Understanding Social Security

Presented by:
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Public Affairs Specialist
Social Security

Securing today and tomorrow
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 ➔

ssagov/myaccount
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.

[link]: ssa.gov/myaccount/what.html
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.

[Link](ssa.gov/myaccount/what.html)
How You Qualify for Benefits

- You need to work to earn Social Security “credits”
- Each $1,510 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

**Example**: To earn 4 credits in 2022, you must earn at least $6,040. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.
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
If your average monthly earnings are = $7,000

Then your full monthly benefit would be = $2,693

90% of First.......................................................... $1,024 = $922

32% of Earnings over $1,024 through $6,172......$5,148 = $1,647
($6,172 - $1,024 = $5,148)

15% of Earnings over $6,172................................. $828 = $124
($7,000 - $6,172 = $828)

*Payments rounded to whole dollar amounts*
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

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

How to Use the Retirement Calculator

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/mysaccount 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. 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.


SSA.gov/mysocialsecurity
You Can Work and Receive Benefits

<table>
<thead>
<tr>
<th>If You Are</th>
<th>You Can Make Up To</th>
<th>If You Make More, Some Benefits Will Be Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under FRA* in 2022</td>
<td>$19,560/yr. ($1,630/mo.)</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>Turning FRA in 2022</td>
<td>$51,960/yr. ($4,330/mo.)</td>
<td>$1 for every $3</td>
</tr>
<tr>
<td>Month You Attain Full Retirement Age &amp; Continuing</td>
<td>No Limit</td>
<td>No Limit</td>
</tr>
</tbody>
</table>

*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.

www.socialsecurity.gov
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

www.socialsecurity.gov
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
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
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
Survivor Benefit Computation

100% - Survivor benefit

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

- 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
Social Security Benefits and Taxation
http://www.socialsecurity.gov/planners/taxes.htm

**Combined income is:**
Your adjusted gross income + Nontaxable interest + \( \frac{1}{2} \) of your Social Security = Your “Combined Income”

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.
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)

<table>
<thead>
<tr>
<th>Normal Computation</th>
<th>WEP Computation</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% of the first $1,024</td>
<td>40% of the first $1,024</td>
</tr>
<tr>
<td>32% of the next $5,148</td>
<td>32% of the next $5,148</td>
</tr>
<tr>
<td>15% of the remainder</td>
<td>15% of the remainder</td>
</tr>
</tbody>
</table>

Max WEP reduction for someone who turns 62 in 2022 is $512/month
## Exception to the WEP

<table>
<thead>
<tr>
<th>Years of Substantial Earnings</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>
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<td>26</td>
<td>70</td>
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<td>25</td>
<td>65</td>
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<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

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

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

ssa.gov/planners/calculators/
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.
Medicare Eligibility

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

www.socialsecurity.gov
The Four Parts of Medicare

**Part A - Hospital Insurance**
- Covers most inpatient hospital expenses
- 2022 deductible $1,556

**Part B - Medical Insurance**
- Covers 80% doctor bills & other outpatient medical expenses after 1st $233 in approved charges
- 2022 standard monthly premium $170.10

**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
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 2022

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

<table>
<thead>
<tr>
<th>2020 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 $91,000 or less 2022 standard premium = $170.10</td>
<td>Your plan premium is $0</td>
<td></td>
</tr>
<tr>
<td>Married couples with a MAGI of $182,000 or less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $91,000 up to $114,000 Standard premium + $68.00</td>
<td>Your plan premium + $12.40</td>
<td></td>
</tr>
<tr>
<td>Married couples with a MAGI above $182,000 up to $228,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $114,000 up to $142,000 Standard premium + $170.10</td>
<td>Your plan premium + $32.10</td>
<td></td>
</tr>
<tr>
<td>Married couples with a MAGI above $228,000 up to $284,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $142,000 up to $170,000 Standard premium + $272.20</td>
<td>Your plan premium + $51.70</td>
<td></td>
</tr>
<tr>
<td>Married couples with a MAGI above $284,000 up to $340,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $170,000 up to $500,000 Standard premium + $374.20</td>
<td>Your plan premium + $71.30</td>
<td></td>
</tr>
<tr>
<td>Married couples with a MAGI above $340,000 up to $750,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI equal to or greater than $500,000 Standard premium + $408.20</td>
<td>Your plan premium + $77.90</td>
<td></td>
</tr>
<tr>
<td>Married couples with a MAGI equal to or greater than $750,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Today’s Presenter and Contact Information

Jack Myers  
Public Affairs Specialist

Visit the website  
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. The number may appear under Show Additional Office Information.
Beware of Social Security Phone Scams

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

What to look out for

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

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

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.

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
» Learn more at oig.ssa.gov/scam
» Share this information with others