



SOCIAL SECURITY

PLANNING YOUR RETIREMENT

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Public Affairs Specialist

Social Security Programs

1935

**Retirement
Insurance**

1939

**Survivors
Insurance**

1956

**Disability
Insurance**

1965

Medicare

1972

**Supplemental
Security
Income**

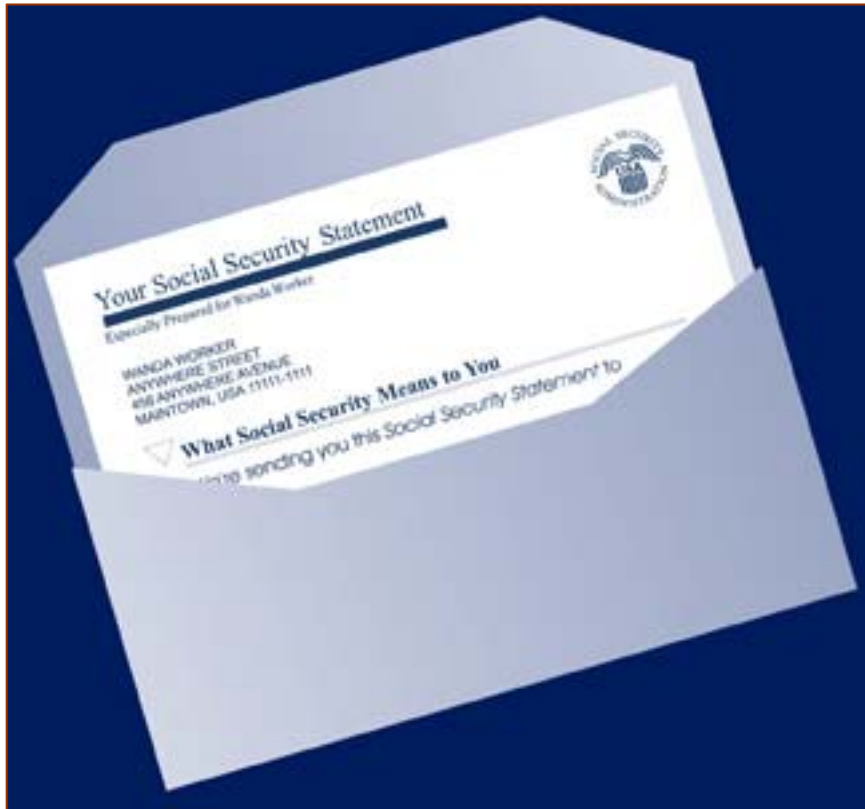
2006

**Medicare
Part D –
Extra Help
(date enacted)**

A Foundation for Planning Your Future

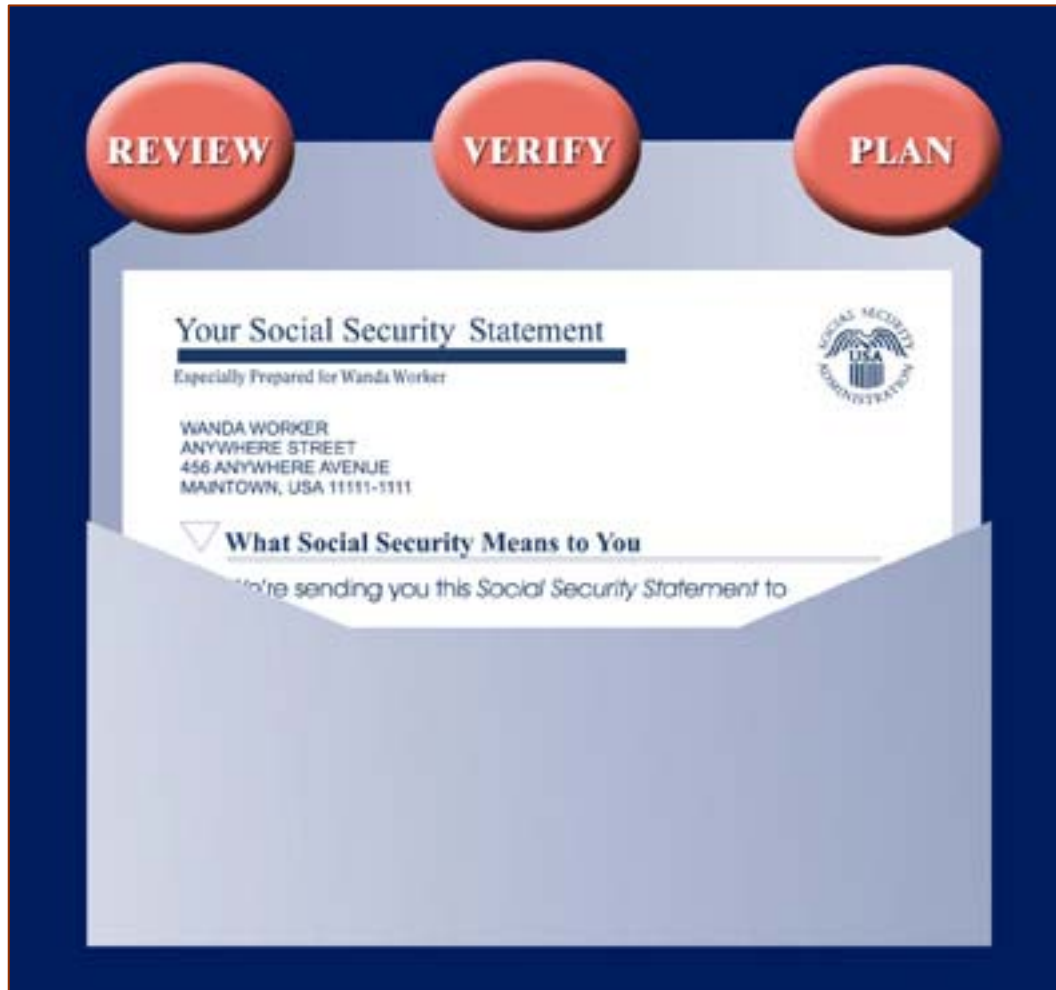


The Social Security Statement

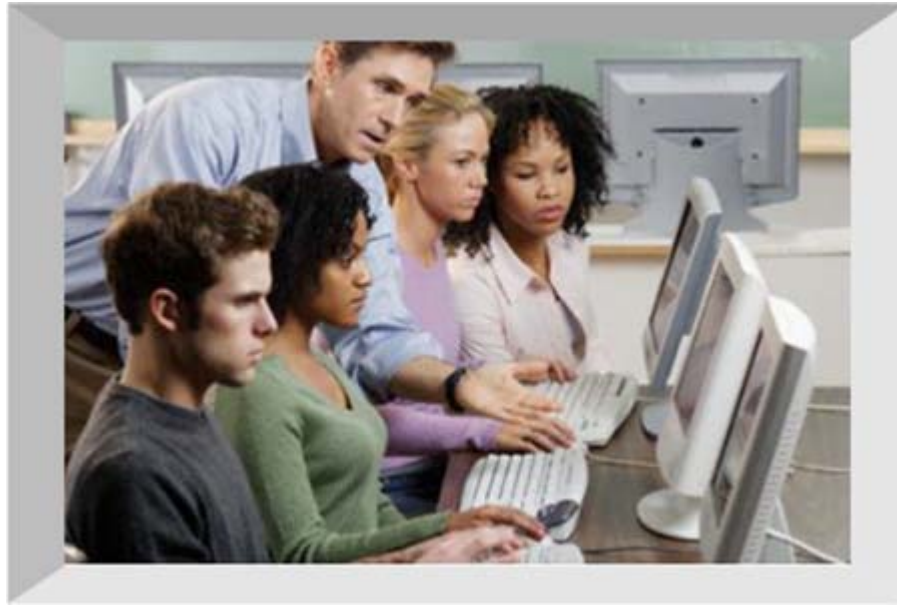


- The Statement provides you with estimates of monthly Social Security retirement, disability and survivors Benefits
- The Statement provides earnings for you to check for accuracy

The Social Security Statement



How Do You Qualify for Retirement Benefits?



- **Age 62 (earliest possible retirement age)**
- **Need 40 credits (10 years of work)**
- **In 2007, \$1000 in earnings equals one credit**
- **You can earn a maximum of 4 credits per calendar year**

How Social Security Determines Your Benefit



Social Security benefits are based on earnings

- | | |
|---------------|---|
| Step 1 | Your wages are adjusted for inflation |
| Step 2 | Find the average of your 35 highest earnings years |
| Step 3 | Result is “average indexed monthly earnings” |

In 2007, the maximum earnings taxable for Social Security is \$97,500 gross. Because of these maximum limits, the maximum payment in 2007 is \$2116.

Retirement Benefit Computation Example

AIME = \$4225

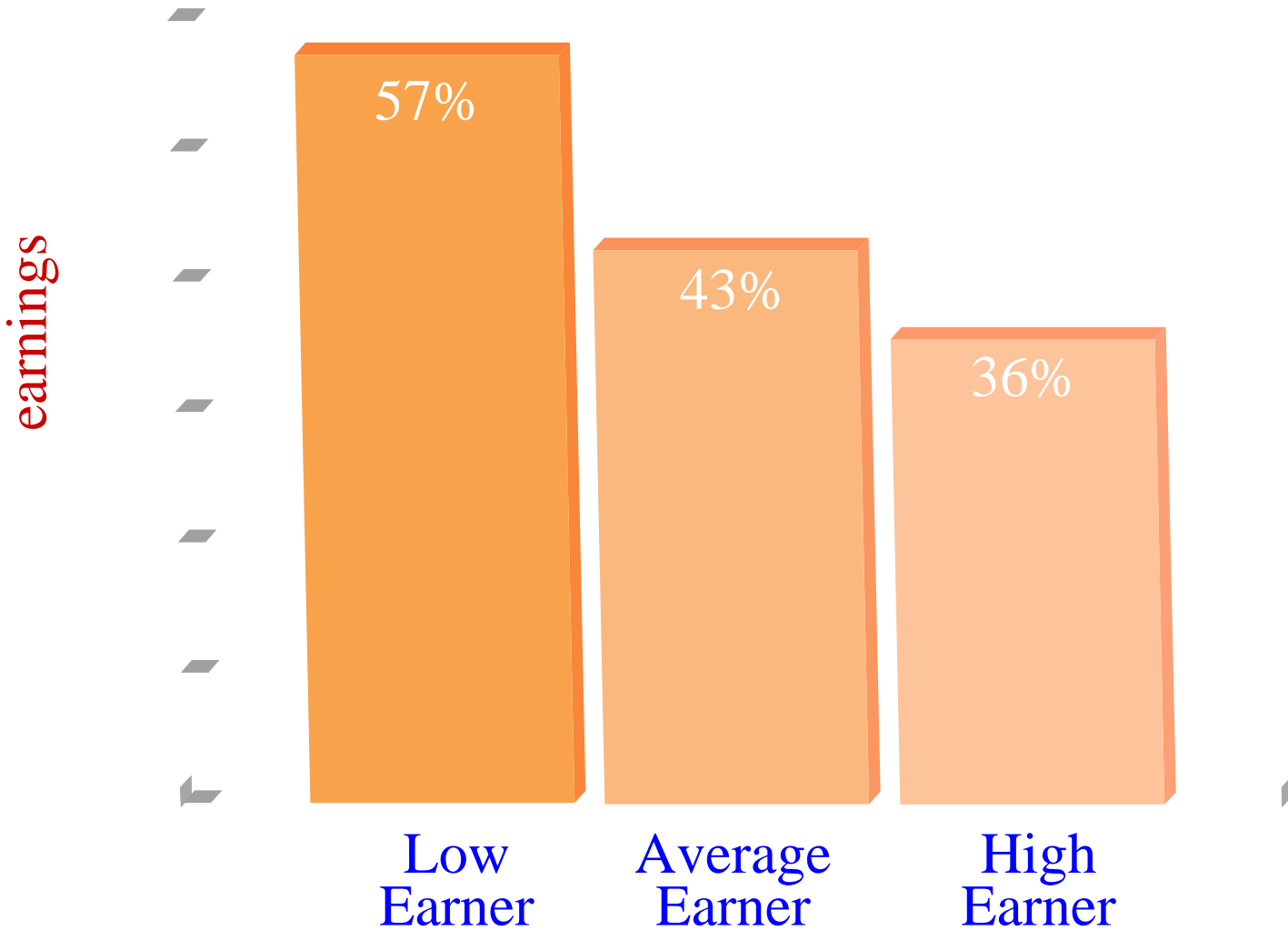
–90% X 680 = 612.00

–32% X 3420 = 1094.40

–15% X 125 = 18.75

–Primary Insurance Amount 1725.00

What You'll Get at Full Retirement Age



Windfall Elimination Provision

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

AIME = \$4225

40%	-90%	X	680	=	272.00
					612.00
	-32%	X	3420	=	1094.40
	-15%	X	125	=	18.75
			- Primary Insurance Amount		1725.00
					1385.00

Exception of the Windfall Elimination Provision

Years of 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

Your Family Can Receive Benefits



Your Spouse

- At age 62 or older
- At any age if caring for child under 16 or disabled
- Divorced spouses may qualify
 - Have been married to worker for at least 10 years
 - Be at least 62 years old
 - Be unmarried
 - Not be eligible for an equal or higher benefit based on his/her own work record

Your Child

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

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)

Spouse's Benefits Only

2/3 of amount of Government pension will be used to reduce the Social Security spouse's benefit



Example:

\$900 of Government pension

Social Security Spouse Benefits

No cash benefit payable by Social Security

$$2/3 = \$600$$

$$= \$500$$

Full Retirement Age

Year of Birth	Full Retirement Age
1937	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 & later	67

Deciding When To Retire



- **As early as age 62 (benefit will be permanently reduced)**
- **At Full Retirement Age (FRA) (no benefit reduction-100%)**
- **Delayed retirement (benefit increased by 8% per year between FRA and age 70)**

Ready to Retire? Option 1



Apply Online At:

www.socialsecurity.gov

Ready to Retire? Option 2



**Call Social Security
toll-free at**

1-800-772-1213

**to ask for an appointment with
a Social Security representative**

**If you are deaf or hard of
hearing, you may call
our TTY number**

TTY 1-800-325-7778

What Will You Need When Applying for Your Social Security Benefits?

- ✓ **Social Security Number for each applicant**
- ✓ **Proof of Age**
- ✓ **Proof of Citizenship/Lawful Alien Status if not born in U.S.**
- ✓ **Latest W-2 or Self-Employment Tax return**
- ✓ **Earnings Estimate if you will continue to work**
- ✓ **Information about Marriages/Divorces**
- ✓ **Information about Military or Railroad Service**
- ✓ **Bank information for Direct Deposit**

You Can Work and Still Receive Benefits

2007



If You Are:

You Can Make Up To:

Withheld/Above:

Under Full Retirement Age

\$12,960 (\$1080/mo.)

\$1 for every \$2

Months Before Full Retirement Age

\$34,440 (\$2,870/mo.)

\$1 for every \$3

Month of Full Retirement Age & Above

No Limit

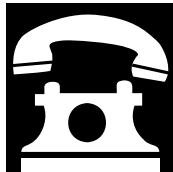
Your Benefits May Be Taxable



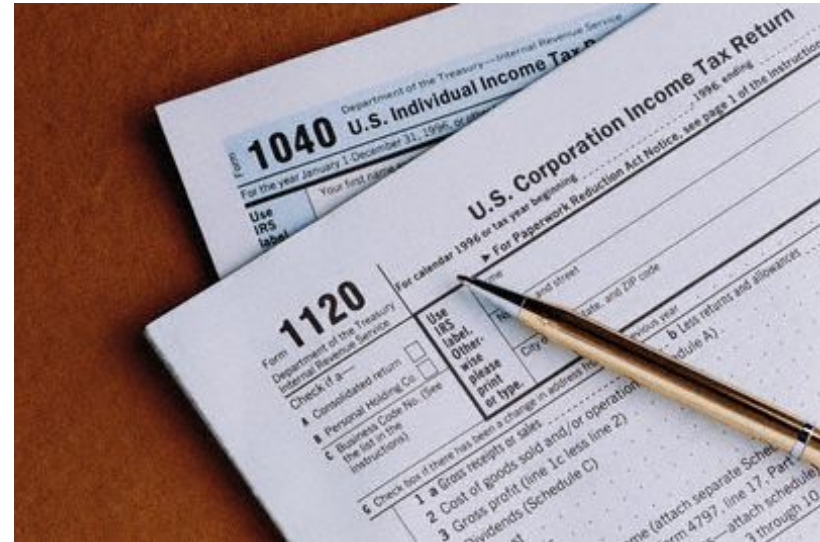
■ Individual Tax Return

- \$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**



Your Benefits May Be Taxable



- **Couple, Married Filing a Joint Tax Return**

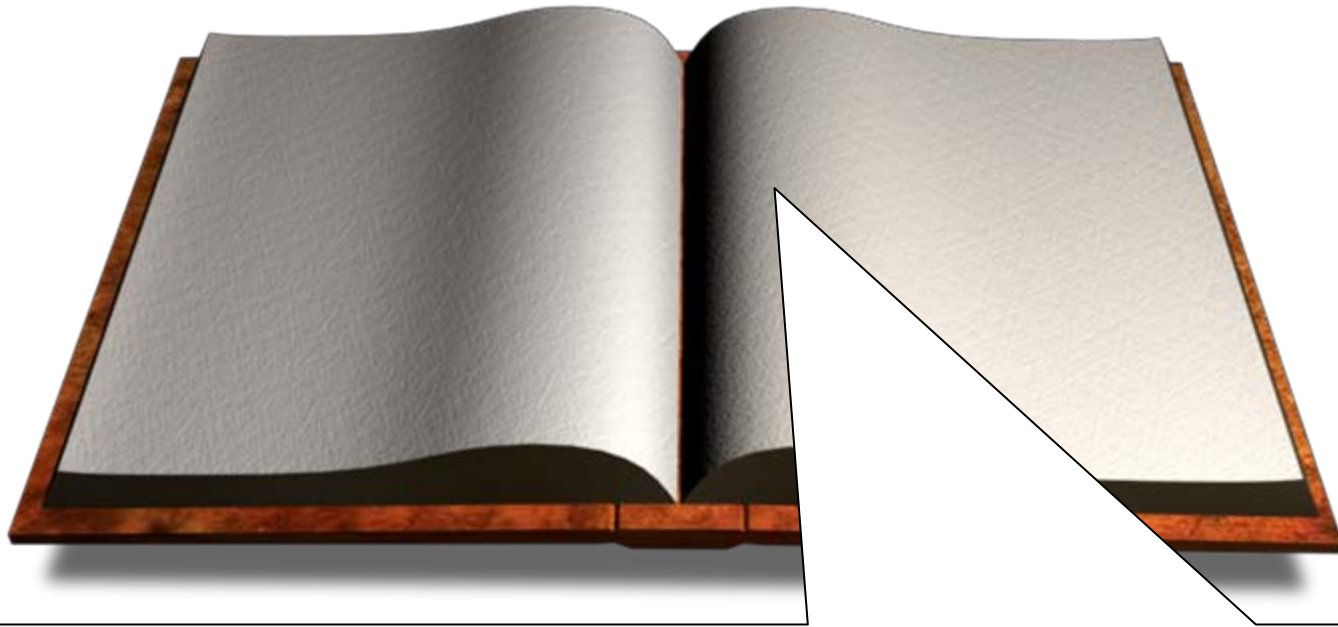
- \$31,999 or less - no Federal tax
- \$32,000 - \$44,000 - pay Federal tax on 50% of Social Security benefit
- More than \$44,000 - pay Federal tax up to 85% of Social Security benefit

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





It also provides valuable disability and survivors benefits.



SOCIAL SECURITY'S DISABILITY DEFINITION:

A medical condition preventing substantial work for at least 12 months, or expected to result in death. The determination also considers age, education & work experience.

Who Can Get Disability Benefits?

Worker

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

Spouse

- Age 62 or older
- At any age if caring for child under 16 or disabled
- Divorced spouses may qualify



Child

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

Who Can Receive Survivors Benefits?

Widow or Widower:

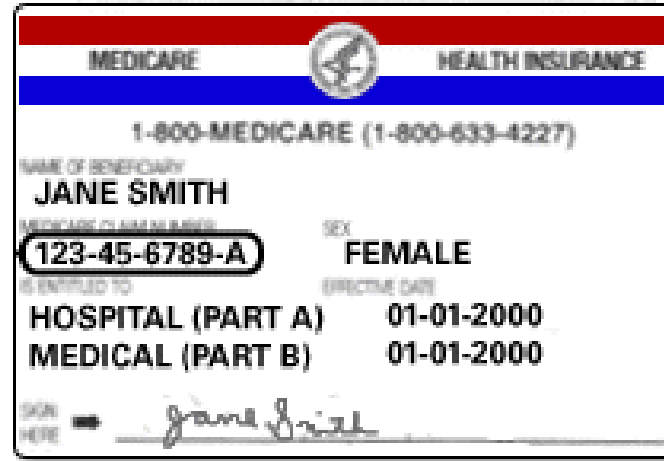
- Reduced benefits at age 60
- If disabled as early as age 50
- At any age if caring for child under 16 or disabled
- Divorced widows/widowers may qualify



Child:

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

Who Can Get Medicare?



Age 65 & older
OR
Receiving Social Security disability
benefits for 24 consecutive months
OR
Permanent Kidney Failure
OR
Lou Gehrig's Disease (ALS)

Medicare Coverage

Part A: Hospital Insurance

- Covers most inpatient hospital expenses.
- 2007 Deductible: \$992 for up to 60 days in the hospital

Part B: Supplementary Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after \$131 in approved charges.
- 2007 Monthly Premium \$93.50*

Part D: Medicare Prescription Drug Plan

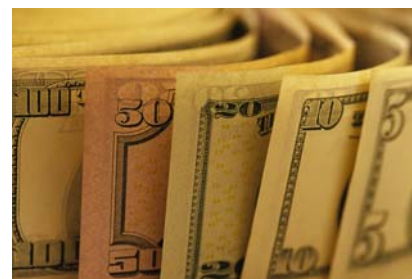
- Covers a major portion of prescription drug costs for Medicare beneficiaries.
- 2007 average Monthly Premium \$22
- Annual deductible and co-payments vary by plan

Adjusted Medicare Part B Premiums in 2007

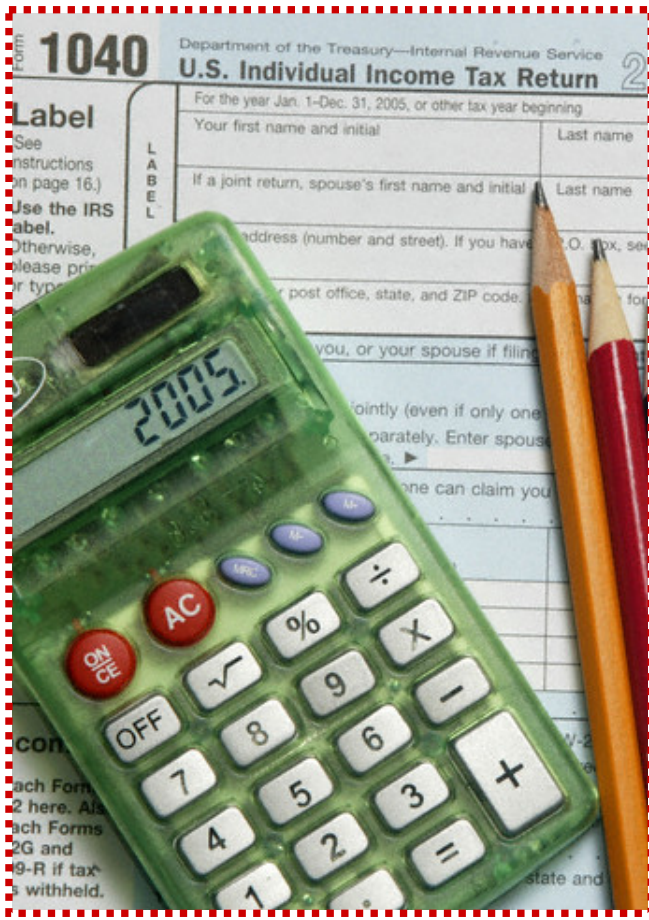
**Medicare beneficiaries with income
greater than \$80,000 (\$160,000/couple)**

**Part B Premiums in 2007 will be calculated on a
sliding scale based on the modified adjusted gross income
reported on IRS tax returns**

Under \$80,000 (\$160,000/couple):	Part B premium \$93.50
\$80,000-\$100,000 (\$160,000-\$200,000/couple):	Part B premium \$105.80
\$100,000-\$150,000 (\$200,000-\$300,000/couple):	Part B premium \$124.40
\$150,000-\$200,000 (\$300,000-\$400,000/couple):	Part B premium \$142.90
Over \$200,000 (\$400,000/couple):	Part B premium \$161.40



Adjusted Medicare Part B Premiums in 2007



- Automated data from IRS used to calculate premium
- Income from 2 years prior used to compute premium (e.g., adjusted gross income for 2005 used to calculate 2007 premium)
- Appeals available if income has changed due to divorce, death of a spouse, retirement, natural disaster, etc.

When Should You Sign Up for Medicare?



Medicare Enrollment Periods:

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

Part D Prescription Drug Plan

- **Must have Medicare Part A or Part B**
- **Part D is optional; however, penalties apply for delayed filing if beneficiary did not have a prescription drug plan equal or better than Part D**
- **In 2007, you pay the first \$265 in drug costs (called a “deductible”)**



Part D Prescription Drug Plan

- Medicare will pay 75% of costs above \$265 up to \$2,400 in drug costs; you will pay only 25% of these costs.
- You will pay 100% of the drug costs above \$2,400 until you reach \$3,850 in out-of-pocket spending. (Your out-of-pocket spending includes the annual deductible and prescription co-payments.)
- Medicare will pay 95% of the costs after you have spent \$3,850.00 in prescription drug costs.
- Extra help is available through Social Security for low-income Medicare beneficiaries to meet the monthly premiums, annual deductible and co-payment costs of the program

www.socialsecurity.gov



Learn about Social Security's work



Social Security Online
The Official Website of the U.S. Social Security Administration

Need **BIG** Text?

Español
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Languages

www.socialsecurity.gov

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★ **New rules for getting a Social Security number and card**



What you can do online

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News

[Commissioner Astrue's statement on Social Security's FY 2007 budget](#)

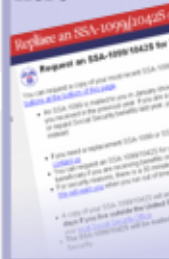
[Michael J. Astrue sworn in as Commissioner of Social Security](#)

[Social Security announces the 2007 cost-of-living adjustment](#)

[Social Security delivers the most popular baby names for 2005](#)

Wednesday Mar 14, 2007 11:06:00 Last updated March 13, 2007 7:48 AM

Request a replacement 1099 online here



Need help paying for prescription drugs? Apply here!



Your Social Security records

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Retirement

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Medicare

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Disability & SSI

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[Ticket to Work](#) | [Adults disabled before age 22](#)
[More disability information](#) | [SSI for people 65 and older](#)

Widows, widowers & other survivors

[Report a death](#) | [Qualify & apply](#)
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-- Other Useful Links --

62-65-67 Full retirement age is

[Planners Home](#)[Retirement Planner Home](#)[Benefit Calculators](#)[Eligibility Issues](#)[Near Retirement?](#)[Apply for Benefits Online](#)[Frequently Asked Questions](#)[Other Resources](#)

Near retirement?

You may wish to review directly some of the subjects offered here or we can guide you [step by step through the retirement process](#).

- [Social Security Statement](#)

- [Request form](#)

- [Calculators](#)

- [Quick](#)
- [Online](#)
- [Windfall Elimination \(WEP\)](#)
- [Detailed](#)
- [Break-Even Age](#)
- [Earnings limit](#)
- [Government Pension Offset \(GPO\)](#)
- [Retirement age](#)

- [Credits](#)

- [How credits are earned](#)
- [Retirement credits](#)
- [Disability credits](#)
- [Survivors credits](#)

- [Applying for benefits](#)

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- [Benefits before full retirement](#)
- [The difference between retirement age & stop work age](#)
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- [Time to Apply](#)
- ["Break-even" points](#)
- [Documents you need](#)

- [Benefits on other records](#)

- [Family benefits](#)

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- [Divorced spouse benefits](#)
- [Children's benefits](#)

- [Where to apply](#)

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Benefit Calculators

[Frequently Asked Questions](#)

Choose a Benefit Calculator

Use any of the calculators below to estimate your potential benefit amounts using different retirement dates and levels of future earnings. **The calculators will show your retirement benefits as well as disability and survivor benefit amounts** if you should become disabled or die.

1. [Quick Calculator](#) ([Aquí en Español](#))

This calculator gives you a simple, rough estimate when you input your date of birth and this year's earnings. (You must be age 21 or older for this calculator to work correctly.)

Note: The Quick Calculator does not include reduction for [WEP](#).

2. [Online Calculator](#) ([Aquí en Español](#))

Input your date of birth and your complete earnings history to get a benefit estimate. You may project your future earnings until your retirement date.

3. [Detailed Calculator](#)

This calculator provides the most precise estimates. **It must be downloaded and installed** on your computer. (Includes reduction for [WEP](#).)

Note: There is a [Mac version of the Detailed Calculator](#)

Note: If you are eligible for a pension based on work that was not covered by Social Security, your benefit amount may be reduced by the [Windfall Elimination Provision](#) (WEP).

Use our [WEP Online Calculator](#) or download the Detailed Calculator to see the effect of WEP on your estimated benefits. (The Quick Calculator and the basic version of the Online Calculator cannot adjust for WEP.)

Things you should know:

- **None of these calculators are linked to your Social Security earnings record.** They use the earnings amounts you enter.
- All the calculators assume you have [enough credits to qualify](#) for benefits. They produce an estimate even if you do not actually have enough credits.

1967:	<input type="text" value="0"/>	1968:	<input type="text" value="0"/>	1969:	<input type="text" value="0"/>	1970:	<input type="text" value="0"/>
1971:	<input type="text" value="0"/>	1972:	<input type="text" value="0"/>	1973:	<input type="text" value="0"/>	1974:	<input type="text" value="0"/>
1975:	<input type="text" value="0"/>	1976:	<input type="text" value="0"/>	1977:	<input type="text" value="0"/>	1978:	<input type="text" value="0"/>
1979:	<input type="text" value="0"/>	1980:	<input type="text" value="0"/>	1981:	<input type="text" value="0"/>	1982:	<input type="text" value="0"/>
1983:	<input type="text" value="0"/>	1984:	<input type="text" value="0"/>	1985:	<input type="text" value="0"/>	1986:	<input type="text" value="0"/>
1987:	<input type="text" value="0"/>	1988:	<input type="text" value="0"/>	1989:	<input type="text" value="0"/>	1990:	<input type="text" value="0"/>
1991:	<input type="text" value="0"/>	1992:	<input type="text" value="0"/>	1993:	<input type="text" value="0"/>	1994:	<input type="text" value="0"/>
1995:	<input type="text" value="0"/>	1996:	<input type="text" value="0"/>	1997:	<input type="text" value="0"/>	1998:	<input type="text" value="0"/>
1999:	<input type="text" value="0"/>	2000:	<input type="text" value="0"/>	2001:	<input type="text" value="0"/>	2002:	<input type="text" value="0"/>
2003:	<input type="text" value="0"/>						

Future Earnings

Enter your expected earnings for the current year. The calculator will use this same amount of earnings for each future year up to the year you expect to retire.

Calculate

Press this button when you have entered all your information. Your estimated monthly benefits will be presented below.

Benefit eligibility

You must have sufficient earnings over a number of years to be insured

Questions?

