Social Security Makes Retirement Planning Easy
5 STEPS Toward Your Financial Security

1. Get to know your Social Security

2. Verify your earnings

3. Estimate your benefits

4. Apply for benefits

5. Manage your benefits

With you through life’s journey...

- 40 Credits needed for Retirement and Medicare benefits
- $ + $ + $ = Social Security Savings Investments

my Social Security

SSA.gov/5steps
Social Security Beneficiaries

Social Security 61.7 million

SSI 5.4 million

Both 2.7 million

September 2020
Retirement Benefits
How Do You Qualify for Retirement Benefits?

- By earning “credits” when you work and pay Social Security taxes
- You need 40 credits (10 years of work) and you must be 62 or older
- Each $1,470 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

Note: To earn 4 credits in 2021 you must earn at least $5,880.00.
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”
If You Have a Gap in Your Earnings

• Your retirement benefit is based on your 35 highest years of “indexed” earnings
• If you do not have 35 years of earnings, we calculate your benefit using a zero (0) for each year without earnings
• It’s important to review your earnings record every year for accuracy

ssagov/planners/retire/stopwork.html
Full Retirement Age Chart

The amount of benefits is affected by the age when your client decides to retire.

Early Retirement:
  – Benefits as early as 62
  – 20 to 30 % reduction

Full Retirement:
  – Full benefits at full retirement age

Delayed Retirement:
  – Benefits increase automatically if retirement is delayed past full retirement age

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 and later</td>
<td>67</td>
</tr>
</tbody>
</table>
Social Security’s Online Calculators

- Online
- Life Expectancy
- Retirement
- Early or Late
- GPO
- Quick
- Detailed
- WEP
- Earnings Test
- Benefits for Spouses
- Estimator
- Age

ssa.gov/planners/calculators/
What Is the Best Age to Retire?

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits

Age You Choose to Start Receiving Benefits:

- 62: $750
- 63: $800
- 64: $866
- 65: $933
- 66: $1,000
- 67: $1,080
- 68: $1,160
- 69: $1,240
- 70: $1,320

SocialSecurity.gov
<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
<th>A $1000 retirement benefit taken at age 62 would be reduced by</th>
<th>A $500 spouse benefit taken at age 62 would be reduced by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1954</td>
<td>66</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
<td>25.83%</td>
<td>30.83%</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
<td>26.67%</td>
<td>31.67%</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
<td>27.5%</td>
<td>32.5%</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
<td>28.33%</td>
<td>33.33%</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
<td>29.17%</td>
<td>34.17%</td>
</tr>
<tr>
<td>1960 +</td>
<td>67</td>
<td>30%</td>
<td>35%</td>
</tr>
</tbody>
</table>
Benefits for a Spouse

- Maximum benefit = 50% of worker’s unreduced benefit
- Reduction for early retirement
- If spouse’s own benefit is less than 50% of the worker’s, they will be combined to equal to 50% of the worker’s
- Does not reduce payment to the worker
- Benefit is unreduced if spouse is caring for worker’s child younger than age 16 or disabled
- Spouse benefits are not payable until worker collects

ssa.gov/planners/retire/yourspouse.html
Benefits for Divorced Spouses

You may receive benefits on your former spouse's record (even if he or she has remarried) if:

• Marriage lasted at least 10 years
• You are unmarried
• You are age 62 or older
• Your ex-spouse is at least 62 and eligible for Social Security retirement or disability benefits, even if not collecting
• Benefit you would receive based on your own work is less than benefit you would receive based on ex-spouse’s work

ssa.gov/planners/retire/yourdivspouse.html
Survivor Benefits

When you pass away, your surviving spouse may:

• At full retirement age, receive 100% of deceased worker's unreduced benefit; or,
• At age 60, receive 71.5% of your full benefit and increases each month you wait up to 100% if you start at full retirement age; or
• Claim survivor benefits at any age between 60 and full retirement age.
<table>
<thead>
<tr>
<th>Spouse (living)</th>
<th>Surviving Spouse (deceased)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May start as early as age 62</td>
<td>May start as early as age 60 or as early as 50 if disabled</td>
</tr>
<tr>
<td>50% if you wait until FRA or later</td>
<td>71.5% at age 60, increases each month you wait</td>
</tr>
<tr>
<td>Less than 50% if you start before FRA (reduction for each month you take benefit early)</td>
<td>100% if you start at FRA or later</td>
</tr>
</tbody>
</table>

Certain conditions must be met.

[ssa.gov/planners/survivors/ifyou.html#h6](https://ssa.gov/planners/survivors/ifyou.html#h6)
## Survivor Eligibility Factors

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child</td>
<td>Can receive benefit if not married and under age 18 (or under age 19 if still in high school).</td>
</tr>
<tr>
<td>Disabled Child</td>
<td>Can receive benefits beyond age 18 if not married and was disabled before age 22.</td>
</tr>
<tr>
<td>Widow / Widower / Divorced Widow/er (Remarriage after age 60 will not affect benefits)</td>
<td>Can get full benefits at full retirement age – or reduced benefits at age 60 – or as early as age 50 if disabled – or at any age if caring for child under 16 or a disabled child.</td>
</tr>
</tbody>
</table>
A child must have:

• A parent who’s disabled or retired and entitled to Social Security benefits; or
• A parent who died after having worked long enough in a job where they paid Social Security taxes.

The child must also be:

• Unmarried;
• Younger than age 18;
• 18-19 years old and a full-time student (no higher than grade 12); or
• 18 or older and disabled. (The disability must have started before age 22.)
If a child is not receiving benefits from a parent when the grandparent retires, becomes disabled, or dies, the grandchild may then be able to qualify for benefits if certain conditions are met.
## Working While Receiving Benefits

<table>
<thead>
<tr>
<th>If you are</th>
<th>You can make up to</th>
<th>If you earn more, some benefits will be withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Full Retirement Age</td>
<td>$18,960/yr. ($1,580/mo.)</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>The Year Full Retirement Age is Reached</td>
<td>$50,520/yr. ($4,210/mo.)</td>
<td>$1 for every $3</td>
</tr>
<tr>
<td>Month of Full Retirement Age and Above</td>
<td>No Limit</td>
<td>No Limit</td>
</tr>
</tbody>
</table>

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.
<table>
<thead>
<tr>
<th>Income That Counts as Earnings</th>
<th>Income That Does NOT Count as Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross wages from employment</td>
<td>Inheritance payments</td>
</tr>
<tr>
<td>Net earnings from self-employment</td>
<td>Pensions</td>
</tr>
<tr>
<td></td>
<td>Income from investments</td>
</tr>
<tr>
<td></td>
<td>Interest and dividends</td>
</tr>
<tr>
<td></td>
<td>Capital gains</td>
</tr>
<tr>
<td></td>
<td>Other sources</td>
</tr>
</tbody>
</table>
No one pays federal income tax on more than 85 percent of his or her Social Security benefits, based on Internal Revenue Service (IRS) rules. Visit IRS.gov and search for Publication 554, Tax Guide for Seniors, and Publication 915, Social Security And Equivalent Railroad Retirement Benefits.

If you:

file a federal tax return as an "individual" and your combined income* is

- between $25,000 and $34,000, you may have to pay income tax on up to 50 percent of your benefits.
- more than $34,000, up to 85 percent of your benefits may be taxable.

file a joint return, and you and your spouse have a combined income* that is

- between $32,000 and $44,000, you may have to pay income tax on up to 50 percent of your benefits
- more than $44,000, up to 85 percent of your benefits may be taxable.

are married and file a separate tax return, you probably will pay taxes on your benefits.

Your adjusted gross income
+ Nontaxable interest
+ ½ of your Social Security benefits
= Your "combined income"

No one pays federal income tax on more than 85 percent of his or her Social Security benefits, based on Internal Revenue Service (IRS) rules.

Windfall Elimination Provision (WEP)

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

WEP can apply if:

• You reached 62 after 1985; or
• You became disabled after 1985; and
• You first became eligible for a monthly pension based on work where you didn’t pay Social Security taxes after 1985.

ssa.gov/planners/retire/wep.html
## Windfall Elimination Provision (WEP)

<table>
<thead>
<tr>
<th>Normal Computation</th>
<th>WEP Computation</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% of the First $996</td>
<td>40% of the First $996</td>
</tr>
<tr>
<td>32% of the Next $6,002</td>
<td>32% of the Next $6,002</td>
</tr>
<tr>
<td>15% of the Remainder</td>
<td>15% of the Remainder</td>
</tr>
</tbody>
</table>

The average reduction is $280 a month. The maximum reduction possible is $498.00 a month.
## Windfall Elimination Provision (WEP)

<table>
<thead>
<tr>
<th>Years of Social Security Coverage</th>
<th>% of First Factor in Benefit Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 or more</td>
<td>90</td>
</tr>
<tr>
<td>29</td>
<td>85</td>
</tr>
<tr>
<td>28</td>
<td>80</td>
</tr>
<tr>
<td>27</td>
<td>75</td>
</tr>
<tr>
<td>26</td>
<td>70</td>
</tr>
<tr>
<td>25</td>
<td>65</td>
</tr>
<tr>
<td>24</td>
<td>60</td>
</tr>
<tr>
<td>23</td>
<td>55</td>
</tr>
<tr>
<td>22</td>
<td>50</td>
</tr>
<tr>
<td>21</td>
<td>45</td>
</tr>
<tr>
<td>20 or fewer</td>
<td>40</td>
</tr>
</tbody>
</table>
Government Pension Offset

- A type of benefit reduction that may affect some spouses and widows or widowers

- If you receive a government pension based on work not covered by Social Security, your SS spouse’s or widow(er)’s benefits may be reduced.

ssa.gov/gpo
Government Pension Offset

Applies to Spouse’s Benefits Only
2/3 of amount of non-covered pension will be used to reduce the Social Security spouse’s/widow(er)’s benefits.

Example:
$1200 Non-covered Pension \( \frac{2}{3} = \$800 \)

If Social Security spouse’s or widow(er)’s benefit = $750, no benefit payable due to offset

If Social Security spouse’s or widow(er)’s benefit = $1,500, $700 would be payable after offset. (SSA $1,500 – $800 = $700).
Disability Benefits
Social Security Disability Insurance (SSDI)

What is it?
SSDI provides a monthly benefit to people who are no longer able to work because of a significant disabling condition(s). SSA does not pay partial or temporary disability benefits.

Who is it for?
People who cannot perform substantial work activity may qualify if they:
• have medical condition(s) expected to last at least 12 months or result in death
• are younger than full retirement age (FRA) and earn less than the substantial gainful activity (SGA) limit
• have recent work and a certain number of work credits based on age

ssagov/disability
How is a Disability Determination Made?

Five-step process:

1. Are you working?
2. Is your medical condition “severe”? 
3. Does your impairment(s) meet or medically equal a listing?
4. Can you do the work you did before?
5. Can you do any other type of work?
Disability Evaluation Under Social Security

Also known as “The Social Security Blue Book”

- Provides physicians and other health professionals with an understanding of the disability programs administered by the Social Security Administration
- Explains how each program works, and provides information to help health professionals make sound and prompt determinations and decisions on disability claims
- Lists specific criteria under which claimants who suffer from a disabling condition can qualify for Social Security disability benefits.

[Link to Blue Book](ssagov/disability/professionals/bluebook)
How Do You Qualify for Disability Benefits?

• Must have paid into Social Security five out of the last 10 years

• For workers under age 31 less work is required
  – Must have paid Social Security taxes for half the time since age 21

Example: Age 24  Paid Social Security Taxes 1 ½ years
          Age 29  Paid Social Security Taxes 4 years
<table>
<thead>
<tr>
<th>Who Can Get Disability Benefits?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Child</strong></td>
</tr>
<tr>
<td>Can receive benefit if not married and under age 18 (or under age 19 if still in high school).</td>
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<tr>
<td><strong>Disabled Child</strong></td>
</tr>
<tr>
<td>Can receive benefits beyond age 18 if not married and was disabled before age 22.</td>
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<tr>
<td><strong>Spouse</strong></td>
</tr>
<tr>
<td>Can get full benefits at full retirement age – or reduced benefits at age 62 – or at any age if caring for child under 16 or a disabled child. Divorced spouses may qualify</td>
</tr>
<tr>
<td>Original Medicare</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>Part A (Hospital Insurance)</td>
</tr>
<tr>
<td>Part B (Medical Insurance)</td>
</tr>
<tr>
<td><strong>You can add:</strong></td>
</tr>
<tr>
<td>Part D (Prescription Drug Plan)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>You can also add:</strong></td>
</tr>
<tr>
<td>Supplemental insurance coverage (Medigap)</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Medicare Eligibility

- Age 65
- After 24 months of SSDI
- ALS
- Kidney failure
- Environmental health hazard exposure
Medicare Enrollment

**Initial Enrollment Period**
Begins 3 months before your 65th birthday and ends 3 months after that birthday.

**General Enrollment Period**
January 1 – March 31

**Special Enrollment Period**
If 65 or older, you & your spouse are still working, and you are covered under a group health plan.
# Medicare Part B Coverage

<table>
<thead>
<tr>
<th>If you enroll in this month of your initial enrollment period:</th>
<th>Then your Part B Medicare coverage starts:</th>
</tr>
</thead>
<tbody>
<tr>
<td>One to three months before you reach age 65</td>
<td>The month you reach age 65</td>
</tr>
<tr>
<td>The month you reach age 65</td>
<td>One month after the month you reach age 65</td>
</tr>
<tr>
<td>One month after you reach age 65</td>
<td>Two months after the month of enrollment</td>
</tr>
<tr>
<td>Two or three months after you reach age 65</td>
<td>Three months after the month of enrollment</td>
</tr>
</tbody>
</table>
How to File for Part B in SEP

If you have Medicare Part A and wish to add Part B under a Special Enrollment Period, you have one of three options:

1. Online application
2. Fax completed forms to 1-833-914-2016
3. Mail completed forms to local Social Security office

If faxing or mailing, download fillable forms from www.ssa.gov/forms:

1. CMS-40B (Application for Enrollment in Medicare – Part B)
2. CMS-L564* (Request for Employment Information)

*If employer cannot sign CMS-L564, SSA may accept other evidence.

ssa.gov/benefits/medicare
Expedite Part B with Online Application

1. Complete online application, “Apply Online for Medicare Part B During a Special Enrollment Period”.
2. Upload documentation from list of acceptable evidence to verify coverage under Group Health Plan (GHP) or Large Group Health Plan (LGHP).
3. A digital signature and email address are required.
   - Once you submit application, you will receive an email.
   - You must respond to instructions in email before SSA processes your application.

Note: If you and your spouse are both applying for Part B under an SEP, you must file separate applications.

[Link to application: ssa.gov/Medicare-PartB-SEP]
Part A  (Available for $471 per month; $259 if 30-39 credits paid)
• Covers most inpatient hospital expenses
• 2021 Deductible $1,484

Part B
• Covers 80% of doctor’s bills & other outpatient medical expenses 
  after the first $203 in approved charges
• 2021 Standard Monthly Premium $148.50

Part D
• Covers a major portion of prescription drug costs
• Annual Enrollment Period: October 15 through December 7
• Extra Help Program – Helps pay drug costs for those with low 
  income/resources
Medicare Standard Part B Premiums for 2021

If you’re single and file an individual tax return, or married and file a joint tax return:

<table>
<thead>
<tr>
<th>Modified Adjusted Gross Income (MAGI)</th>
<th>Part B monthly premium amount</th>
<th>Prescription drug plan monthly premium amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals with a MAGI of $88,000 or less</td>
<td>2021 standard premium = $148.50</td>
<td>Your plan premium is $0</td>
</tr>
<tr>
<td>Married couples with a MAGI of $176,000 or less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $88,000 up to $111,000</td>
<td>Standard premium + $59.40</td>
<td>Your plan premium + $12.30</td>
</tr>
<tr>
<td>Married couples with a MAGI above $176,000 up to $222,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $111,000 up to $138,000</td>
<td>Standard premium + $148.50</td>
<td>Your plan premium + $31.80</td>
</tr>
<tr>
<td>Married couples with a MAGI above $222,000 up to $276,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $138,000 up to $165,000</td>
<td>Standard premium + $237.60</td>
<td>Your plan premium + $51.20</td>
</tr>
<tr>
<td>Married couples with a MAGI above $276,000 up to $330,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $165,000 up to $500,000</td>
<td>Standard premium + $326.70</td>
<td>Your plan premium + $70.70</td>
</tr>
<tr>
<td>Married couples with a MAGI above $330,000 up to $750,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI equal to or greater than $500,000</td>
<td>Standard premium + $356.40</td>
<td>Your plan premium + $77.10</td>
</tr>
<tr>
<td>Married couples with a MAGI equal to or greater than $750,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MyMedicare.gov Help

Getting Started
Find information on how you can get started in registering for your own MyMedicare.gov account.

Benefits of using MyMedicare.gov
Registering with MyMedicare.gov gives you access to your personalized information at any time. Registering lets you:

- Check your Medicare information, such as your Medicare claims as soon as they are processed and important Medicare-related information specific to you.
- Find your eligibility, entitlement, and preventive service information.
- Check your health and prescription drug enrollment information.
- View your Part B deductible information.
- Manage your prescription drug list and other personal health information.
- Create an “On the Go Report” that allows you to print your health information to share with your healthcare providers.

Start your online registration and follow the simple step-by-step process.

MyMedicare.gov
If you do **not** receive benefits, you can:

- Request a replacement Social Security card if you meet certain requirements;
- Check the status of your application or appeal;
- Get your Social Security Statement to review:
  - Estimates of your future retirement, disability, and survivor benefits;
  - Your earnings once a year to verify the amounts that we posted are correct; and
  - The estimated Social Security and Medicare taxes you’ve paid.
If you receive benefits or have Medicare, you can:

- Request a replacement Social Security card if you meet certain requirements;
- Get a benefit verification letter as proof that you are getting benefits;
- Check your benefit and payment information and your earnings record;
- Change your address and phone number;
- Start or change direct deposit of your benefit payment;
- Get a replacement Medicare card; and
- Get a replacement SSA-1099 or SSA-1042S for tax season.
How to open a *my* Social Security account

1. Visit socialsecurity.gov/myaccount
2. Select: Sign In or Create an Account
3. Provide some personal information to verify your identity.
4. Choose a “username” and “password” to create your account.
Applying for Benefits

3 options available to apply:

- Online
- By phone 1-800-772-1213
- At our office

*You choose the most convenient option for you!

*Note: Supplemental Security Income (SSI), child and survivor claims can only be done by phone or in a field office (not online) at this time. We are developing an online SSI application.*
Questions?

If you have questions, a valuable resource on our website is our “FAQs”

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
Thank You!