Social Security is an intergenerational transfer system:

Today’s workers help pay for current retirees’ and other beneficiaries’ benefits, not their own future benefits.

There’s no account set aside with your name and contributions on it.
The Number of Workers per Beneficiary is Decreasing

5 – 1960
3 – 2015
2 – 2035
Social Security Trust Funds Will Be Able to Pay Only About 77 Cents for Each Dollar of Scheduled Benefits after 2033
Value of Inflation Protection

Example: Worker with average pre-retirement income of $30,000
(Retiring at age 66 in 2019)

1st Year of Retirement

* Pension $13,000/50%
* Social Security $13,000/50%
* Inflation 3% per year
### Value of Inflation Protection

**Example continued:**

**Worker with average pre-retirement income of $30,000**

<table>
<thead>
<tr>
<th>Year of Retirement</th>
<th>Pension</th>
<th>Social Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>5th</td>
<td>$13,000/47%</td>
<td>$14,632/53%</td>
</tr>
<tr>
<td>10th</td>
<td>$13,000/43%</td>
<td>$16,962/57%</td>
</tr>
<tr>
<td>20th</td>
<td>$13,000/36%</td>
<td>$22,796/64%</td>
</tr>
</tbody>
</table>
Thinking of Retiring?

- Deciding what is the "right" age to retire
- How working after retirement can affect benefits
- Medicare considerations
Retirement Estimator

• Gives estimates based on your actual Social Security earnings record

• 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;
    • Waiting for a decision about your application for benefits or Medicare;
    • 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.

socialsecurity.gov/estimator
<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
<th>A $1000 retirement benefit taken at age 62 would be reduced by</th>
<th>A $500 spouse benefit taken at age 62 would be reduced by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1954</td>
<td>66</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
<td>25.83%</td>
<td>30.83%</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
<td>26.67%</td>
<td>31.67%</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
<td>27.5%</td>
<td>32.5%</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
<td>28.33%</td>
<td>33.33%</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
<td>29.17%</td>
<td>34.17%</td>
</tr>
<tr>
<td>1960 +</td>
<td>67</td>
<td>30%</td>
<td>35%</td>
</tr>
</tbody>
</table>
What Is the Best Age to Retire?

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

Note: This example assumes a benefit of $1,000 at a full retirement age of 66
What You Can Expect at Full Retirement Age

<table>
<thead>
<tr>
<th>Preretirement % of Earnings</th>
<th>Low Earner</th>
<th>Average Earner</th>
<th>High Earner</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>55%</td>
<td>41%</td>
<td>34%</td>
</tr>
<tr>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SocialSecurity.gov
How Do You Qualify for Retirement Benefits?

• By earning “credits” when you work and pay Social Security taxes

• You need 40 credits (10 years of work) and you must be 62 or older

• Each $1,360 in earnings gives you one credit

• You can earn a maximum of 4 credits per year

Note: To earn 4 credits in 2019, you must earn at least $5,440.00.
How Social Security Determines Your Benefit?

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”
2019 Retirement Benefit Formula

If your average monthly earnings are = $6,500
Then your monthly benefit would be = $2,460

Average Monthly Earnings = $6,500

90% of First................................................................. $926 = $833

32% of Earnings over $926 through $5,583.. $4,657 = $1,490
($5,583-$926=$4,657)

15% of Earnings over $5,583......................... $917 = $137

$6,500  $2,460

*Payments rounded to whole dollar amounts
Windfall Elimination Provision (WEP)

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

WEP can apply if:

- You reached 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you didn’t pay Social Security taxes after 1985.

socialsecurity.gov/planners/retire/wep.html
Windfall Elimination Provision

Social Security is not a pension plan but a Social Insurance plan. As such, it has “social” goals, among which is to:

Raise the standard of living for lower income workers.
How We Do This

• Windfall Elimination Provision is a weighted benefit formula

• Lower income workers receive a higher rate of return
Non-Covered Earnings Skew Formula

The addition of all the “zero” years give non-covered earners an artificially low average wage, which skews the computation of benefits to provide a higher rate of return.
### Windfall Elimination Provision (WEP)

<table>
<thead>
<tr>
<th>Normal Computation</th>
<th>WEP Computation</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% of the First $926</td>
<td>40% of the First $926</td>
</tr>
<tr>
<td>32% of the Next $5,583</td>
<td>32% of the Next $5,583</td>
</tr>
<tr>
<td>15% of the Remainder</td>
<td>15% of the Remainder</td>
</tr>
</tbody>
</table>

The average reduction is $280 a month
The maximum reduction possible is $463.00 a month
## Windfall Elimination Provision (WEP)

<table>
<thead>
<tr>
<th>Years of Social Security Coverage</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>
</tr>
<tr>
<td>26</td>
<td>70</td>
</tr>
<tr>
<td>25</td>
<td>65</td>
</tr>
<tr>
<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>
2017 Retirement Benefit
WEP Computation Example

If your average monthly earnings are = $6,500
Then your monthly benefit would be = $1,997

Average Monthly Earnings = $6,500

- 40% of First ....................................................... $926 = $370
- 32% of Earnings over $926 through $5,583.. $4,657 = $1,490
  ($5,583-$926=$4,657)
- 15% of Earnings over $5,583 ........................ $917 = $137

$6,500  $1,997

*Payments rounded to whole dollar amounts
Spousal Benefits

- 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 the worker
Benefits for Divorced Spouses

If you are divorced, and your marriage lasted 10 years or longer, you can receive benefits on your ex-spouse's record (even if he or she has remarried) if:

• You are unmarried;
• You are age 62 or older;
• Your ex-spouse is at least age 62 or entitled to disability benefits; and
• The benefit you are entitled to receive based on your own work is less than the benefit you would receive based on your ex-spouse's work.
Due to a change in the law, deemed filing now applies to anyone whose 62nd birthday is after January 1, 2016.

socialsecurity.gov/planners/retire/deemedfaq.html
If you take your retirement benefit and then ask (on or after April 30, 2016) to suspend it to earn delayed retirement credits, your spouse or dependents (excluding divorced spouses) generally will not be able to receive benefits on your Social Security record while your own benefits are suspended.
Government Pension Offset

• A type of benefit reduction that may affect some spouses and widows or widowers

• If you receive a government pension based on work not covered by Social Security, your SS spouse’s or widow(er)’s benefits may be reduced.

socialsecurity.gov/gpo
Government Pension Offset

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

Examples:
$1200 Non-covered Pension
2/3 = $800

If Social Security spouse’s or widow(ér)’s benefit = $750, no benefit payable due to offset

If Social Security spouse’s or widow(ér)’s benefit =$1000, $200 would be payable after offset

socialsecurity.gov/gpo
Key to Understanding GPO

• Applies to dependent benefits (spouse or widow)

• Consider our history of spouse’s benefits under Social Security

socialsecurity.gov/planners/retire/deemedfaq.html
Social Security: Yesterday

- One spouse worked
- The other spouse did not work outside the home
- One received a Social Security check
- The other received a “dependent” spouse benefit

socialsecurity.gov/planners/retire/deemedfaq.html
Both spouses work and pay into Social Security (or a non-covered pension plan)

Since both work, neither is "dependent"
Before “GPO”

• If both spouses worked and paid into Social Security, they did not receive a “dependent” benefit

• If one spouse was a non-covered employee...They received their own non-covered pension AND a “dependent” Social Security benefit

socialsecurity.gov/planners/retire/deemedfaq.html
GPO Ensures Fairness

- GPO treats covered and non-covered workers the same way
- The rule states you cannot get a dependent benefit unless you are dependent.

socialsecurity.gov/planners/retire/deemedfaq.html
Section 418 of Public Law (P.L.) 108-203 eliminated the “last day” GPO exemption and established a new GPO exemption for claims filed April 1, 2004 or later. The new exemption requires that the last 60 months of a person’s government service before retirement be covered by both Social Security and the pension plan.

socialsecurity.gov/planners/retire/deemedfaq.html
## Working While Receiving Benefits

<table>
<thead>
<tr>
<th>If you are</th>
<th>You can make up to</th>
<th>If you earn more, some benefits will be withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Full Retirement Age</td>
<td>$17,640/yr. ($1,420/mo.)</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>The Year Full Retirement Age is Reached</td>
<td>$46,920/yr. ($3,780/mo.)</td>
<td>$1 for every $3</td>
</tr>
<tr>
<td>Month of Full Retirement Age and Above</td>
<td>No Limit</td>
<td>No Limit</td>
</tr>
</tbody>
</table>

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.
Applying for Benefits

3 options available to apply:

- Online at www.ssa.gov
- By phone 1-800-772-1213
- At our office

*You choose the most convenient option for you!*

*Note:* Supplemental Security Income (SSI), child and survivor claims can only be done by phone or in a field office (not online) at this time. We are developing an online SSI application.
What will you need when applying for your Social Security benefits?

- Social Security number for each applicant
- Proof of age
- Bank Information for direct deposit
- Information about marriages/divorces
- Information about military or railroad service
When you pass away, your surviving spouse can:

- Receive 100% of your full benefit if full retirement age; or
- Receive 71.5% of your full benefit at age 60 or as early as age 50 if disabled
- Claim survivor benefits at any age between 60 and full retirement age.
If you begin receiving benefits as a widow prior to your own retirement, you can switch to retirement as early as age 62 if that benefit is higher than your widows benefit.
Other Survivor Benefits

• Your child if not married and under age 18 (under 19 if still in high school) or disabled before age 22

• Widow or widower at any age if caring for a child under age 16 or disabled

• Divorced widows/widowers who were married to the deceased at least 10 years prior to divorce

• Lump Sum Death Payment

socialsecurity.gov/survivors
Auxiliary Benefits for Children under 18

A child must have:

• A parent who’s disabled or retired and entitled to Social Security benefits; or
• A parent who died after having worked long enough in a job where they paid Social Security taxes.

The child must also be:

• Unmarried;
• Younger than age 18;
• 18-19 years old and a full-time student (no higher than grade 12); or
• 18 or older and disabled. (The disability must have started before age 22.)
Social Security Disability Insurance (SSDI)

The SSDI program pays monthly benefits to you and to certain members of your family if:

- You have worked long enough, recently enough, and

- You have a medical condition that has prevented you from working – or is expected to prevent you from working – at a substantial level for at least 12 months, or your medical condition is expected to end in death.
How Do You Qualify for Disability Benefits?

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

• For workers under age 31 less work is required
  – Must have paid Social Security taxes for half the time since age 21

Example: Age 24  Paid Social Security Taxes 1 ½ years
          Age 29  Paid Social Security Taxes 4 years
Supplemental Security Income (SSI)

Social Security administers the Supplemental Security Income program, which pays benefits to disabled adults and children who have limited income and resources.

SSI benefits also are payable to adults age 65 and older who do not have disabilities, if these individuals meet the financial limits.

People who have worked long enough, recently enough, may be able to receive Social Security benefits – such as disability or retirement – as well as SSI.
# SSDI vs. SSI

<table>
<thead>
<tr>
<th>Social Security Disability Insurance</th>
<th>Supplemental Security Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments come from the Social Security trust funds and are based on a person’s earnings.</td>
<td>Payments come from the general treasury fund, NOT the Social Security trust funds. SSI payments are not based on a person’s earnings.</td>
</tr>
<tr>
<td>An insurance that workers earn by paying Social Security taxes on their wages.</td>
<td>A needs-based public assistance program that does not require a person to have work history.</td>
</tr>
<tr>
<td>Pays benefits to disabled individuals who are unable to work, regardless of their income and resources.</td>
<td>Pays disabled individuals who are unable to work AND have limited income and resources.</td>
</tr>
<tr>
<td>Benefits for workers and for adults disabled since childhood. Must meet insured status requirements.</td>
<td>Benefits for children and adults in financial need. Must have limited income and limited resources.</td>
</tr>
</tbody>
</table>
No one pays federal income tax on more than 85 percent of his or her Social Security benefits, based on Internal Revenue Service (IRS) rules. Visit IRS.gov and search for Publication 554, Tax Guide for Seniors, and Publication 915, Social Security And Equivalent Railroad Retirement Benefits.

Taxation of Social Security Benefits

If you:

- **file a federal tax return as an "individual"** and your combined income* is
  - between $25,000 and $34,000, you may have to pay income tax on up to 50 percent of your benefits.
  - more than $34,000, up to 85 percent of your benefits may be taxable.

- **file a joint return**, and you and your spouse have a combined income* that is
  - between $32,000 and $44,000, you may have to pay income tax on up to 50 percent of your benefits.
  - more than $44,000, up to 85 percent of your benefits may be taxable.

- **are married and file a separate tax return**, you probably will pay taxes on your benefits.

Your adjusted gross income + Nontaxable interest + ½ of your Social Security benefits = Your "combined income"

No one pays federal income tax on more than 85 percent of his or her Social Security benefits, based on Internal Revenue Service (IRS) rules.
Requests to Withdraw an Application

Individuals who file for benefits are allowed to withdraw an application for benefits within specific time frames.

• At any time before your application is processed to completion or
• If your application was processed, within 12 months of the first month of entitlement and
• All benefits paid to you have been refunded back to SSA

Note: Beneficiaries are only entitled to one retirement application withdrawal per lifetime.
Medicare Eligibility

- Age 65
- ALS
- Kidney failure
- Environmental health hazard exposure
- After 24 months of SSDI
Medicare Enrollment

Initial Enrollment Period
Begins 3 months before your 65th birthday and ends 3 months after that birthday

General Enrollment Period
January 1 – March 31

Special Enrollment Period
If 65 or older and covered under a group health plan based on your – or your spouse’s – current work.
Medicare

Part A = Hospital Insurance

Part B = Medical Insurance

Part C = Medicare Advantage Plans

Part D = Prescription Drug Plans

Visit Medicare.gov for details
Income Related Monthly Adjustment Amount (IRMAA) for Medicare Part B

The Federal government subsidizes the Medicare Part B program. Most Part B enrollees pay a monthly premium representing about 25% of the estimated actual cost. Since January 2007, 4 to 5% of enrollees have paid more for their monthly Part B premiums because their annual modified adjusted gross income (MAGI) is over certain levels. Your MAGI from the previous 2 years is used to calculate your current Medicare Part B premium.
The standard Part B premium for 2019 is $135.50.
If you’re single and file an individual tax return, or married and file a joint tax return:

<table>
<thead>
<tr>
<th>Modified Adjusted Gross Income</th>
<th>Part B monthly premium amount</th>
<th>Prescription drug coverage monthly premium amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals with a MAGI of $85,000 or less</td>
<td>2019 standard premium $135.50</td>
<td>Your plan premium</td>
</tr>
<tr>
<td>Married couples with a MAGI of $170,000 or less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $85,000 up to $107,000</td>
<td>Standard premium + $54.10</td>
<td>Your plan premium + $12.40</td>
</tr>
<tr>
<td>Married couples with a MAGI above $170,000 up to $214,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $107,000 up to $133,500</td>
<td>Standard premium + $135.40</td>
<td>Your plan premium + $31.90</td>
</tr>
<tr>
<td>Married couples with a MAGI above $214,000 up to $267,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $133,500 up to $160,000</td>
<td>Standard premium + $216.70</td>
<td>Your plan premium + $51.40</td>
</tr>
<tr>
<td>Married couples with a MAGI above $267,000 up to $320,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $160,000 to $500,000</td>
<td>Standard premium + $297.90</td>
<td>Your plan premium + $70.90</td>
</tr>
<tr>
<td>Married couples with a MAGI above $320,000 to $750,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Income Related Monthly Adjustment Amount (IRMAA) – Life Changing Event

You can ask for a new initial determination using the MAGI from a more recent tax year if you have experienced one the Qualifying Life Changing Events listed below:

➢ Work Reduction
➢ Work Stoppage
➢ Death of Spouse
➢ Marriage
➢ Divorce or Annulment
➢ Loss of Income Producing Property
➢ Reduction or Loss of Pension Income
➢ Employer Settlement Payment
Medicare & Non-Covered Pension

➢ Even if you are not paying Social Security tax, most of you are paying Medicare tax.

➢ Even if Social Security is reduced because of WEP, Medicare is unchanged.

➢ For those who do not pay Medicare tax, you may be eligible on a spouse’s Social Security earnings record.
For More Medicare Information

1-800-MEDICARE
(1-800-633-4227)
TTY 1-877-486-2048

www.medicare.gov
If you do **not** receive benefits, you can:

- Request a replacement Social Security card if you meet certain requirements;
- Check the status of your application or appeal;
- 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.
If you receive benefits or have Medicare, you can:

- Request a replacement Social Security card if you meet certain requirements;
- 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;
- Request a replacement Medicare card; and
- Get a replacement SSA-1099 or SSA-1042S for tax season.
How to open a *my* Social Security account

1. Visit socialsecurity.gov/myaccount
2. Select: Sign In or Create an Account
3. Provide some personal information to verify your identity.
4. Choose a “username” and “password” to create your account.
socialsecurity.gov/estimator
Why Apply Online?

➢ Step-by-step help screens guide you through questions;
➢ Apply from any computer at your own pace;
➢ Start and stop at any time—return later to finish;
➢ A relative, friend, or caregiver can help; and
➢ Online application is secure.
Applying for Retirement Benefits
Applying Online for Disability Benefits

➢ Social Security offers an online application for adults to apply for disability benefits.

➢ It’s the most convenient way to apply.
Three Steps to Applying Online for Disability

➢ Complete the online disability benefits application
➢ Complete the online adult disability report
➢ Electronically sign and submit the Authorization to Disclose Information to SSA form (SSA-827)
Questions?

If you have questions, a valuable resource on our website is our “FAQs”

or

Call Social Security toll-free at

1-800-772-1213
TTY 1-800-325-0778

7 am – 7 pm Monday – Friday
Automated Phone Service 24/7
Thank You!
Q&A session