



# Understanding Social Security

04/20/2021



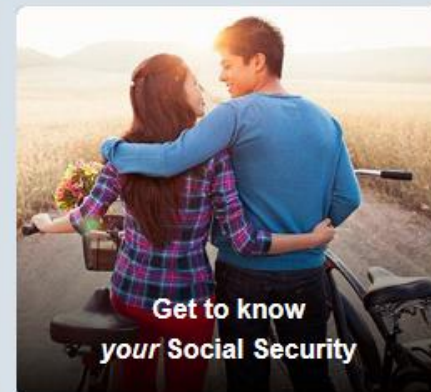
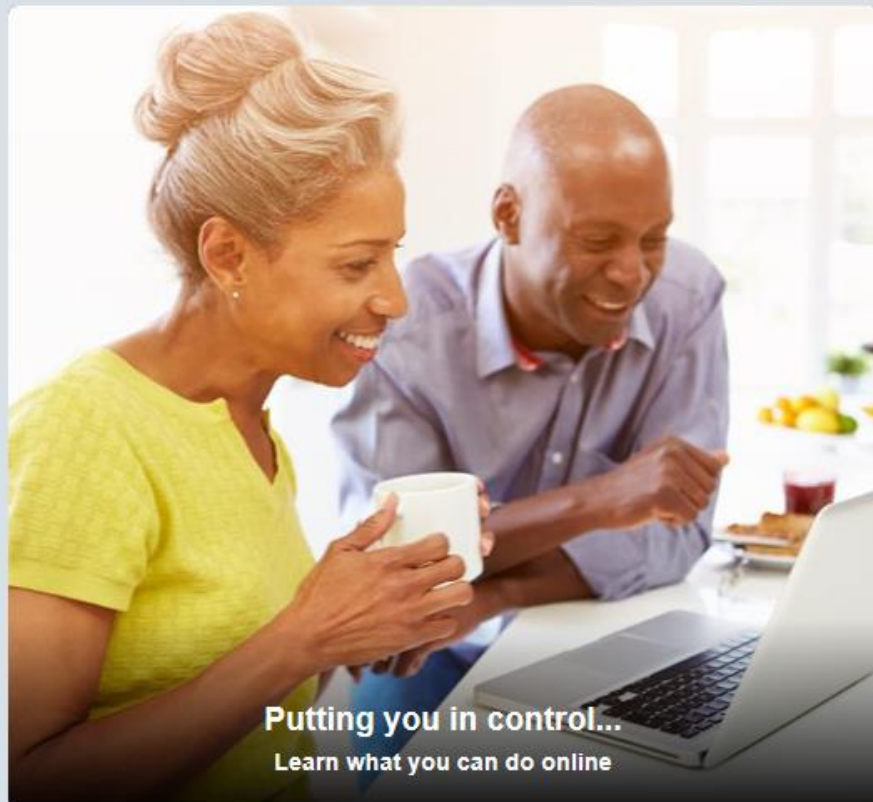
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Presented by:

Jack Myers  
Public Affairs Specialist  
Social Security



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



[my Social Security](#)

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



[Social Security Number](#)

Your Social Security number remains your first and continuous link with Social Security.



[Retirement Estimator](#)

Calculate your benefits based on your actual Social Security earnings record.




[FAQs](#)

Get answers to frequently asked questions about Social Security.



# my Social Security

 Social Security

SEARCH MENU LANGUAGES SIGN IN/UP


## Create your personal *my* Social Security account today


With your free, personal *my* Social Security account, you can receive personalized estimates of future benefits based on your real earnings, see your latest *Statement*, and review your earnings history. It even makes it easy to request a replacement Social Security Card or check the status of an application, all from the comfort of your home or office!

[CREATE AN ACCOUNT →](#)

[SIGN IN →](#)

[FINISH SETTING UP YOUR ACCOUNT →](#)



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Set yourself free. Open a *my* Social Security account today and rest easy knowing that you're in control of your future.

[Sign In or Create an Account](#)

Posted June 10, 2017: [An Important Message for \*my\* Social Security Users: Please read this important notice about changes to your account.](#)

HAVE AN ACTIVATION CODE?

[Finish Setting Up Your Account](#)

[ssa.gov/myaccount](https://ssa.gov/myaccount)



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# *my* Social Security Services

If you receive benefits or have Medicare, you can:

- Opt out of mailed notices for those available online;
- Request a replacement Social Security card if you meet certain requirements;
- Report your wages if you work and receive Disability Insurance (SSDI) and/or Supplemental Security Income (SSI) benefits;
- 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;
- Submit your advance designation of representative payee request;
- Request a replacement Medicare card; and
- Get a replacement SSA-1099 or SSA-1042S for tax season.

**[ssa.gov/myaccount/what.html](https://ssa.gov/myaccount/what.html)**



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# *my* Social Security Services

If you do not receive benefits, you can:

- View retirement benefit estimates at different ages or dates when you want to start receiving benefits;
- View possible spouse's benefits;
- Request a replacement Social Security card if you meet certain requirements;
- Check the status of your application or appeal;
- Get a benefit verification letter as proof that you are not getting benefits;
- 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.

**[ssa.gov/myaccount/what.html](https://ssa.gov/myaccount/what.html)**



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# How You Qualify for Benefits

- You need to work to earn Social Security “credits”
- Each \$1,470 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2021, you must earn at least **\$5,880**. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.



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# How Social Security Determines Your Benefit

<https://www.ssa.gov/pubs/EN-05-10070.pdf>

## Social Security benefits are based on your lifetime earnings

- **Step 1** –We adjust or “index” your actual earnings to account for changes in average wages over time
- **Step 2** –We find your average indexed monthly earnings using the 35 years in which you earned the most (do not need to be consecutive and do not need to be most recent)
- **Step 3** –We apply a formula to your “average indexed monthly earnings” and arrive at your basic benefit or primary insurance amount



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





# 2021 Retirement Benefit Formula

If your average monthly earnings are = **\$7,000**

Then your full monthly benefit would be = **\$2,648**



90% of First..... **\$996 = \$896**



32% of Earnings over \$996 through \$6,002..... **\$5,006 = \$1,602**  
(\$6,002- \$996 = \$5,006)



15% of Earnings over \$6,002..... **\$998 = \$150**  
(\$7,000-\$6,002=\$998)

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**\$7,000    \$2,648**

*\*Payments rounded to whole dollar amounts*



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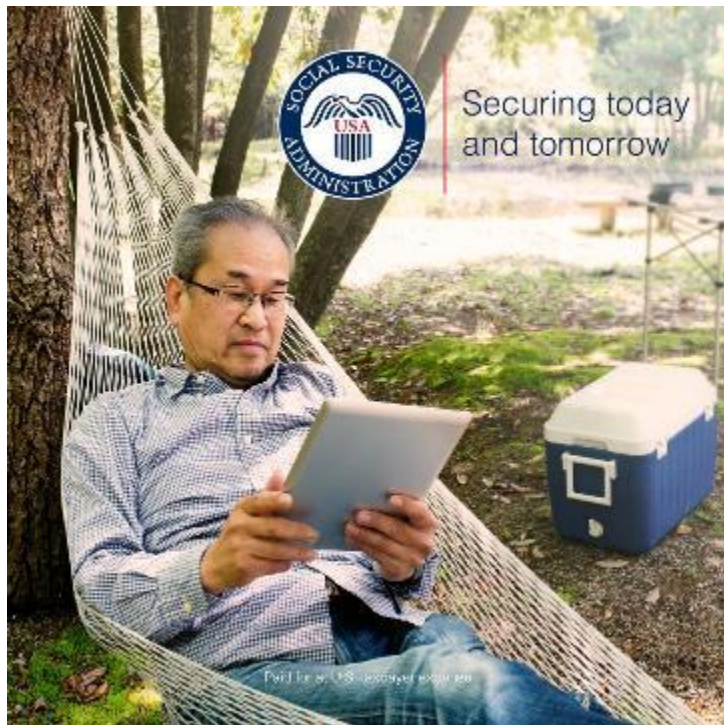
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# Your Age at the Time You Elect Retirement Benefits Affects the Amount



## If You're a Worker and Retire

- At age 62, you get a permanent lower monthly payment
- At your full retirement age, you get your full benefit
- You get an even higher monthly payment if you delay receiving benefits past your full retirement age



# Percentages Based on Year of Birth

Year of Birth	Full Retirement Age	% at age 62	% at age 70
1943-1954	66	75.0%	132.00%
1955	66 + 2 months	74.2%	130.67%
1956	66 + 4 months	73.3%	129.33%
1957	66 + 6 months	72.5%	128.00%
1958	66 + 8 months	71.7%	126.67%
1959	66 + 10 months	70.8%	125.33%
1960 or later	67	70.0%	124.00%



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# Retirement Estimator

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





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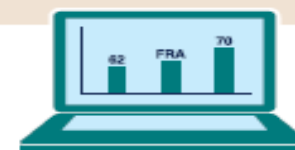
# Retirement Calculator

## How to Use the Retirement Calculator



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The **my Social Security** Retirement Calculator lets you plan for your future with secure access to your retirement benefit estimate based on your personal earnings. Follow these easy steps to get started today.



1



Visit [www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount) and select sign in or create an account.

2



Scroll down to the Retirement Calculator section and select 'Go to Retirement Calculator'.

3



View your retirement benefit estimates based on your personal earnings record for age 62, Full Retirement Age, and age 70.

4

Age: Year  Month  OR Date: Month  Year   
Avg. Future Earnings: \$

Select the age in years and months or the date you want to begin retirement benefits. You can also input your expected average future annual income.

5



You will receive your estimates in both written and chart form.

Plan for Your Future. Use the **my Social Security** Retirement Calculator Today.

[SSA.gov/mysocialsecurity](http://SSA.gov/mysocialsecurity)

Social Security Administration | Publication No. 05-10688 | August 2019 | Produced at U.S. taxpayer expense







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# You Can Work and Receive Benefits

If You Are	You Can Make Up To	If You Make More, Some Benefits Will Be Withheld
Under FRA* in 2021	\$18,960/yr. (\$1,580/mo.)	\$1 for every \$2
Turning FRA in 2021	\$50,520/yr. (\$4,210/mo.)	\$1 for every \$3
Month You Attain Full Retirement Age & Continuing	No Limit	No Limit

\*FRA = Full Retirement Age

**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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# Other Benefits on the Retiree's Record

## 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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# Spouse's Benefit Computation

## 50% - Spousal benefits

You could be entitled up to half of your spouse's benefit.

- Benefit is 50% of worker's unreduced benefit
- Permanent 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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# Divorced Spouse's Benefits

- Marriage lasted at least 10 years
- Be unmarried at the time of filing
- 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 receive







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# Survivor Benefits

## 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) is protected
- Divorced widows/widowers may qualify

## Your Child if:

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





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# Survivor Benefit Computation

## 100% - Survivor benefit

**You could be entitled up to 100% of your deceased spouse's  
(divorced spouse's) benefit**

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- You will be entitled up to 100% of a deceased spouse's (divorced spouse's) benefit or your own, *whichever benefit is higher*
- At full retirement age, **100%** of deceased worker's benefit
- At age 60, **71.5%** of deceased worker's benefit  
(remember there is a permanent reduction for starting benefits early)
- Option to reduced benefits on one record and switch to other record later



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# Social Security Benefits and Taxation

<http://www.socialsecurity.gov/planners/taxes.htm>

If you file a **“joint return”** and your combined income \*\* is:

- Between \$32,000 and \$44,000, you have to pay income tax on up to 50% of your benefits.
- More than \$44,000, up to 85% of your benefits may be taxable.

If you file as an **“individual”** and your combined income \*\* is:

- Between \$25,000 and \$34,000, you have to pay income tax on up to 50% of your benefits.
- More than \$34,000, up to 85% of your benefits may be taxable.

\*\* Combined income is:

Your adjusted gross income  
+ Nontaxable interest  
+  $\frac{1}{2}$  of your Social Security  
= Your “Combined Income”

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



# Special Rules Affecting Non-Covered Pensions

<https://www.socialsecurity.gov/planners/retire/gpo-wep.html>

**When part of your pension is from work not covered by Social Security two laws may affect your Social Security benefit amount:**

- **Windfall Elimination Provision (WEP) applies when you have at least 40 Social Security credits and you are eligible for Social Security benefits on your own work record**
- **Government Pension Offset (GPO) applies only to Social Security spouse or widow(er)'s benefits**



# Windfall Elimination Provision (WEP)

Normal Computation	WEP Computation
90% of the <u>first</u> \$996	40% of the <u>first</u> \$996
32% of the next \$5,006	32% of the next \$5,006
15% of the remainder	15% of the remainder

Max WEP reduction for someone who turns 62 in 2021 is  
\$498/month



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# Exception to the WEP

Years of Substantial Earnings	% 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



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# Government Pension Offset

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

## Examples:

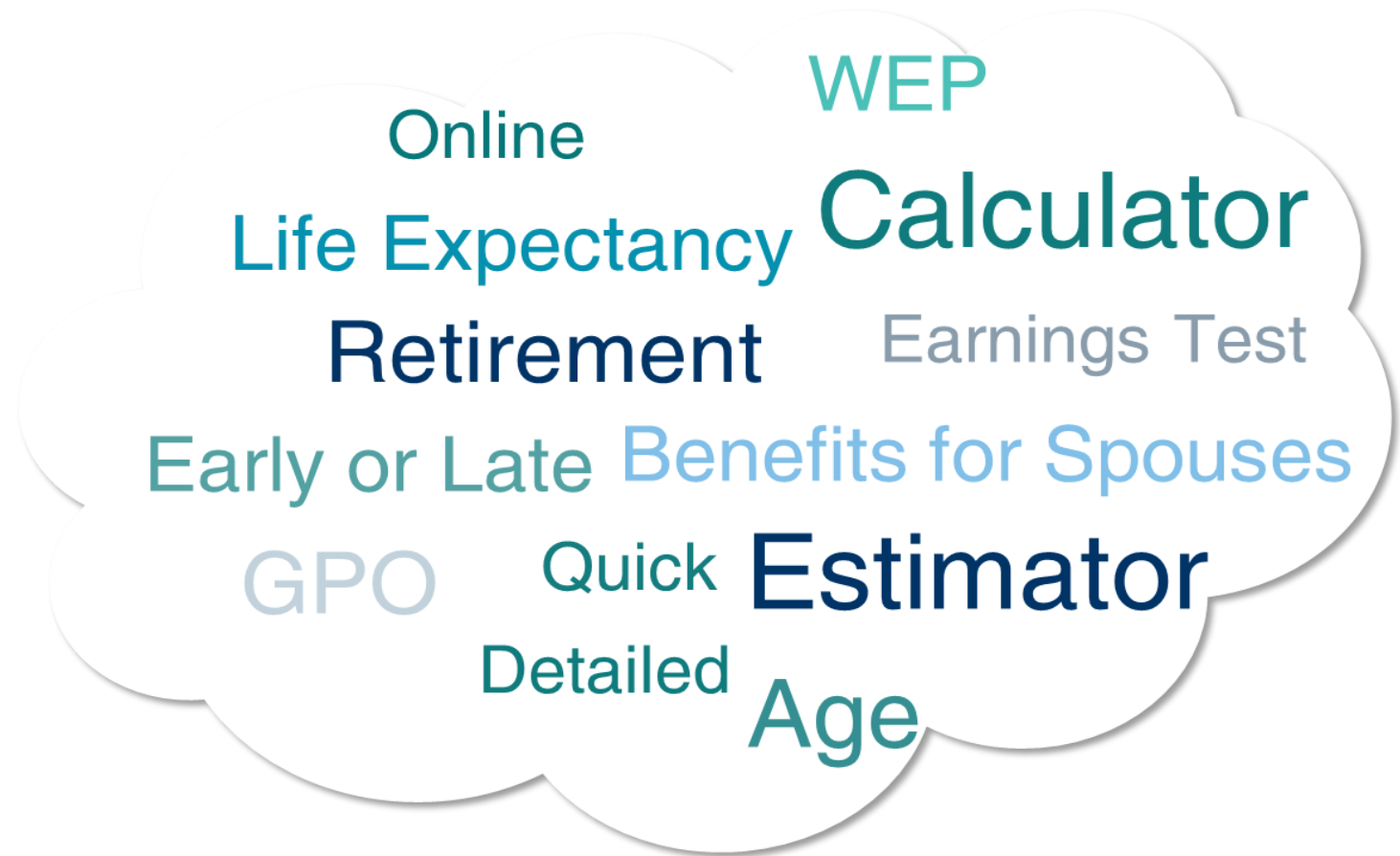
\$1200 Non-covered Pension

$2/3 = \$800$

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 = \$1000,  
\$200 would be payable after offset

# Social Security's Online Calculators



[ssa.gov/planners/calculators/](https://ssa.gov/planners/calculators/)



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# How to Apply for Benefits



File online for Retirement, Spouse, Disability, or Medicare Only

- If you are disabled, you can file for Retirement and Disability with same application if you are at least 62 but not yet FRA
- Survivor\* application is not available online



Schedule phone appointment at 1-800-772-1213

***\*Child and survivor claims can only be done by phone.***



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# Medicare Eligibility

Medicare Enrollment Form

(VA File #) ☐ GROUP HEALTH PLAN (SSN or ID) ☐ FECA (SSN) ☐ OTHER (ID) ☐ 1a. INSURED'S

3. PATIENT'S BIRTH DATE MM DD YY M ☐ F ☐ SEX 4. INSURED

7. INSURED

SOCIAL SECURITY

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



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# The Four Parts of Medicare

## Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- 2021 deductible \$1,484

## Part B - Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1<sup>st</sup> \$203 in approved charges
- 2021 standard monthly premium \$148.50

## 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 –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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# Medicare Enrollment Periods

- Initial - at age 65  
(3 months prior and after)  
note: effective date is delayed if enrolled month of age 65 or later
- Special - still working/Employer Group Health Plan  
(and after initial enrollment period)
- General – January~March  
(premium increased & coverage begins in July)

**Enrollment in any part of Medicare will affect  
Health Savings Accounts!!!**



# Medicare Premiums for 2021

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

2019 Modified Adjusted Gross Income (MAGI)	Part B monthly premium amount	Prescription drug plan monthly premium amount
Individuals with a MAGI of \$88,000 or less Married couples with a MAGI of \$176,000 or less	2021 standard premium = \$148.50	Your plan premium + \$0
Individuals with a MAGI above \$88,000 up to \$111,000 Married couples with a MAGI above \$176,000 up to \$222,000	Standard premium + \$59.40	Your plan premium + \$12.30
Individuals with a MAGI above \$111,000 up to \$138,000 Married couples with a MAGI above \$222,000 up to \$276,000	Standard premium + \$148.50	Your plan premium + \$31.80
Individuals with a MAGI above \$138,000 up to \$165,000 Married couples with a MAGI above \$276,000 up to \$330,000	Standard premium + \$237.60	Your plan premium + \$51.20
Individuals with a MAGI above \$165,000 up to \$500,000 Married couples with a MAGI above \$330,000 up to \$750,000	Standard premium + \$326.70	Your plan premium + \$70.70
Individuals with a MAGI equal to or greater than \$500,000 Married couples with a MAGI equal to or greater than \$750,000	Standard premium + \$356.40	Your plan premium + \$77.10



## Today's Presenter and Contact Information

Jack Myers

Public Affairs Specialist



[Visit the website](#)

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

[Call the toll-free number](#)

1-800-772-1213

Specific questions can be answered from 8 a.m. to 7:00 p.m., Monday through Friday. Information is provided by automated phone service 24 hours a day.

If deaf or hard of hearing, call Social Security's TTY number, 1-800-325-0778.

[Call a local office](#)

To locate your local office phone number, use our Social Security Office Locator: [www.ssa.gov/locator](http://www.ssa.gov/locator). The number may appear under Show Additional Office Information.



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# Beware of Social Security Phone Scams



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Telephone scammers are pretending to be government employees. They may threaten you and may demand immediate payment to avoid arrest or other legal action. Do not be fooled!

**If you receive a suspicious call:**

1. **HANG UP!**
2. **DO NOT GIVE THEM MONEY OR PERSONAL INFORMATION!**
3. **REPORT THE SCAM AT [OIG.SSA.GOV](https://oig.ssa.gov)**



## What to look out for



The caller says there is a **problem** with your Social Security number or account.



Scammers **pretend** they're from Social Security or another government agency. Caller ID or documents sent by email may look official but **they are not**.



Any call asking you to pay a fine or debt with retail gift cards, cash, wire transfers, or pre-paid debit cards.



Callers threaten you with arrest or other legal action.

## Be Alert

Social Security may call you in some situations but will **never**:

- » Threaten you
- » Suspend your Social Security Number
- » Demand immediate payment from you
- » Require payment by cash, gift card, pre-paid debit card, or wire transfer

## Be Active

Protect yourself and your friends and family!

- » If you receive a questionable call, just hang up and report the call at [oig.ssa.gov](https://oig.ssa.gov)
- » Learn more at [oig.ssa.gov/scam](https://oig.ssa.gov/scam)
- » Share this information with others





# Q&A session

04/20/2021



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