



**IT'S YOUR FUTURE,
IT'S YOUR BENEFIT**

History of Social Security Legislation

- **1935 – Retirement Insurance**
- **1939 – Survivors Insurance**
- **1956 – Disability Insurance**
- **1965 – Medicare Program**
- **1972 – Supplemental Security Income**
- **2003 – Medicare Part D**

A Foundation for Planning Your Future



Who Gets Benefits from Social Security?

ABOUT 56 MILLION PEOPLE

8.5 million Disabled Workers,
2 million Dependents

4.5 million
Widows/ Widowers

2 million
Children of
Deceased Workers

36.5 million Retired Workers
2.5 million Dependents



Beneficiary Group	Number of People (Millions)
Retired Workers	36.5
Dependents (Retired)	2.5
Disabled Workers	8.5
Dependents (Disabled)	2.0
Widows/ Widowers	4.5
Children of Deceased Workers	2.0
Total	56.0

01/2011

Social Security Trust Funds During 2009

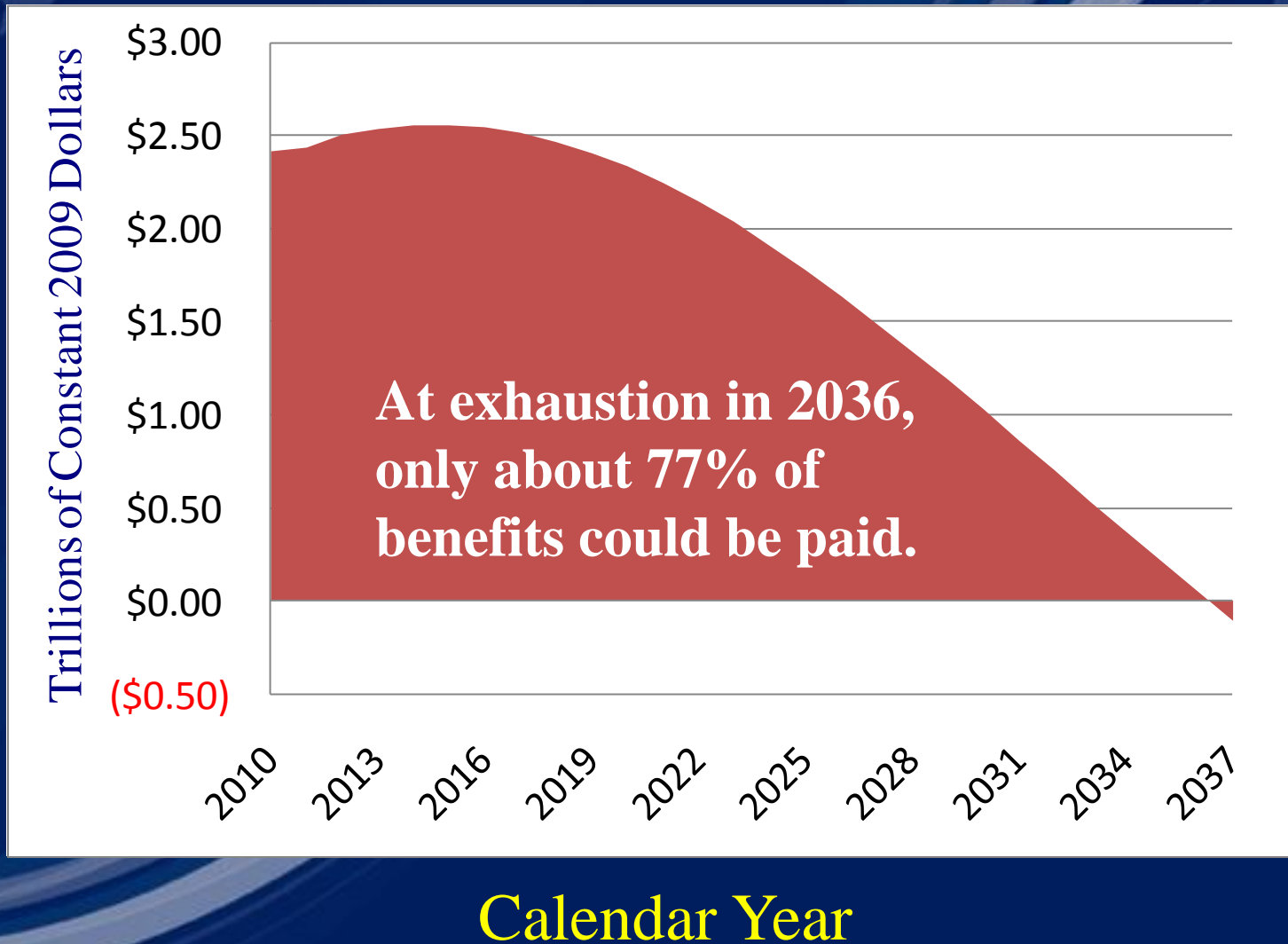
Where Does the Money Come From?



Payroll Tax	83%
Trust Fund Interest	15%
Taxation of Benefits	3%

Note that percentages may not add to 100% due to rounding of the individual components.

Social Security Trust Funds will be Exhausted in 2036

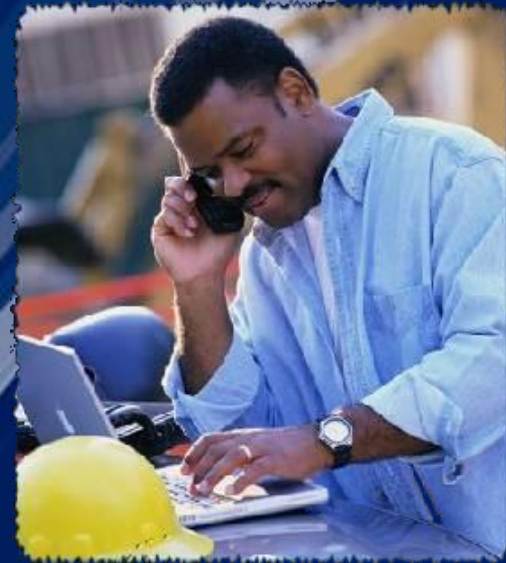




Retirement Benefits

You Need to Work to Earn Social Security Credits

- Each \$1,120 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2011, you must earn at least \$4,480. Earning 40 credits throughout your working life will qualify you for a retirement benefit.

Full Retirement Age

Year of Birth	Full Retirement Age
1937 or earlier	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 or later	67

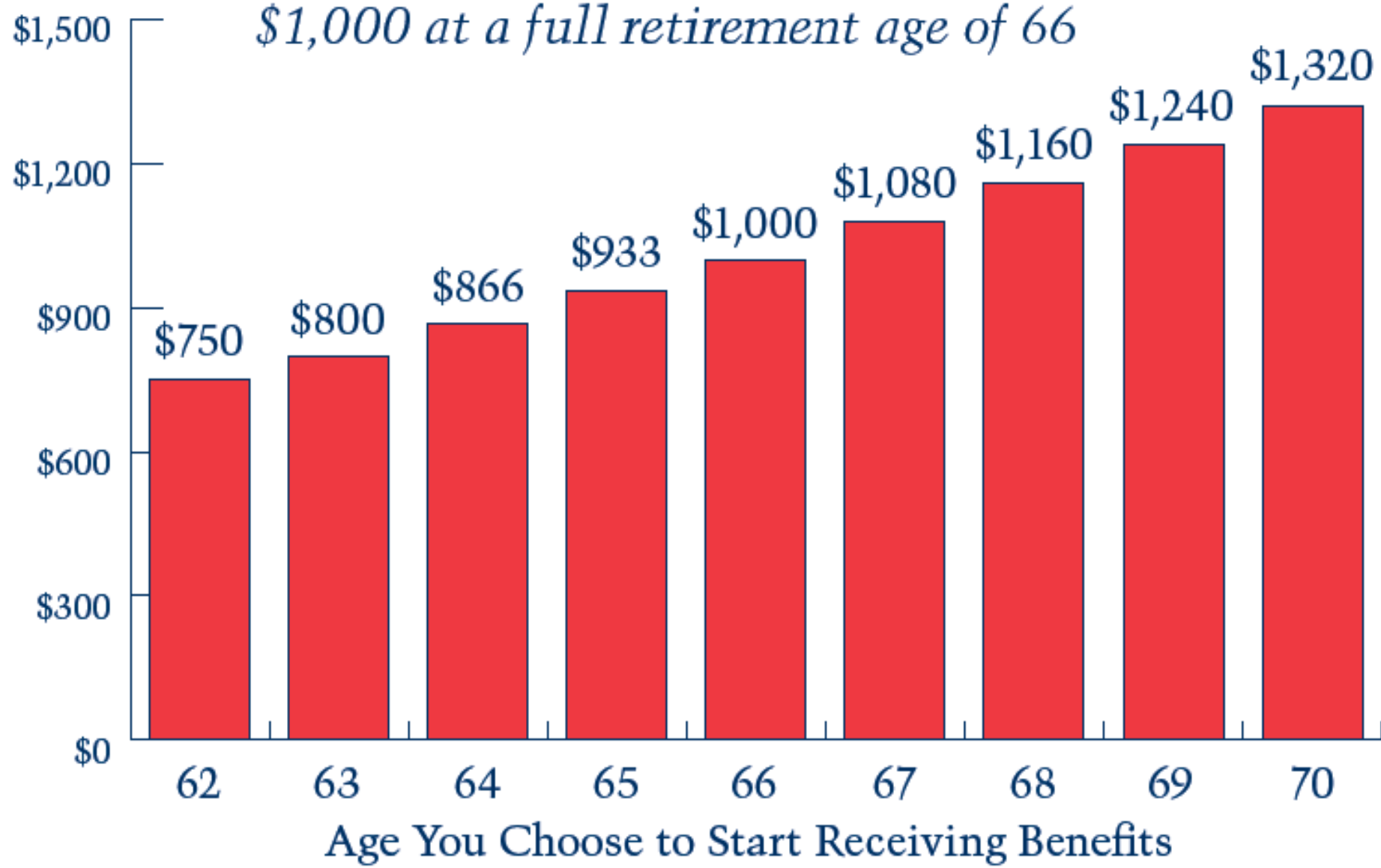
Your Age When You Retire Affects Your Benefits

If You're a Worker and Retire

- **At age 62, you get a lower monthly payment permanently**
- **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**

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

This example assumes a benefit of \$1,000 at a full retirement age of 66



The *Social Security Statement*

REVIEW

VERIFY

PLAN

Prevent identity theft—protect your Social Security number

Your Social Security Statement

Prepared especially for Wanda Worker

March 25, 2008



www.socialsecurity.gov

See inside for your personal information

WANDA WORKER
456 ANYWHERE AVENUE
MAINTOWN, USA 11111-1111

What's inside...

<u>Your Estimated Benefits</u>	2
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Social Security Means To You

Use the New Retirement Estimator

Social Security Online
www.socialsecurity.gov

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Benefit Calculators

About the Retirement Estimator

The Retirement Estimator gives estimates based on your actual Social Security earnings record. Please keep in mind that these are **just** estimates. They will vary slightly from the actual benefit you may get in the future because:

- Your earnings record is always being updated;
- Our estimate makes different assumptions about your career, such as how long you'll keep working and how much you'll make; and
- Your actual future benefit will be adjusted for inflation.

Note: The "Bookmark" icon above links to a 3rd party service that is not affiliated with the Social Security Administration. [\[disclaimer\]](#)

How the Retirement Estimator Works

Who Can Use the Retirement Estimator

You can use the [Retirement Estimator](#) if:

- You have enough [Social Security credits](#) at this time to qualify for benefits **and**
- You are **not**:
 - Currently receiving benefits on your own Social Security record;
 - Age 62 or older and receiving benefits on another Social Security record; **or**
 - Eligible for a [Pension Based on Work Not Covered By Social Security](#).

If you are currently receiving only Medicare benefits, you can still get an estimate and "[Retirement Information for Medicare Beneficiaries](#)."

Caution: You cannot use the Retirement Estimator if you [blocked access](#) to your personal information.

Estimate Your Retirement Benefits

What is the best age to start receiving retirement benefits?

Estimate Your Life Expectancy

How Social Security Determines Your Benefit

★ Social Security benefits are based on earnings

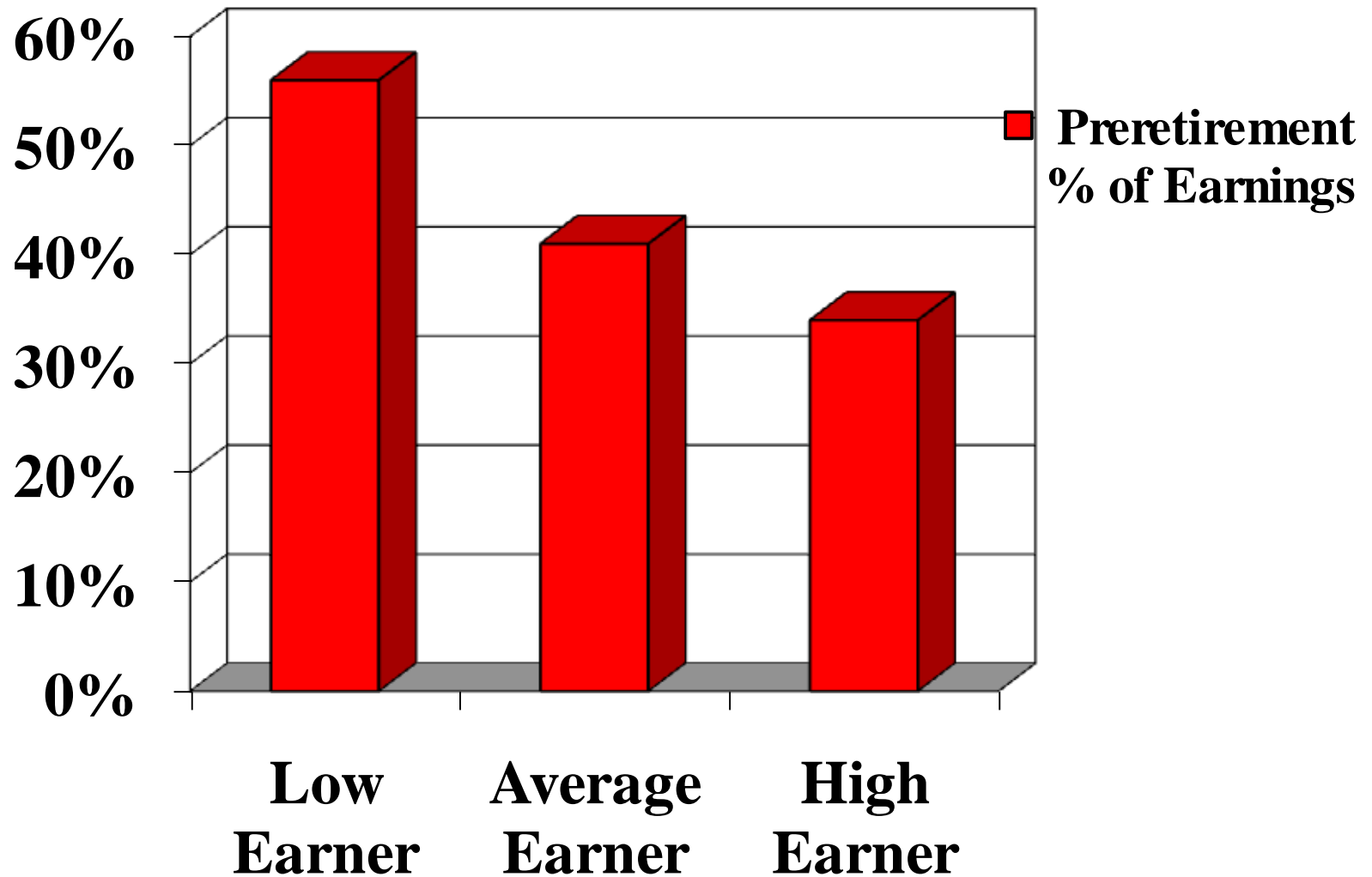
- | | |
|--------|---|
| Step 1 | Your wages are adjusted for changes in wage levels |
| Step 2 | Find the monthly average of your 35 highest earnings years |
| Step 3 | Result is “average indexed monthly earnings” |

Benefit Calculation Example:

AIME = \$1,500

90%	X first \$ 749	=	\$ 674.10
32%	X next \$3,768 (\$751)	=	\$ 240.30
15%	X remainder (\$0)	=	<u>\$ 0</u>
			\$ 914.40
			\$914.00 S.S.

What You Can Expect at Full Retirement Age



Windfall Elimination Provision

WEP Can Apply:

- **Employment where no FICA/OASDI taxes paid**
- **Pension received based on this work**
- **Affects worker's retirement and disability benefits**

WEP Example:

AIME = \$1,500

40%

\$299.60

~~90%~~ **X** first \$ 749

=

~~\$ 674.10~~

32% **X** next \$3,768 (\$751)

=

\$ 240.30

15% **X** remainder (\$0)

=

\$ 0

~~\$ 914.40~~

\$539.90 S.S.

\$ 539 S.S.

**The Maximum Deduction
in 2011 is \$374.50**

Exception to the Windfall Elimination Provision

Years of “Substantial Earnings” 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 less

40

“Substantial Earnings” covered by S.S. in 2011 = \$19,800

Use the Online Calculator at www.socialsecurity.gov

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	\$14,160/yr. (\$1,180/mo.)	\$1 for \$2
The Year Full Retirement Age	\$37,680/yr. (\$3,140/mo.)	\$1 for \$3
Month of Full Retirement Age & Above	No Limit	---



Social Security Disability 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?

- **Must have paid into Social Security five out of last 10 years**
- **For workers under age 31, less work is required**



Supplemental Security Income Program

Supplemental Security Income (SSI)

Who Can Get SSI?

- Age 65 or older
- Blind—any age
- Disabled—any age
- Limited income
- Limited resources



Noncitizens must meet special requirements to qualify



Benefits for Family Members

Who Else Can Get Benefits on a Worker's Record?

Spouse

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

Child

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



Who Can Get Benefits on a Deceased Worker's Record?

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)
- Divorced widows/widowers may qualify

Children

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.



Medicare Benefits

Who Can Get Medicare?

65 & older

-or-

**Receiving Social Security disability
benefits at least 24 months**

-or-

Permanent kidney failure

-or-

Amyotrophic Lateral Sclerosis (ALS)

Medicare Coverage

Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- 2011 Deductible \$1,132

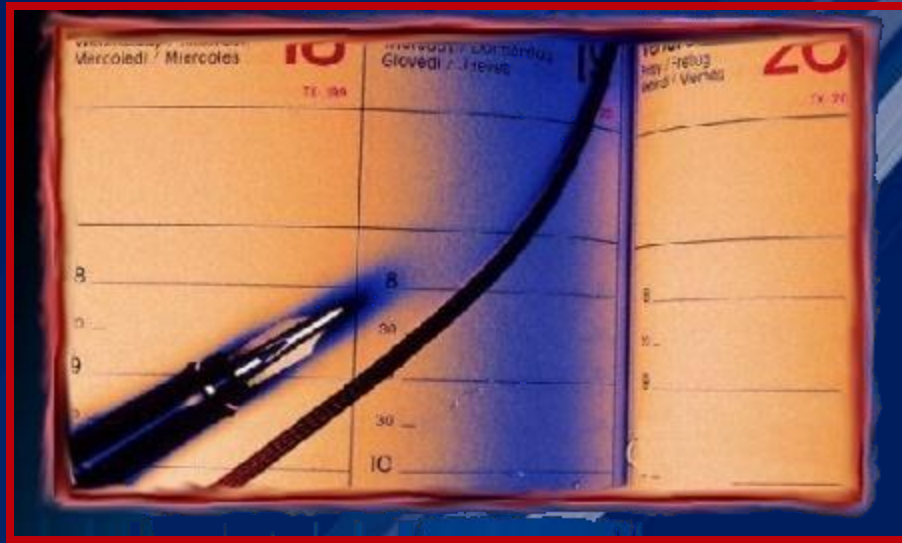
Part B - Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1st \$162 in approved charges
- 2011 Standard Monthly Premium \$115.40

Part D - Medicare Prescription Drug Plan

- Covers a major portion of prescription drug costs for Medicare beneficiaries
- Enroll With Medicare prescription drug provider not SSA
- Annual enrollment period expanded beginning 2011 to October 15 through December 7

When Can I Sign Up for Medicare?



Medicare Enrollment Periods:

- Initial –after 24 months Social Security DIB or at age 65
- Special - if still working
- General - January-March

Extra Help for Medicare Prescription Drug Costs

★ **Extra Help is available for beneficiaries with limited resources and income to help pay for the costs—monthly premiums, annual deductibles and prescription co-payments—related to a Medicare prescription drug plan.**

The Extra Help could be worth an average of \$3,900 per year.

For More Medicare Information

1-800-MEDICARE

(1-800-633-4227)

TTY 1-877-486-2048

www.medicare.gov

Social Security's Online Services



- Estimate future benefits
- **Apply for Retirement & Disability**
- Apply for Extra Help
- **Request a *Statement***
- Change Address
- **Replace Medicare Card**
- Request a Benefit Verification Letter
- **Start or Change Direct Deposit**



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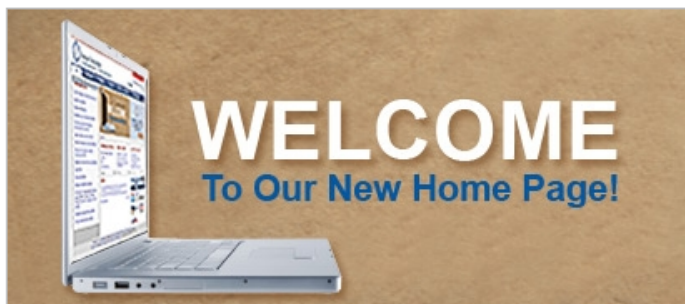
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Information for Government Employees

Windfall Elimination Provision (WEP)

[Who is affected?](#)[Why is a different formula used?](#)[How does it work?](#)[Are there exceptions?](#)[Is there a guarantee provision for those with low pensions?](#)[More...](#)

Government Pension Offset (GPO)

[I receive a government pension. Will I receive any Social Security on my spouse's record?](#)[How much are Social Security benefits offset?](#)[Why are Social Security benefits offset?](#)

Some [Federal employees](#) and [employees of State or local government agencies](#) may be eligible for pensions that are based on earnings **not** covered by Social Security.

If you didn't pay Social Security taxes on your government earnings **and** you are eligible for Social Security benefits, the formula used to figure your benefit amount may be modified, giving you a lower Social Security benefit.

If you are eligible for Social Security benefits on your own record:

- The [Windfall Elimination Provision \(WEP\) fact sheet \(En Español\)](#) explains [the formula Social Security may use to modify your benefit amount](#).
- [How the Windfall Elimination Provision Can Affect Your Social Security Benefit](#) provides a chart to show how your benefit amount changes based on your years of substantial earnings and the year you became eligible for benefits.
- Use the [WEP Online Calculator](#) to calculate your estimated retirement or disability benefits if you are affected by the WEP.

Note: Some government pensions [do not affect your benefit amount when you apply on your own record](#).

Things You Can Do Online

[Decide when to retire](#)

Calculate your estimated benefits if you are

- [affected by WEP](#)
- [affected by GPO](#)



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Resources For Businesses, Employers, Government Agencies And The Self-Employed

Business Services Online (BSO) enables organizations and authorized individuals to conduct business with the Social Security Administration by providing a degree of authentication that ensures a level of trust. Once registered through BSO, users may request, activate, and access various services and functions.

Employers can verify Social Security numbers online using our [Social Security Number Verification Service \(SSNVS\)](#) or through our [Telephone - National 800# Employer Verification \(TNEV\)](#) . Businesses can verify SSNs with an individual's consent by using [Consent Based SSN Verification Service \(CBSV\)](#).



Our [Appointed Representative Services \(ARS\)](#) provides the functionality to allow representatives to view records folders electronically through a secure website.

Employers can also visit our [W-2 Filing Instructions and Information](#) site for guidance on reporting employee wages.

Government to Government Services online (GSO) is a suite of applications enabling governmental organizations and authorized individuals to conduct business with and submit confidential information to

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