

# Social Security



*76  
Years*

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

# History of Social Security Programs

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- **1935 – Retirement Insurance**
- **1939 – Survivors Insurance**
- **1956 – Disability Insurance**

# Other Programs

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- **1965 – Medicare Program**
- **1972 – Supplemental Security Income**
- **2003 – Medicare Part D Prescription Drug Coverage**

# Save for a Secure Future

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Social Security is the foundation for a secure retirement, but you also will need other savings and investments. If you want to learn more about how and why to save, visit [www.mymoney.gov](http://www.mymoney.gov)

# A Foundation for Planning Your Future

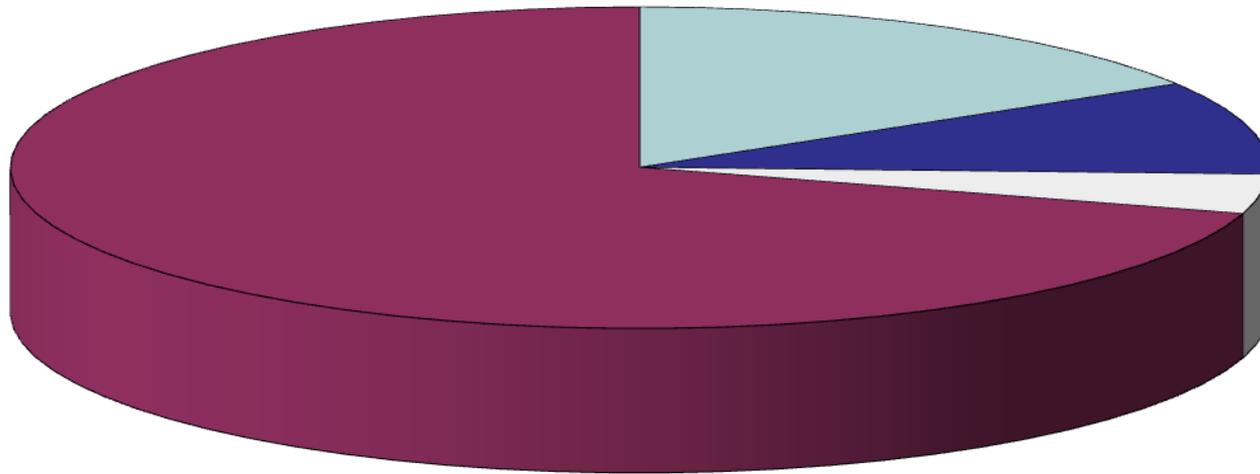
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# Who Gets Benefits from Social Security?

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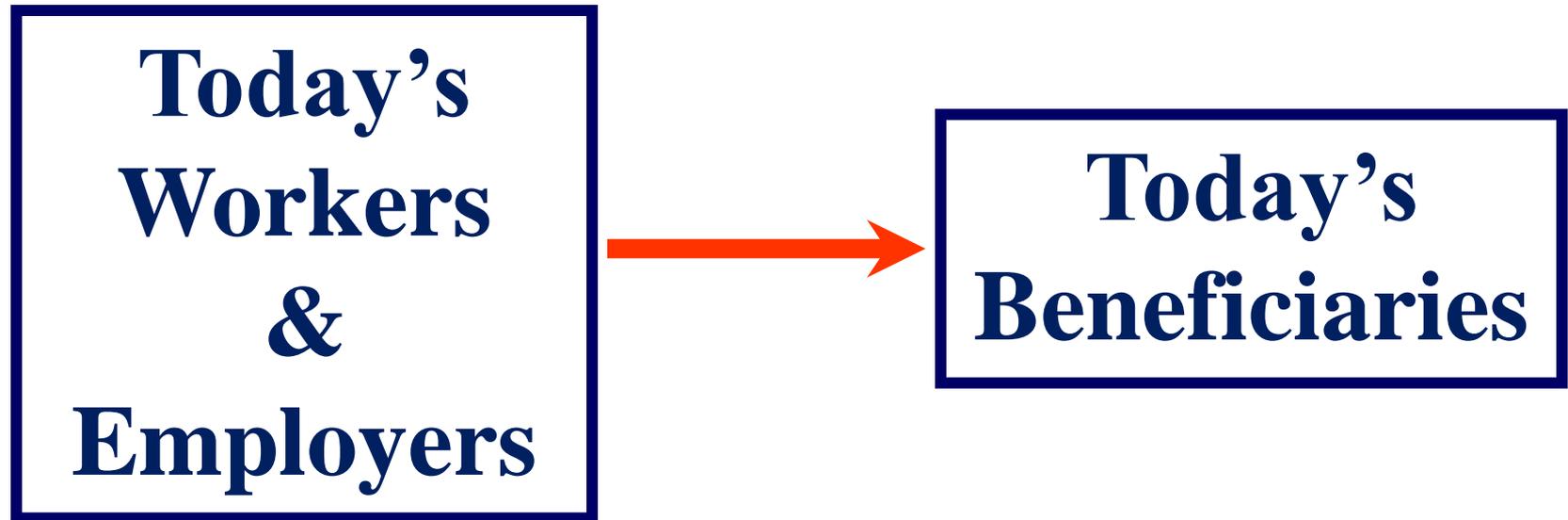
**53 million people**



- 7.8 million **Disabled Workers** and 1.9 million **Dependents**
- 4.5 million **Widows/Widowers**
- 1.9 million **Children of Deceased Workers**
- 33.7 million **Retired Workers** and 2.9 million **Dependents**

# Who Pays for Social Security?

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# The Number of Workers per Beneficiary is Decreasing

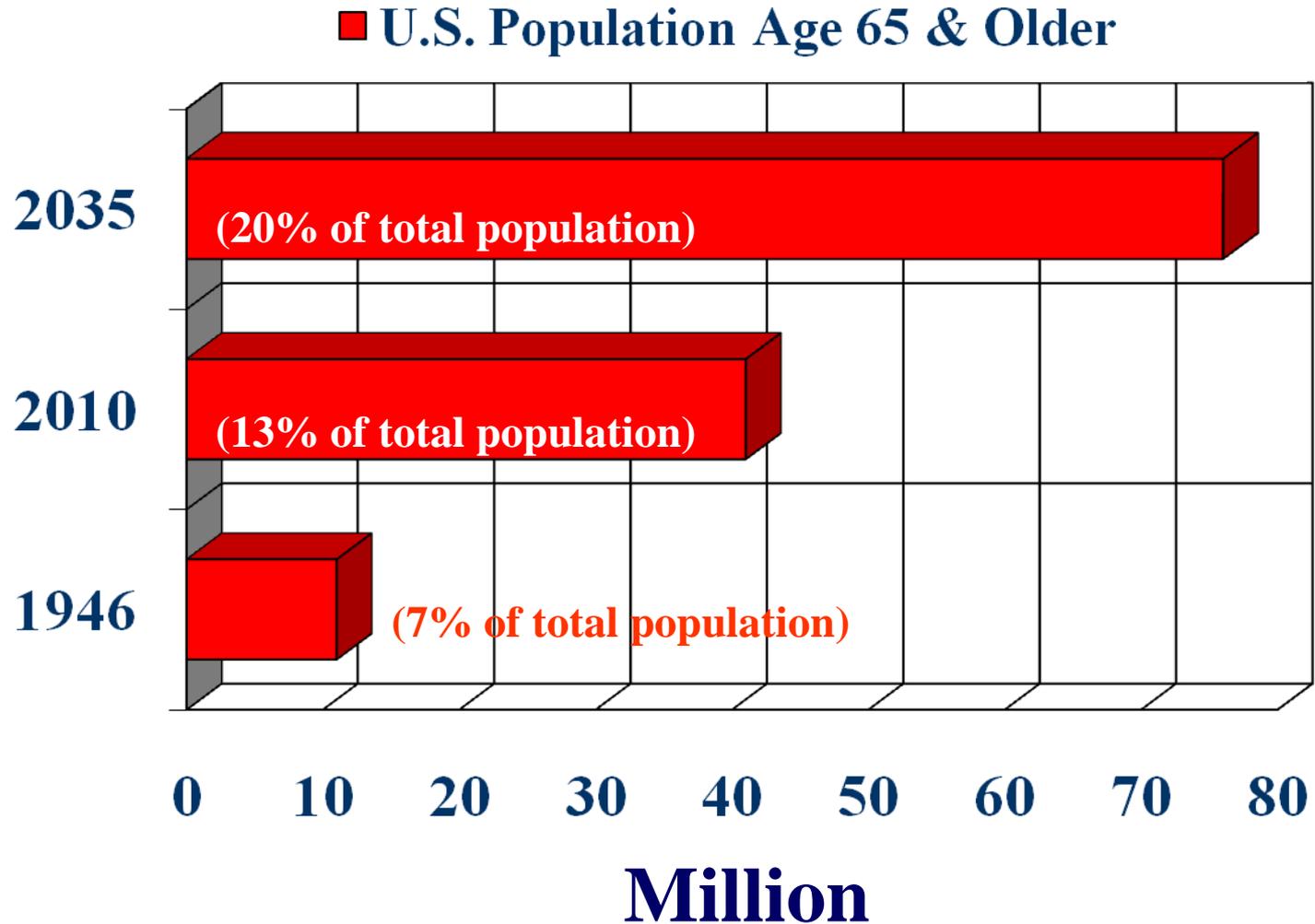
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**5 – 1960**

**3 – 2010**

**2 – 2035**

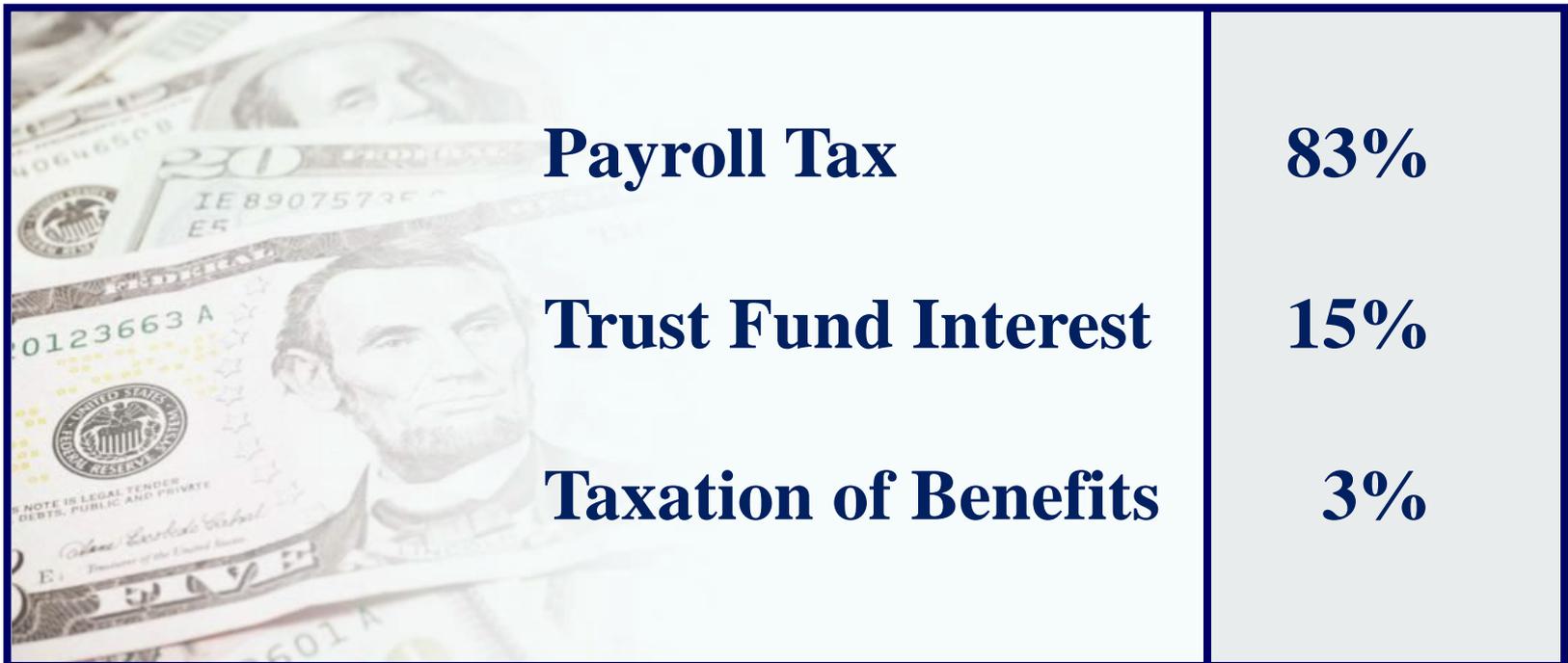
# America is Getting Older



# Social Security Trust Funds During 2009

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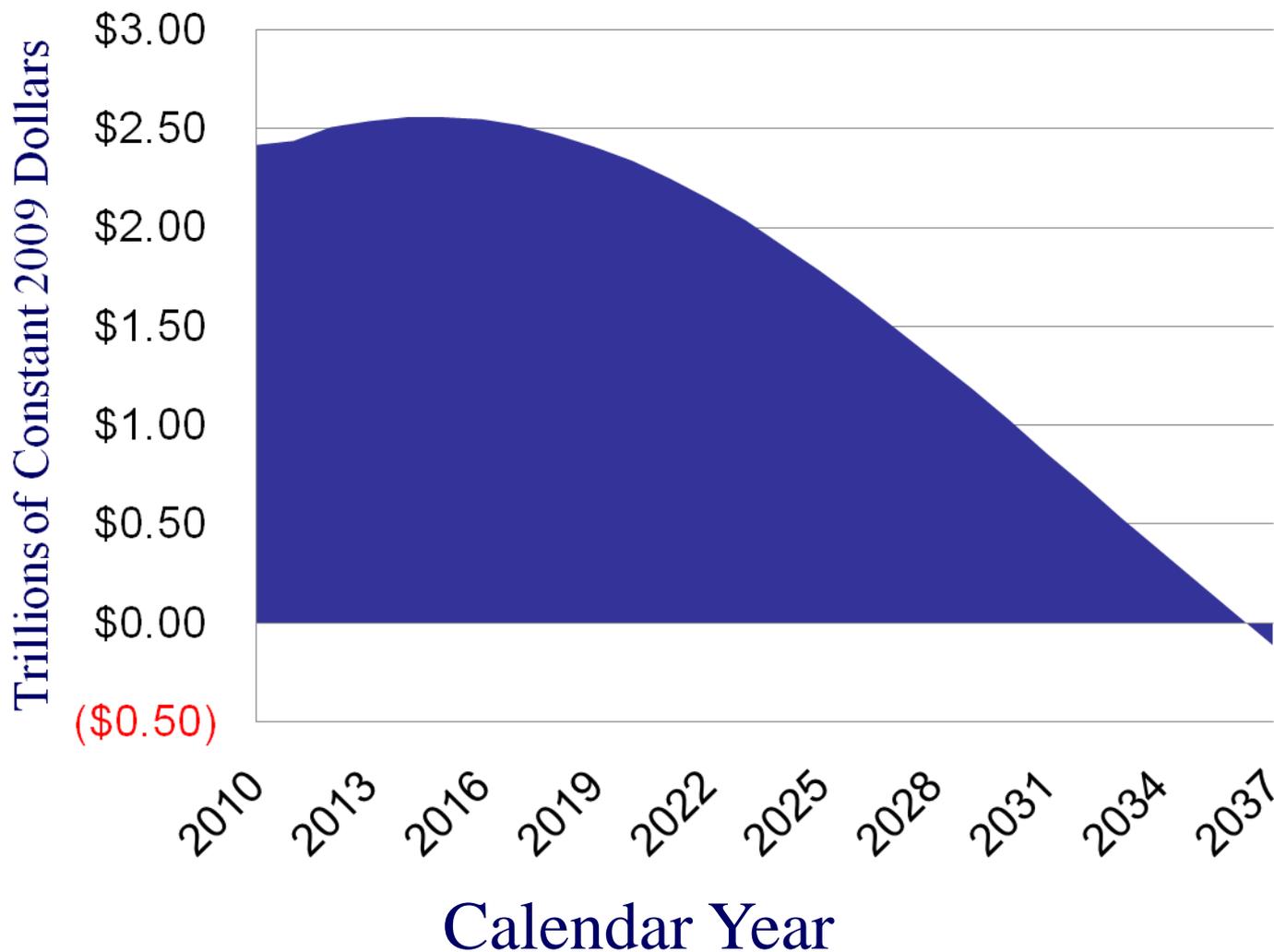
## Where Does the Money Come From?



<b>Payroll Tax</b>	<b>83%</b>
<b>Trust Fund Interest</b>	<b>15%</b>
<b>Taxation of Benefits</b>	<b>3%</b>

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

# Social Security Trust Funds will be able to pay only about 78 cents for each dollar of scheduled benefits in 2037



# How Do You Qualify for Retirement Benefits?

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- 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 (10 years of work) throughout your working life will qualify you for a retirement benefit.

# **Your Age At The Time You Elect Retirement Benefits Affects the Amount**

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## **If You're a Worker and Retire**

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



# Your Age At The Time You Elect Retirement Benefits Affects the Amount

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For example, if you were born from 1943 through 1954:

- Age 62      75% of benefit
- Age 66      100% of benefit
- Age 70      132% of benefit



# Social Security Cost-of-Living Adjustments

<b>Effective Date</b>	<b>Amount</b>	<b>Effective Date</b>	<b>Amount</b>
June 1975	8%	Dec 1993	2.6%
June 1976	6.4%	Dec 1994	2.8%
June 1977	5.9%	Dec 1995	2.6%
June 1978	6.5%	Dec 1996	2.9%
June 1979	9.9%	Dec 1997	2.1%
June 1980	14.3%	Dec 1998	1.3%
June 1981	11.2%	Dec 1999	2.5%
June 1982	7.4%	Dec 2000	3.5%
Dec 1983	3.5%	Dec 2001	2.6%
Dec 1984	3.5%	Dec 2002	1.4%
Dec 1985	3.1%	Dec 2003	2.1%
Dec 1986	1.3%	Dec 2004	2.7%
Dec 1987	4.2%	Dec 2005	4.1%
Dec 1988	4%	Dec 2006	3.3%
Dec 1989	4.7%	Dec 2007	2.3%
Dec 1990	5.4%	Dec 2008	5.8%
Dec 1991	3.7%	Dec 2009	0%
Dec 1992	3%	Dec 2010	0%

# In Addition to the Retiree, Who Else Can Get Benefits?

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## 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**

# In Addition to the Retiree, Who Else Can Get Benefits?

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## Your Ex-Spouse

- **Marriage lasted at least 10 years**
- **Ex-spouse 62 or older and unmarried**  
(you can be married)
- **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 get**

# Spouse's Benefit Computation

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- **Benefit is 50% of worker's unreduced benefit**
- **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**

# Full Retirement Age

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<b>Year of Birth</b>	<b>Full Retirement Age</b>
<b>1937 or earlier</b>	<b>65</b>
<b>1938</b>	<b>65 &amp; 2 months</b>
<b>1939</b>	<b>65 &amp; 4 months</b>
<b>1940</b>	<b>65 &amp; 6 months</b>
<b>1941</b>	<b>65 &amp; 8 months</b>
<b>1942</b>	<b>65 &amp; 10 months</b>
<b>1943 – 1954</b>	<b>66</b>
<b>1955</b>	<b>66 &amp; 2 months</b>
<b>1956</b>	<b>66 &amp; 4 months</b>
<b>1957</b>	<b>66 &amp; 6 months</b>
<b>1958</b>	<b>66 &amp; 8 months</b>
<b>1959</b>	<b>66 &amp; 10 months</b>
<b>1960 or later</b>	<b>67</b>

# How Social Security Determines Your Benefit

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**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”**



# 2011 Retirement Benefit Computation Example

**If your average monthly earnings are = \$5,200**  
**Then your monthly benefit would be = \$2,001**

<b>Average Monthly Earnings</b>	<b>\$5,200</b>		
<b>90% of First</b>	<b>\$761</b>	<b>=</b>	<b>\$685</b>
<b>32% of Earnings over \$761 through \$4,586</b> <b>(\$4,586-\$761=\$3,825)</b>	<b>\$3,825</b>	<b>=</b>	<b>\$1,224</b>
<b>15% of Earnings over \$4,586</b>	<b>\$614</b>	<b>=</b>	<b>\$92</b>
	<hr/>		<hr/>
	<b>\$5,200</b>		<b>\$2,001</b>

# Use the Retirement 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

The screenshot shows the 'Benefit Calculators' section of the Social Security Online website. The page title is 'About the Retirement Estimator'. It includes a navigation bar with 'Home', 'Questions?', 'Contact Us', and a search box. The main content is organized into three columns. The first column, 'How the Retirement Estimator Works', explains that estimates are based on actual Social Security earnings records and may vary from actual future benefits. The second column, 'Who Can Use the Retirement Estimator', lists eligibility criteria: having enough Social Security credits, not currently receiving benefits, not a Medicare beneficiary, age 62 or older, and eligible for Pension Based on Work Not Covered By Social Security. The third column, 'How Long Can You Stay On Each Page?', states there are 25-minute time limits for viewing each page. A 'Continue' button is located at the bottom right of the main content area. The footer contains the USA.gov logo, privacy policies, and a 'Need Larger Text?' link.

Social Security Online  
www.socialsecurity.gov

Home Questions? Contact Us Search 60

## Benefit Calculators

### About the Retirement Estimator

**How the Retirement Estimator Works**

The Retirement Estimator produces estimates that are based on your actual Social Security earnings record. Retirement estimates are just that, estimates. They will vary slightly from the actual benefit you may receive in the future because:

- Your Social Security earnings record is constantly being updated;
- Our calculators use different parameters and assumptions (e.g., different stop work ages, future earnings projections, etc.); and
- Your actual future benefit will be adjusted for inflation.

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

**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;
  - A Medicare beneficiary;
  - 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](#).

**Estimate Your Retirement Benefits**

**What is the best age to start receiving retirement benefits?**

**How Long Can You Stay On Each Page?**

For security reasons, there are time limits for viewing each page. You will receive a warning after 25 minutes without doing anything, and you will be able to extend your time on the page. After the third warning on a page, you must move to another page or your time will run out and your work on that page will be lost.

**Note:** If you turned JavaScript off in your browser, you will not receive these warnings. After you spend 30 minutes on a page, you must move to another page or you will be logged out.

Continue

USA.gov Privacy Policy | Website Policies & Other Important Information | Site Map  
Last reviewed or modified Wednesday Apr 01, 2009

[Need Larger Text?](#)

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

# 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 every \$2
The Year Full Retirement Age is Reached	\$37,680/yr. (\$3,140/mo.)	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit



**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.**

# How Do I Apply for Retirement Benefits?

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- Apply online at [www.socialsecurity.gov](http://www.socialsecurity.gov)  
It is the most convenient way to apply;
- Call Social Security to schedule an appointment  
1-800-772-1213 (TTY 1-800-325-0778) or call  
SSA-Helena's number: 866-563-9496;
- Apply at your local Social Security office.

# Applying for Retirement Benefits

You can apply online for Retirement Benefits by visiting [www.socialsecurity.gov](http://www.socialsecurity.gov) and then clicking on “Retirement”

The screenshot shows the Social Security Administration website. At the top left is the Social Security Administration logo with "75 YEARS" and "SOCIAL SECURITY ADMINISTRATION". To its right is the text "Social Security" and "The Official Website of the U.S. Social Security Administration". On the top right, there are links for "Español | Other Languages", "Need Larger Text? | Contact Us", and a search bar with a "GO" button. Below the header is a navigation menu with tabs for "Home", "Retirement", "Disability", "Survivors", "SSI", "Medicare", and "Business Services". The "Retirement" tab is highlighted with a red box. Below the navigation menu is a "TOP SERVICES" section with a list of links: "Get or replace a Social Security card", "Apply for benefits", "Apply for Medicare", "Estimate your retirement benefits", "Get extra help with Medicare prescription drug costs", "Learn what you can do online", "Check the status of your application", "Services for people currently receiving benefits", "Request a Social Security Statement", "Get a form", "Get a publication", "Appeal a disability decision", "Services for representative payees, governments, financial planners, human resource managers & third parties", "Research popular baby names", and "Find a Social Security office". A red arrow points to the "Apply for benefits" link. To the right of the "TOP SERVICES" section is a banner for "Retire online It's So Easy!" featuring a woman and the name "Patty Duke". Below the banner are sections for "INFORMATION FOR...", "USEFUL LINKS", and "ABOUT OUR AGENCY". At the bottom right, there is a "HAVE A QUESTION? Find An Answer HERE" section with social media icons and a "WEBINARS" button. The page also features logos for "ECONOMIC RECOVERY ACT", "open gov @SocialSecurity", and "ELECTRONIC RECORDS EXPRESS".

# Applying for Retirement Benefits



Social Security Online

www.socialsecurity.gov

## Retirement Benefit Application

### Welcome to the Social Security Retirement Benefit Application

Form Approved: OMB No. 0960-0618  
Expires 08/31/2011

Thank you for using our online Retirement application.

#### Before you begin...

Before you start applying for benefits, you should read [Using this application](#) in order to understand the information and documents that may be needed.

You may also want to review:

[When to Start Receiving Retirement Benefits](#)

- [Special Instructions For Blind Users](#)
- [Other Ways To Apply](#)
- [Medicare - For people Within 3 Months of Age 65 or Older](#)
- [Help With Medicare Prescription Drug Costs](#)
- [Internet Security Policy](#)
- [Website Policies & Other Important Information](#)
- [Social Security Accessibility Policy](#)

We estimate that it will take between 10 and 30 minutes to read the instructions, gather the facts, and answer the questions, but this will depend on the number of questions you need to answer. The average time is approximately 15 minutes. For more information about estimates, go to the [Paperwork Reduction Act](#).

Before you start your application, we recommend that you get an estimate of your retirement benefit. It will help you to answer some of the questions on the application. You may want to print or save the estimate for use during your application.

[Estimate my Benefit](#)

If you want to finish an application that you already started:

[Continue Application](#)

#### To Start The Application Process...

Please select one of the following. Tell us information about the person completing this application.

- I am applying for myself.
- I am helping someone who wants to apply for benefits and is with me.
- I am helping someone who is not with me, and therefore can not sign the application at this time.

[Privacy Act Statement](#)

I have read the Privacy Act Statement

[Apply For Benefits](#)

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

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- **Social Security number for each applicant**
- **Proof of age** (only if date of birth allegation doesn't match Social Security records)
- **Latest W-2 or self-employment tax return**
- **Earnings estimate**
- **Bank information for direct deposit**
- **Information about marriages/divorces**
- **Information about military or railroad service**

# Who Can Get Survivors Benefits?

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## Your Child if:

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

## 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**

# Widow or Widower Benefit Computation

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- **At full retirement age, 100% of deceased worker's unreduced benefit**
- **At age 60, 71.5% of deceased worker's unreduced benefit**
- **Reduced benefits on one record at age 60, reduced or unreduced benefit on other record at age 62 or older**
- **Full benefits to both widow or widower and divorced widow or widower**

# Your Benefits Can Be Taxable

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- **About 1/3 of people who get Social Security pay income taxes on their benefits.**
- **At the end of each year, you'll receive a *Social Security Benefit Statement* (Form SSA-1099). Use this statement to complete your Federal income tax return to find out if you have to pay taxes on your benefit.**

# Windfall Elimination Provision

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



# Exception to the Windfall Elimination Provision

<b>Years of Social Security Coverage</b>	<b>% of First Factor in Benefit Formula</b>
<b>30 or more</b>	<b>90</b>
<b>29</b>	<b>85</b>
<b>28</b>	<b>80</b>
<b>27</b>	<b>75</b>
<b>26</b>	<b>70</b>
<b>25</b>	<b>65</b>
<b>24</b>	<b>60</b>
<b>23</b>	<b>55</b>
<b>22</b>	<b>50</b>
<b>21</b>	<b>45</b>
<b>20 or fewer</b>	<b>40</b>

➤ **Our Online WEP calculator allows you to estimate your Social Security benefit.**

# Windfall Elimination Provision (WEP) - 2011

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## Normal Computation

**90% of the First \$761**

**32% of the Next \$3,825**

**15% of the Remainder**

## WEP Computation

**40% of the First \$761**

**32% of the Next \$3,825**

**15% of the Remainder**

# Government Pension Offset (GPO)

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**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)

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## 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.**

# Who Can Get Medicare ?

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**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**

**-or-**

**Exposure to Environmental Health Hazards  
(New Legislation)**

# When Can I Sign Up for Medicare Part B?

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## Medicare Enrollment Periods:

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



# Medicare Coverage

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## 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 \$162 per year deductible
- 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 beginning around October 15th through December 7<sup>th</sup>.

# **In 2011, if You Have Medicare Prescription Drug Coverage, the National Standards are:**

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- **You will pay the first \$310 (called an “annual deductible”).**
- **Your drug plan will pay 75% of costs above \$310 up to \$2,830 in drug spending. You will pay only 25% of these costs.**
- **You will pay 100% of the drug costs above \$2,830 until you reach \$4,550 in out-of-pocket spending. Your out-of-pocket spending includes the annual deductible and prescription co-payments. It does not include the monthly premiums you pay for your drug plan.**
- **Medicare will pay about 95% of the costs after you have spent \$4,550.**
- **Sign up**

# For More Medicare Information

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**1-800-MEDICARE**

**(1-800-633-4227)**

**TTY 1-877-486-2048**

**[www.medicare.gov](http://www.medicare.gov)**

# Social Security's Online Services

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## Online Services for before or after you receive benefits

- Retirement Estimator
- Retirement & Disability Applications
- Medicare Online
- Apply for Extra Help With Medicare Drug Plan Costs
- Retirement/Survivors/Disability Planner
- Request a Social Security *Statement*
- Change of Address
- Medicare Card Replacements
- Request a Benefit Verification Letter
- Start or Change Direct Deposit

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

# The Social Security Statement

**Prevent identity theft—protect your Social Security number**  
**Your Social Security Statement**  
Prepared especially for Wanda Worker [www.socialsecurity.gov](http://www.socialsecurity.gov)

January 4, 2010  
See inside for your personal information →

WANDA WORKER  
456 ANYWHERE AVENUE  
MAINTOWN, USA 11111-1111

**What's inside...**  
Your Estimated Benefits ..... 2  
Your Earnings Record ..... 3  
Some Facts About Social Security ..... 4  
If You Need More Information ..... 4  
To Request This Statement in Spanish  
(Para Solicitar Una Declaración en Español) ..... 4

**What Social Security Means To You**

This *Social Security Statement* can help you plan for your financial future. It provides estimates of your Social Security benefits under current law and updates your latest reported earnings. Please read this *Statement* carefully. If you see a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of your *Statement* with your financial records.

**Social Security is for people of all ages...**  
We're more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family after you die.

**Work to build a secure future...**  
Social Security is the largest source of income for most elderly Americans today, but Social Security was never intended to be your only source of income when you retire. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire. Saving and investing wisely are important not only for you and your family, but for the entire country. If you want to learn more about how and why to save, you should visit [www.rrp.money.gov](http://www.rrp.money.gov), a federal government website dedicated to teaching all Americans the basics of financial management.

**About Social Security's future...**  
Social Security is a compact between generations. Since 1935, America has kept the promise of security for its workers and their families. Now, however, the Social Security system is facing serious financial problems, and action is needed soon to make sure the system will be sound when today's younger workers are ready for retirement. In 2016 we will begin paying more in benefits than we collect in taxes. Without changes, by 2037 the Social Security Trust Fund will be exhausted\* and there will be enough money to pay only about 76 cents for each dollar of scheduled benefits. We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations.

**Social Security on the Net...**  
Visit [www.socialsecurity.gov](http://www.socialsecurity.gov) on the Internet to learn more about Social Security. You can read publications, including *When To Start Receiving Retirement Benefits*; use our Retirement Estimator to obtain immediate and personalized estimates of future benefits; and when you're ready to apply for benefits, use our improved online application—It's so easy!

  
Michael J. Astrue  
Commissioner

\* These estimates are based on the intermediate assumptions from the Social Security Trustees' Annual Report to the Congress.

- The *Statement* provides you with estimates of your monthly Social Security retirement, disability, and survivors benefits
- The *Statement* allows you to check your earnings history for accuracy