

Social Security



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History of Social Security Programs

- **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



How Do You Qualify for Retirement Benefits?

- You need to work to earn Social Security “credits”
- Each \$1,220 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2015, you must earn at least \$4,880. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.

Your Age At The Time You Elect Retirement Benefits Affects the Amount

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

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> |
|----------------------|----------------------------|--------------------|
| 1937 | 65 | 80% |
| 1938 | 65 & 2 months | 79.2% |
| 1939 | 65 & 4 months | 78.3% |
| 1940 | 65 & 6 months | 77.5% |
| 1941 | 65 & 8 months | 76.7% |
| 1942 | 65 & 10 months | 75.8% |
| 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% |

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”**



Replacement Rate Examples

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

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



Exception to the Windfall Elimination Provision

| Years of Social Security Coverage | % of First Factor in Benefit Formula |
|--|---|
| 30 or more | 90 |
| 29 | 85 |
| 28 | 80 |
| 27 | 75 |
| 26 | 70 |
| 25 | 65 |
| 24 | 60 |
| 23 | 55 |
| 22 | 50 |
| 21 | 45 |
| 20 or fewer | 40 |

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

Substantial Social Security Wages for Exception

| Year | Wages |
|---------|---------|
| 1937-54 | \$ 900 |
| 1955-58 | \$1,050 |
| 1959-65 | \$1,200 |
| 1966-67 | \$1,950 |
| 1968-71 | \$1,950 |
| 1972 | \$2,250 |
| 1973 | \$2,700 |
| 1974 | \$3,300 |
| 1975 | \$3,525 |
| 1976 | \$3,825 |
| 1977 | \$4,125 |
| 1978 | \$4,425 |
| 1979 | \$4,725 |
| 1980 | \$5,100 |
| 1981 | \$5,550 |
| 1982 | \$6,075 |

| Year | Wages |
|------|----------|
| 1983 | \$ 6,675 |
| 1984 | \$ 7,050 |
| 1985 | \$ 7,425 |
| 1986 | \$ 7,875 |
| 1987 | \$ 8,175 |
| 1988 | \$ 8,400 |
| 1989 | \$ 8,925 |
| 1990 | \$ 9,525 |
| 1991 | \$ 9,900 |
| 1992 | \$10,350 |
| 1993 | \$10,725 |
| 1994 | \$11,250 |
| 1995 | \$11,325 |
| 1996 | \$11,625 |
| 1997 | \$12,150 |
| 1998 | \$12,675 |

| Year | Wages |
|---------|----------|
| 2000 | \$14,175 |
| 2001 | \$14,925 |
| 2002 | \$15,750 |
| 2003 | \$16,125 |
| 2004 | \$16,275 |
| 2005 | \$16,725 |
| 2006 | \$17,475 |
| 2007 | \$18,150 |
| 2008 | \$18,975 |
| 2009-11 | \$19,800 |
| 2012 | \$20,475 |
| 2013 | \$21,075 |

Source:

Windfall Elimination Provision
 SSA Publication No. 05-
 10045, ICN 460275

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

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 | \$15,720/yr. (\$1,310/mo.) | \$1 for every \$2 |
| The Year Full Retirement Age is Reached | \$41,880/yr. (\$3,490/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.

Ready to File ?

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

Spouse Issues

Spouse Benefit: Eligibility

- **For earliest potential eligibility :**
 - Both wage earner and spouse must both be at least age 62
 - Married for at least 12 months
- **For living former spouse:**
 - Both wage earner and ex-spouse must both be at least age 62
 - Married at least 10 years
 - Ex-spouse must be currently single

Government Pension Offset (GPO)

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)

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 Planner –Spouse Info

www.socialsecurity.gov/retire2/yourspouse.htm

▼ If You Or Your Spouse Are Full Retirement Age

If you are **full retirement age**, you can apply for retirement benefits **and** then request to have payments suspended. That way, your spouse can receive a spouse's benefit and you can continue to earn **delayed retirement credits** until age 70.

Note: Only one member of a couple can apply for retirement benefits and have payments suspended so his or her current spouse can collect benefits.

If your spouse has reached **full retirement age** and is eligible for a spouse's benefit **and** his or her own retirement benefit, he or she has a choice. **Your spouse can choose to receive only the spouse's benefit when he or she applies online** and delay receiving retirement benefits until a later date. If retirement benefits are delayed, a higher benefit may be received at a later date based on the effect of **delayed retirement credits**.

Note: If both you and your spouse are **full retirement age**, only one of you can choose to receive spouse's benefits now and delay receiving your own retirement benefits until a later date.

Surviving Spouse

Eligibility as a Widow/er

- **Earliest is age 60, or age 50 if disabled**
 - **Any age if you have a child under 16 or disabled adult child in your care**
 - **Deceased ex-spouse: if you were married at least 10 years and are single**
- *Note: re-marriage after 60 doesn't affect widow(er) benefits**

Widow(er) Benefits

- **Widow(er) benefit amount usually the same as the monthly benefit the worker was receiving at death or would have received at FRA**
- **As with a living spouse, you receive the higher benefit amount—on your own record or the deceased spouse record**

Survivor Benefit Reduction

| | <u>Percentage</u> |
|----------------------------|-------------------|
| Full Retirement Age | 100.0 |
| Age 60 | 71.5 |
| Age 50 (Disabled) | 71.5 |

Note: GPO applies to widow benefits if you receive a non-covered pension.

Disability Benefits

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.



***Substantial Work:**

\$1,090 gross wages for non-blind individual

\$1,820 gross wages for blind individual

Social Security Disability

- **Income & Resources do not affect eligibility**
- **Requires recent work**
 - **Age 31+ must have 20 credits in last 10 years**
 - **Fewer number required for younger workers**
- **May be retroactive up to 1 year**
- **Dependent benefits may be payable**
- **Same Benefits as for a Retired Worker**
- **Eligible for Medicare after 24 months**
- **Provisions to assist in returning to work**

Supplemental Security Income (SSI)

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.

Child's Benefits

Who Else Can Get Benefits?

If you are...

- **62 or older and receiving benefits, OR**
- **Disabled at any age and receiving benefits, OR**
- **You pass away**

Your child may be eligible if they are...

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

Medicare Updates

Who Can Get Medicare ?

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

Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- 2015 Deductible \$1,260

Part B - Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1st \$147 in approved charges
- 2015 Standard Monthly Premium \$104.90*

Part D - Medicare Prescription Drug Plan

- Covers a major portion of prescription drug costs for Medicare beneficiaries
- 2015 Average Monthly Premium \$31.17
- Extra help with premiums for those with limited income/resources

Adjusted Medicare Part B Premiums in 2014

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

**Part B Premiums in 2015 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 |



When Can I Sign Up for Medicare Part B?

Medicare Enrollment Periods:

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



For More Medicare Information

1-800-MEDICARE

(1-800-633-4227)

TTY 1-877-486-2048

www.medicare.gov

OSHIIP

Ohio Senior Health Insurance Information Program

1-800-686-1578

www.ohioinsurance.gov

my Social Security

Your Online Account ... Your Control ...

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.**

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

Questions ???

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Social Security

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Home

Retirement

Disability

Survivors

SSI

Medicare

Business Services

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- Get or replace a Social Security card
- Apply for retirement benefits
- Apply for disability benefits
- Apply for Medicare
- Apply for other benefits
- Estimate your retirement benefits
- Get extra help with Medicare prescription drug costs
- Learn what you can do online
- Check the status of your application
- Services for people currently receiving benefits
- Get a form
- Get a publication
- Appeal a disability decision
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- Reducing Improper Payments

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- "No Check – Go Direct" George Takei and Patty Duke Promote Direct Deposit
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