

# Social Security



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

# How Do You Qualify for Retirement Benefits?

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- You need to work to earn Social Security “credits”
- Each \$1,260 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



**Example:** To earn 4 credits in 2016, you must earn at least \$5,040. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.

# 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”**



# Replacement Rate Examples

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**61%**

- **Scaled Low Income Worker: \$18,752  
\$961/month benefit at FRA**

**45%**

- **Middle Income Worker: \$41,673 avg.  
\$1,584/month benefit at FRA**

**26%**

- **Max Income Worker: \$118,500 avg.  
\$2,663/month benefit at FRA**

**% of earnings**

# 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.**



# Windfall and Estimating Your Social Security Benefit

- Your Social Security Statement estimate doesn't figure WEP
- Get your online estimate and earnings record from *my Social Security*; then use
- Online WEP Calculator at [www.socialsecurity.gov/gpo-wep](http://www.socialsecurity.gov/gpo-wep)

## \*\*\*Notes\*\*\*

- Maximum reduction in 2016 is \$413
- The WEP reduction is limited to one-half of your pension from non-covered employment

# **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 63    80%    of benefit**
- Age 64    86.7% of benefit**
- Age 65    93.3% of benefit**
- Age 66    100%  of benefit**
- Age 70    132%  of benefit**



**\*\*REDUCTION IS PERMANENT\*\***

# Full Retirement Age & Age 62 Reduction

| <u>Year of Birth</u> | <u>Full Retirement Age</u> | <u>% at Age 62</u> |
|----------------------|----------------------------|--------------------|
| 1943-1954            | 66                         | 75%                |
| 1955                 | 66 & 2 months              | 74.2%              |
| 1956                 | 66 & 4 months              | 73.3%              |
| 1957                 | 66 & 6 months              | 72.5%              |
| 1958                 | 66 & 8 months              | 71.7%              |
| 1959                 | 66 & 10 months             | 70.8%              |
| 1960 & later         | 67                         | 70%                |

# 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

The screenshot shows the 'Benefit Calculators' section of the Social Security Online website. The page title is 'About the Retirement Estimator'. It contains several sections: 'How the Retirement Estimator Works', 'Who Can Use the Retirement Estimator', and 'How Long Can You Stay On Each Page?'. There are also two callout boxes: 'Caution: You cannot use the Estimator if you block access to your personal information.' and 'Estimate Your Retirement Benefits'. A 'Continue' button is visible at the bottom right of the main content area.

**Social Security Online** Benefit Calculators  
www.socialsecurity.gov Home Questions? Contact Us Search 60

## About the Retirement Estimator

**How the Retirement Estimator Works**

The Retirement Estimator produces estimates that are based on your actual Social Security earnings record. Retirement estimates are just that, estimates. They will vary slightly from the actual benefit you may receive in the future because:

- Your Social Security earnings record is constantly being updated;
- Our calculators use different parameters and assumptions (e.g., different stop work ages, future earnings projections, etc.); and
- Your actual future benefit will be adjusted for inflation.

**Caution:** You cannot use the Estimator if you [block access](#) to your personal information.

**Who Can Use the Retirement Estimator**

You can use the [Retirement Estimator](#) if:

- You have enough [Social Security credits](#) at this time to qualify for benefits **and**
- You are **not**:
  - Currently receiving benefits on your own Social Security record;
  - A Medicare beneficiary;
  - Age 62 or older and receiving benefits on another Social Security record; **or**
  - Eligible for a [Pension Based on Work Not Covered By Social Security](#).

**Estimate Your Retirement Benefits**

**What is the best age to start receiving retirement benefits?**

**How Long Can You Stay On Each Page?**

For security reasons, there are time limits for viewing each page. You will receive a warning after 25 minutes without doing anything, and you will be able to extend your time on the page. After the third warning on a page, you must move to another page or your time will run out and your work on that page will be lost.

**Note:** If you turned JavaScript off in your browser, you will not receive these warnings. After you spend 30 minutes on a page, you must move to another page or you will be logged out.

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Last reviewed or modified Wednesday Apr 01, 2009 [Need Larger Text?](#)

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

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

## **Your Spouse** (Eligible for up to 50% of your unreduced

- **At age 62 or older - (age reduction applies)**
- **At any age if caring for child under 16 or disabled**
- **Divorced spouses may qualify (next slide)**

## **Your Child**

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

# If You Are Divorced

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**To qualify, you must:**

- **have been married to your ex-spouse for at least 10 years;**
- **be age 62 (earliest) or older;**
- **be unmarried; and**
- **not be eligible for an equal or higher benefit on your own work record**

# 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**

**No benefit payable by Social Security**



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

# Retirement Strategies

## File and Suspend *Ends as of 4/29/16*

Upon reaching *full retirement age*, a married individual may claim his/her retirement benefit & then immediately suspend payment. This allows his/her spouse or children to claim benefits while the individual continues to work & earn delayed retirement credits

# Retirement Strategies

- **Only one member of a couple may suspend**
- **If a reduced benefit was claimed before FRA, the reduction % remains**

# Retirement Strategies

## File and Restrict

**Now available only to age 62 or older on  
1/1/16**

Upon reaching *full retirement age*, an individual may decline to file for his/her own benefit, later obtaining a higher benefit .

He/she may instead still file for a spouse benefit if his/her spouse is receiving benefits.

# Ready to File ?

- **Earliest you can file is 3 months prior to 62**
- **Online at [www.socialsecurity.gov](http://www.socialsecurity.gov)**
- **1-800-772-1213**
- **Representatives available M-F, 7am to 7pm**
- **Schedule appointments with local office**
- **Local offices open 9am to 4pm weekdays, except Wednesday hours 9am to Noon**

# 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** (approximately 28% reduction)
- **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**

# 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> |
|------------------------------------------------|-----------------------------------|---------------------------------------------------------|
| <b>Under Full Retirement Age</b>               | <b>\$15,720/yr. (\$1,310/mo.)</b> | <b>\$1 for every \$2</b>                                |
| <b>The Year Full Retirement Age is Reached</b> | <b>\$41,880/yr. (\$3,490/mo.)</b> | <b>\$1 for every \$3</b>                                |
| <b>Month of Full Retirement Age and Above</b>  | <b>No Limit</b>                   | <b>No Limit</b>                                         |



**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.**

# What Income Counts Towards the Earnings Test Limits



## Income that Counts as Earnings

- **Gross wages from employment and/or net earnings from self employment**



## Income that Does NOT Count as Earnings

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

# 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.**



**\*Substantial Work:**

**\$1,130 gross wages for non-blind individual**

**\$1,820 gross wages for blind individual**

# Who Can Get Disability Benefits?

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## Worker

- **Must have paid into Social Security five out of last 10 years**

## Spouse

- **At Age 62 or older**
- **At any age if caring for child under 16 or disabled**
- **Divorced spouses may qualify**



# Supplemental Security Income (SSI)

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## Who Can Get SSI?

- Age 65 or older
- Blind—any age
- Disabled—any age
- Limited income
- Limited resources



**Individual Maximum Benefit-**

**\$733/mo.**

**Couples Maximum Benefit-**

**\$1,100/mo.**

# Are Social Security benefits taxable?

- Add other income and your Social Security benefit. If the sum total exceeds:

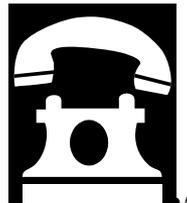
**\$25,000 for an individual**

**OR**

**\$32,000 for a married couple**

- Then you may have to pay income tax on (up to) 85% of your Social Security benefit.

**For more information,  
1-800-829-3676 or  
[www.irs.gov](http://www.irs.gov)  
*IRS Pub. 915***



# 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  
(New Legislation)**

# Medicare Coverage

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## Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- 2016 Deductible \$1,288

## Part B - Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1<sup>st</sup> \$166 in approved charges
- 2016 Standard Monthly Premium \$104.90\* (\$121.80)

## Part D - Medicare Prescription Drug Plan

- Covers a major portion of prescription drug costs for Medicare beneficiaries
- 2016 Average Monthly Premium \$31.17
- Extra help with premiums for those with limited income/resources

# Adjusted Medicare Part B Premiums in 2016

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**Medicare beneficiaries with income greater than \$85,000 (\$170,000/couple)**

**Part B Premiums in 2016 will be calculated on a sliding scale based on the modified adjusted gross income reported on IRS tax returns in 2014**

|                                                          |                                |
|----------------------------------------------------------|--------------------------------|
| <b>Under \$85,000 (\$170,000/couple):</b>                | <b>Part B premium \$121.80</b> |
| <b>\$85,000-\$107,000 (\$170,000-\$214,000/couple):</b>  | <b>Part B premium \$170.50</b> |
| <b>\$107,000-\$160,000 (\$214,000-\$320,000/couple):</b> | <b>Part B premium \$243.60</b> |
| <b>\$160,000-\$214,000 (\$320,000-\$428,000/couple):</b> | <b>Part B premium \$316.70</b> |
| <b>Over \$214,000 (\$428,000/couple):</b>                | <b>Part B premium \$389.80</b> |



# When Can I Sign Up for Medicare Part B?

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## Medicare Enrollment Periods:

- Initial – at age 65
- Special – if still working (8 months after you stop working)
- General – January-March



# 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)**

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**OSHIIP**

**Ohio Senior Health Insurance Information Program**

1-800-686-1578

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

# *my* Social Security

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**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

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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.**



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## Someday I'll grab the bull by the horns.

### Prepare for your Someday

Join the millions and discover your benefits. Open a **my Social Security** account.



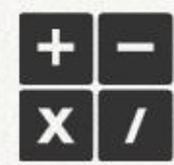

my Social Security  
Sign in  
Create an Account

Check out your *Social Security Statement*, change your address & manage your benefits.



#### Online Services

Whether you are applying for or receiving benefits, learn what you can do online.



#### Retirement Estimator

Calculate your benefits based on your actual Social Security earnings record & apply online.



#### Disability Facts

Learn more about the Faces and Facts of Disability.