b>23</b>	<b>55</b>
<b>22</b>	<b>50</b>
<b>21</b>	<b>45</b>
<b>20 or fewer</b>	<b>40</b>

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

# Government Pension Offset (GPO)

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**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)

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## Applies to Spouse's Benefits Only

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

### Example:

- **\$1,200 of government pension  $2/3 = \$800$   
Social Security spouse's benefits = \$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	\$15,480/yr. (\$1,290/mo.)	\$1 for every \$2
The Year Full Retirement Age is Reached	\$41,400/yr. (\$3,450/mo.)	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit

**\*\*Wages are defined as payment for services rendered.**



**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 Benefits?

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- Apply online, for Disability and Medicare, at [www.socialsecurity.gov](http://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?

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- **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** (mandatory)
- **Information about military or railroad service**
- **Information about marriages/divorces**

(for potential eligibility to other benefits.)

# Who Can Get Survivors Benefits?

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## 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**

# Widow or Widower Benefit Computation

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- At full retirement age, 100% of deceased worker's unreduced benefit
- At age 60, 71.5% of deceased worker's unreduced benefit
- Reduced benefits on one record at age 60, reduced or unreduced benefit on other record at age 62 or older
- Full benefits to both widow or widower and divorced widow or widower

# Social Security's Disability Definition:

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*“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.”*

**If an injury or illness prevents you from working, and affects your retirement date, disability applications are available.**

**For more details, please visit:  
[socialsecurity.gov/pgm/disability.htm](https://socialsecurity.gov/pgm/disability.htm)**



# Your Benefits Can Be Taxable

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- 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.

# **Who Can Get Medicare ?**

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**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**

**\*\*if you apply for cash benefits any younger than 65, you will be  
AUTOMATICALLY enrolled for Medicare Parts A and B.**

# When Can I Sign Up for Medicare Part B?

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If you plan to work beyond the age of 65 ...

## 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

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## Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- 2014 Deductible \$1,216
- FREE if you have 40/40 Credits or insured spouse.

## Part B - Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1<sup>st</sup> \$140 in approved charges
- 2014 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**

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**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?

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

- **Apply online at [www.socialsecurity.gov](http://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

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**1-800-MEDICARE**

**(1-800-633-4227)**

**TTY 1-877-486-2048**

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

**THANK YOU**