

# Social Security

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District Manager  
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[www.socialsecurity.gov](http://www.socialsecurity.gov)

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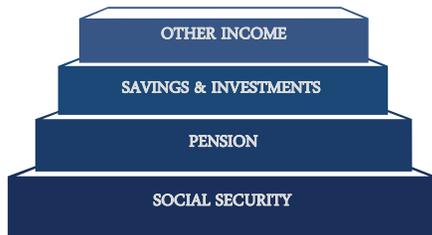
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## A Foundation for Planning Your Future



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## How Do You Qualify for Retirement Benefits?

- 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.

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## Thinking of Retiring?

- Deciding what is the 'right' age to retire
- Check online *Social Security Statement*
- How working after retirement can affect benefits
- Medicare considerations
- Online retirement estimator
- How to apply online for benefits



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## 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

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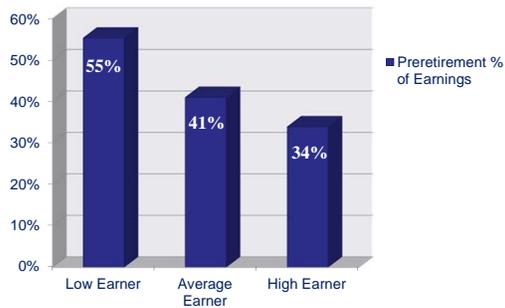
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## What You Can Expect at Full Retirement Age



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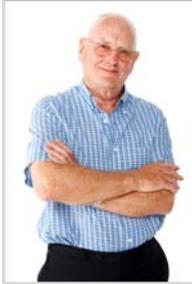
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## Deciding When to Retire

### If You're A Worker Born From 1943 Through 1954:



- Age 62 (75% of benefit)
- Age 66 (Full Retirement Age) (100% of benefit)
- Age 70 (132% of benefit) delayed retirement credits of 8% per year between FRA & age 70

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## 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)

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## 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”



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## 2014 Retirement Benefit Computation Example

If your average monthly earnings are = \$5,200  
Then your monthly benefit would be = \$2,088

Average Monthly Earnings	\$5,200		
90% of First	\$816	=	\$734
32% of Earnings over \$816 through \$4,917 <small>(\$4,917-\$816=\$4,101)</small>	\$4,101	=	\$1,312
15% of Earnings over \$4,917	\$283	=	\$42
	\$5,200		\$2,088

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## 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%
		Dec 2013	1.5%

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## Value of Inflation Protection

**Example: Worker with average  
pre-retirement income of \$30,000**  
(Retiring at age 66 in 2014)

### 1<sup>st</sup> Year of Retirement

Pension	\$13,000/50%	
Social Security	\$13,000/50%	
Inflation	3% per year	

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## Value of Inflation Protection

example continued:

**Worker with average  
pre-retirement  
income of \$30,000**

### 5<sup>th</sup> Year of Retirement

Pension	\$13,000/47%
Social Security	\$14,632/53%

### 10<sup>th</sup> Year of Retirement

Pension	\$13,000/43%
Social Security	\$16,962/57%

### 20<sup>th</sup> Year of Retirement

Pension	\$13,000/36%
Social Security	\$22,796/64%

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## Retirement Strategies

### File and Suspend

Upon reaching full retirement age, a married individual may claim his/her retirement benefit & then immediately suspend payment. This will allow his/her spouse to claim a spousal benefit while the individual continues to work & earn delayed retirement credits

### Claim Now, Claim More Later

At full retirement age, a married individual can claim a spousal benefit & then switch to his/her own retirement benefit at a later date thus building up delayed retirement credits, which will result in a higher retirement benefit.

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## 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.

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## Your Benefits May Be Taxable

- Individual Tax Return
  - \$24,999 or less - no Federal tax on Social Security benefit
  - \$25,000 - \$34,000 - pay Federal tax on 50% of Social Security benefit
  - More than \$34,000 - pay Federal tax up to 85% of Social Security benefit



For more information, call IRS toll free: 1-800-829-3676

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## Your Benefits May Be Taxable

- Couple, Married Filing a Joint Tax Return
  - \$31,999 or less - no Federal tax
  - \$32,000 - \$44,000 - pay Federal tax on 50% of Social Security benefit
  - More than \$44,000 - pay Federal tax up to 85% of Social Security benefit

For more information, call IRS toll free: 1-800-829-3676

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## 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



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.

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## How Do I Apply for Retirement Benefits?

- Apply online 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.



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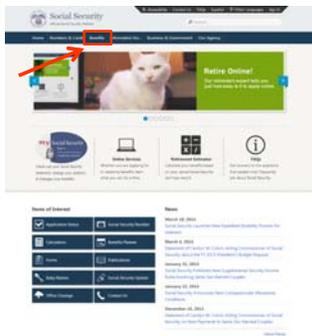
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## Applying for Retirement Benefits



You can apply online for Retirement Benefits by visiting [www.socialsecurity.gov](http://www.socialsecurity.gov) and clicking "Benefits"

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## 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

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## 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

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## 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

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## 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

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## Social Security Is More Than a Retirement Program



It also provides valuable disability & survivors benefits

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## 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

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## Widow or Widower Benefit Computation

- 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

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## 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.



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## Supplemental Security Income (SSI)

### Who Can Get SSI?

- Age 65 or older
  - Blind—any age
  - Disabled—any age
  - Limited income
  - Limited resources
- Noncitizens must meet special requirements to qualify



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## Who Can Get Medicare ?

65 & older

-or-

24 months after entitlement to Social Security disability benefits

-or-

Anytrophic Lateral Sclerosis

-or-

Permanent kidney failure and receive maintenance dialysis or a kidney transplant

-or-

Exposure to Environmental Health Hazards

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## When Can I Sign Up for Medicare Part B?

### Medicare Enrollment Periods:

- Initial – at age 65
- Special – if still working
- General – January-March



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## Medicare Has Four Parts

### Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- 2014 deductible \$1,216

### Part B - Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1<sup>st</sup> \$147 in approved charges
- 2014 standard monthly premium \$104.90

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## Medicare Has Four Parts

### Part C – Medicare Advantage Plans

- Health plan options offered by Medicare-approved private insurance companies
- When you join a Medicare advantage plan, you can get the benefits and services covered under Part A, Part B, and in most plans, Part D

### Part D – Medicare Prescription Drug Coverage

- Covers a major portion of your prescription drug costs
- Your out-of-pocket costs—monthly premiums, annual deductible and prescription co-payments—will vary by plan
- You enroll with a Medicare-approved prescription drug provider not Social Security

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## Adjusted Medicare Part B Premiums in 2014

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

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

Under \$85,000 (\$170,000/couple):	Part B premium \$104.90
\$85,000-\$107,000 (\$170,000-\$214,000/couple):	Part B premium \$146.90
\$107,000-\$160,000 (\$214,000-\$320,000/couple):	Part B premium \$209.80
\$160,000-\$214,000 (\$320,000-\$428,000/couple):	Part B premium \$272.70
Over \$214,000 (\$428,000/couple):	Part B premium \$335.70

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## Adjusted Medicare Part B Premiums in 2014



- Automated data from IRS used to calculate premium
- Income from 2 years prior used to compute premium (e.g., adjusted gross income for 2012 used to calculate 2014 premium)
- Appeals available if income has changed due to divorce, death of a spouse, retirement, natural disaster, etc.

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## 2014 Standard Medicare Prescription Drug Coverage

Your prescription drug costs	Standard coverage
First \$310	You pay the first \$325 called an annual deductible.
\$310—\$2,850	You pay a co-payment or coinsurance equal to about 25% of the costs, and your prescription drug plan pays about 75% of the costs.
\$2,850—\$4,550	This is known as the coverage gap. You pay about 52.5% for covered brand-name drugs and about 79% for generic drugs. Your plan pays the rest. During the coverage gap, we may not count your entire prescription drug costs—what you pay and what your plan pays—as your prescription drug costs.
\$4,550 and above	You pay a co-payment or coinsurance equal to about 5% of the costs for covered drugs for the rest of the year. Together, your plan and Medicare pay about 95% of the costs. This is known as catastrophic coverage.

If you get Extra Help, you won't have some of these costs.

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## 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.

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## 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/i1020/start](http://www.socialsecurity.gov/i1020/start)
- 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

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For More Medicare Info



**1-800-MEDICARE**  
**WWW.MEDICARE.GOV**

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## Social Security's Online Services

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

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**Online Services for before or after you receive benefits**

- > Social Security Statement
- > Change of Address and Phone Number
- > Get a Benefit Verification Letter
- > Start or Change Direct Deposit
- > Retirement Estimator
- > Retirement & Disability Applications
- > Medicare Online
- > Apply for Extra Help With Medicare Drug Plan Costs
- > Retirement/Survivors/Disability Planner
- > Medicare Card Replacements

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## Who Can Open a *my* Social Security Account?

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You must be at least 18 years old and have a:



Join the millions and discover your benefits. Open a *my* Social Security account. What's your #someday? SocialSecurity.gov

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

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## *my* Social Security Services

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If you don't get benefits, you can—

- Review estimates of your future retirement and disability benefits;
- Review estimates of the benefits your family may get when you receive Social Security or die;
- Verify your lifetime earnings according to Social Security's records;
- Review the estimated Social Security and Medicare taxes you've paid;
- Learn about qualifying and signing up for Medicare; and
- View, save, and print your *Social Security Statement*.

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## **my Social Security Services**

If you do get benefits you can—

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

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## **Online Benefit Verification Letter**

With **my Social Security** you can get your benefit verification letter online 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.

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## **my Social Security** **You May Choose to Add Extra Security**

You will need to enter a unique code we will send to your text-enabled cell phone each time you want to sign in, in addition to your username and password. 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 W-2 tax form;
- Information from your 1040 Schedule SE (self-employment) tax form; or
- Your direct deposit amount, if you receive Social Security benefits.

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## Remember the Fastest Way to Verify Social Security and SSI Benefits—

*my* Social Security provides an online benefit verification letter immediately.



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

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## Social Security Embraces Social Media



- Discover us on Facebook, Twitter, YouTube, and Pinterest
- View popular agency webinar videos at [www.socialsecurity.gov/webinars](http://www.socialsecurity.gov/webinars)
- Sign-up to get E-mails and SMS/Texting when we update popular [www.socialsecurity.gov](http://www.socialsecurity.gov) web pages

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## Go Mobile with Social Security

- On May 3, we launched a mobile version of our website for smartphone users.
- Learn about our most popular programs, services, publications, frequently asked questions, social media, and more.
- All you need to know is [www.socialsecurity.gov](http://www.socialsecurity.gov) on your smartphone.



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## For More Information

Get your answers online or on your mobile device from the  
Frequently Asked Questions  
(FAQs) link at:

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

or

Call Social Security toll-free at

**1-800-772-1213**

**TTY 1-800-325-0778**

7 am – 7 pm Monday – Friday  
Automated Phone Service 24/7

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