



SOCIAL SECURITY



Presentation

- Social Security History
- Social Security Benefits and Eligibility
- Windfall Elimination program and Government Pension offset
- Medicare and enrollment periods
- Online Services

History - Social Security's Programs

1935

**Retirement
Insurance**

1939

**Survivors
Insurance**

1956

**Disability
Insurance**

Other Programs

1965

Medicare

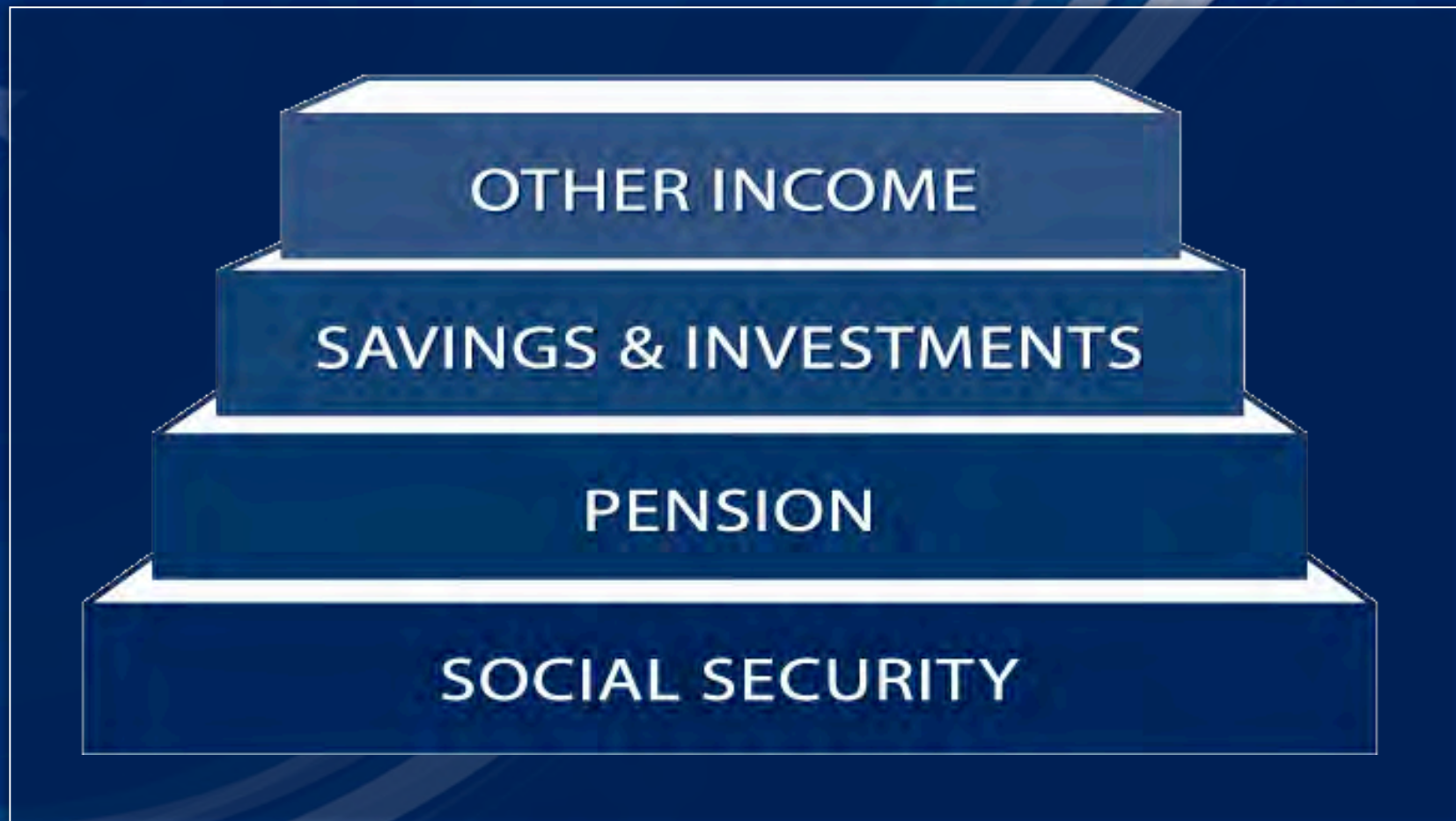
1972

**Supplemental
Security
Income**

2003

**Medicare
Part D**

A Foundation for Planning Your Future



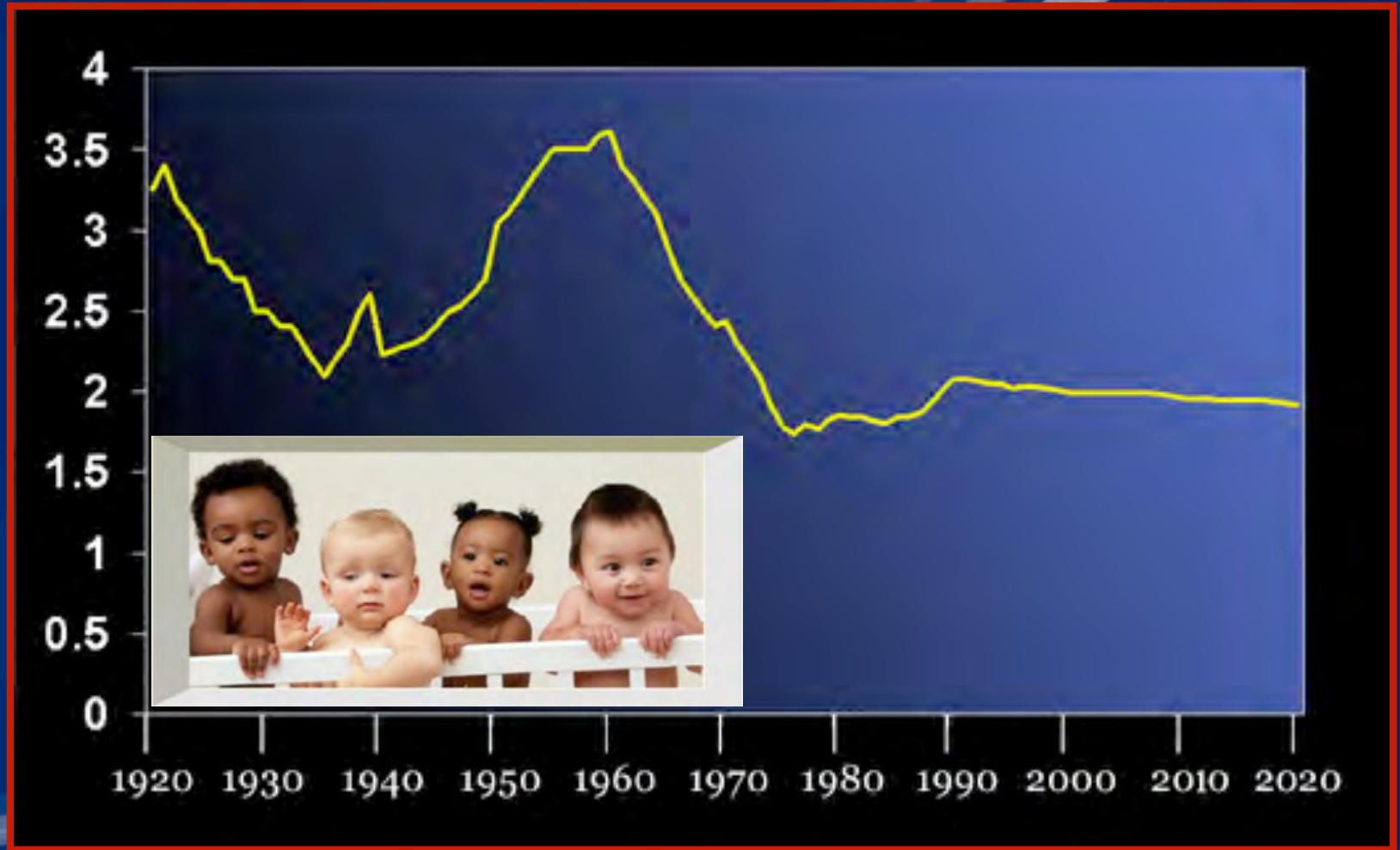
Save for a Secure Future

Social Security is the foundation
for a comfortable 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*.

U.S. Birth Rate 1920-2020

Children Per Woman



The Number of Workers per Beneficiary is Decreasing

5

1960

3

2008

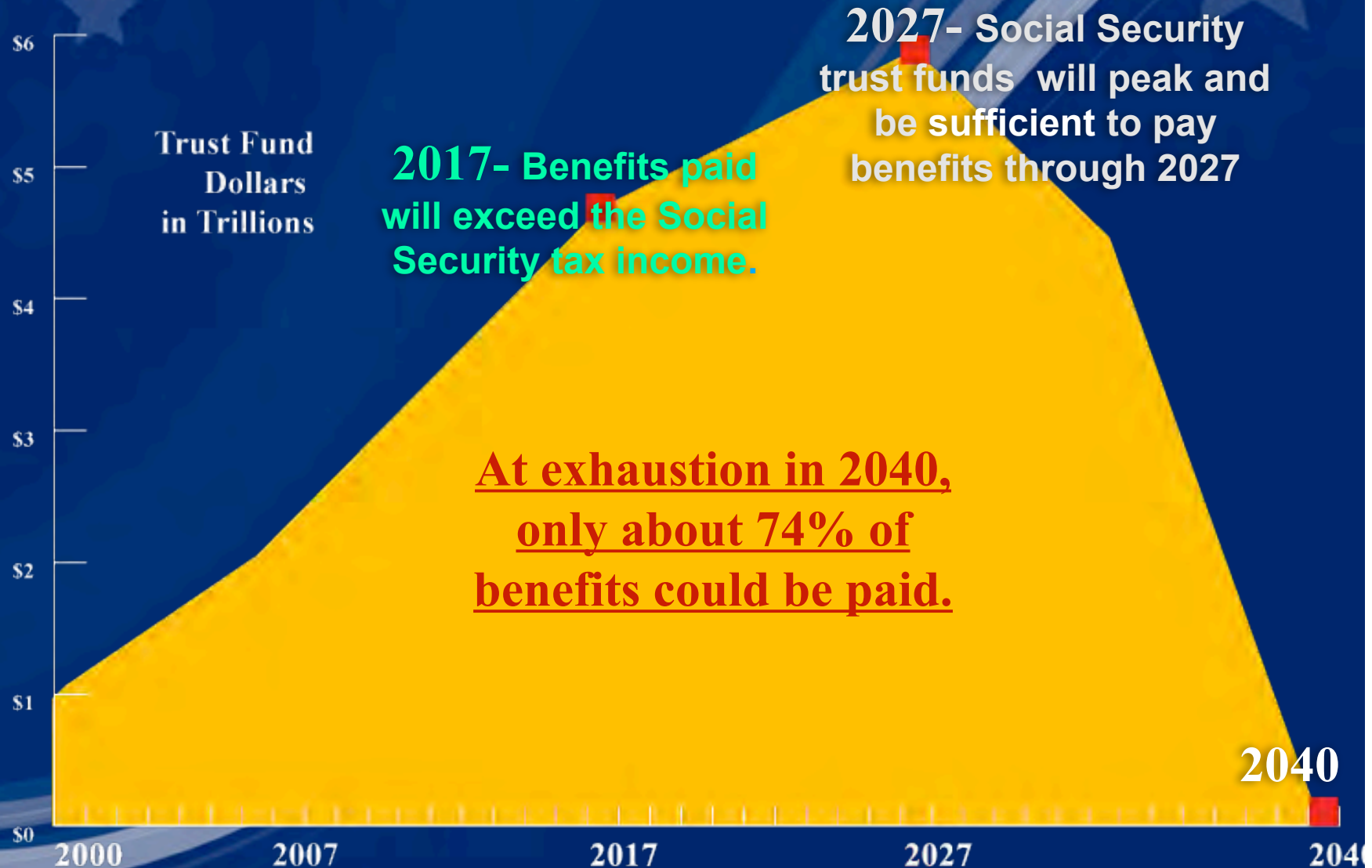
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2030

Life Expectancy for Those Age 65 Today

	Men	Women
U.S. Population	81	85
White	80	84
African Americans	79	83
Hispanic	85	88
Asian	84	88
American Indians	84	88

In 2017, Social Security Will Begin Paying More in Benefits Than is Collected in Taxes



You Need to Work to Earn Social Security Credits

- Each \$1,090 in earnings gives you one credit
- You can earn a maximum of 4 credits per year
- Example: To earn 4 credits in 2009, you must earn at least \$4,360. Earning 40 credits throughout your working life will qualify you for a retirement benefit



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(about 25% less than waiting until your full retirement age)
 - 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(8% per year if you were born in 1943 or later)

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

- **Your spouse at age 62**
- **At any age if caring for child under 16 or disabled**
- **Divorced spouses may qualify(10 yr marriage duration required)**
- **Your Child not married under 18
(under 19 if still in high school)**
- **Not married and disabled before age 22**

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

How Social Security Determines Your Benefit

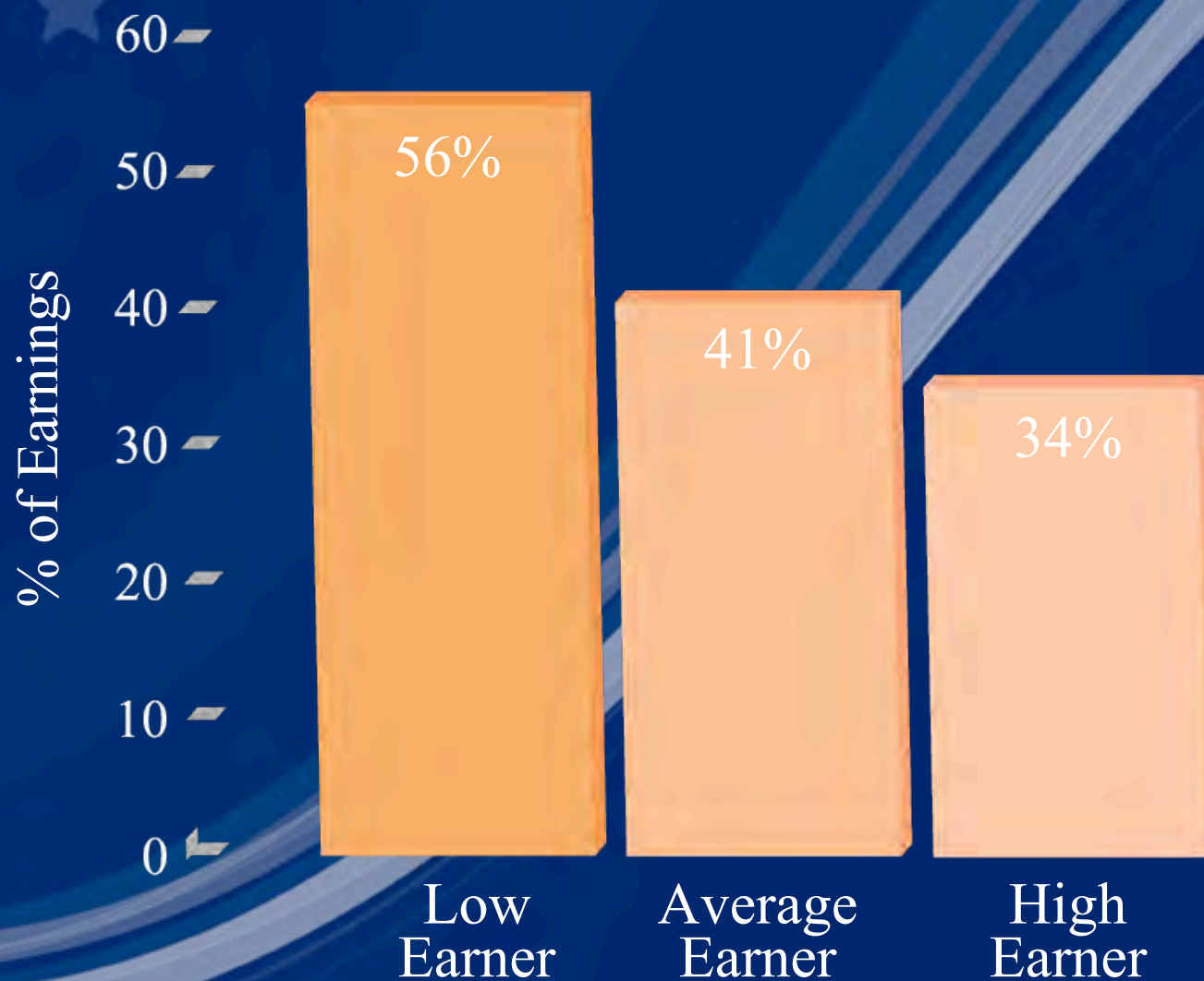
- **Social Security benefits are based on earnings**
 - **Step 1**
 - Your wages are adjusted for changes in wage levels
 - **Step 2**
 - Find the monthly average of your 35 highest earnings years
 - **Step 3**
 - Result is “average indexed monthly earnings”

Retirement Benefit Computation Example

If your average monthly earnings are = \$5,200
Then your monthly benefit would be = \$1,919

Average Monthly Earnings	\$5,200		
90% of First	\$711	=	\$639
32% of Earnings over \$711 through \$4,288 ($\$4,288 - \$711 = \$3,577$)	\$3,577	=	\$1,144
15% of Earnings over \$4,288 ($\$5,200 - \$4,288 = \912)	\$912	=	\$136
	<hr/>		<hr/>
	\$5,200		
\$1,919			

What You Can Expect 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.**

Windfall Elimination Provision (WEP) - 2008

Normal Computation	<i>WEP Computation</i>
90% of the First \$711	<u>40% of the first \$711</u>
32% of the Next \$3,577	32% of the next \$3,577
15% of the Remainder	15% of the remainder

Exception to the Windfall Elimination Provision

Years of Coverage Formula	% of First Factor in Benefit
--------------------------------------	---

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

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 benefits



Example:

\$900 of government pension $2/3 = \$600$

Social Security spouse's benefits = \$500

No cash benefit payable by Social Security

You Can Work & Still Receive Benefits



If You Are	You Can Make Up To	If You Make More, Some Benefits Will Be Withheld
Under Full Retirement Age	\$14,160yr.(\$1,180/mo.)	\$1 for every \$2
The Year Full Retirement Age is Reached	\$37,680yr (\$3,140/mo.)	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit

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

- **Proof of age (birth certificate)**
- **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?

Widow or Widower:

- **Reduced benefits at age 60 (71.5 %)**
- **If disabled as early as age 50**
- **At any age if caring for child under 16 or disabled**
- **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**

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



Supplemental Security Income

Who Can Get SSI?

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

Who Can Get Disability Benefits?

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



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)

When Can I Sign Up for Medicare?



- **Medicare Enrollment Periods:**
 - Initial - at age 65
 - Special - if still working
 - General - January-March

Medicare Coverage

Part A Hospital Insurance

- **Covers most inpatient hospital expenses.**
2009 Deductible \$1,068

Part B Supplementary Medical Insurance

- **Covers 80% doctor bills & other outpatient medical expenses after 1st \$135 in approved charges.**
2009 Monthly Premium \$96.40

Part D Medicare Prescription Drug Plan

- **Covers a major portion of prescription drug costs for Medicare beneficiaries.**
2009 average Monthly Premium \$27.93

Extra Help Could Further Reduce Medicare Prescription Drug Costs

Extra help is available for low income beneficiaries to pay for part of the Medicare Part D monthly premiums, annual deductibles and prescription co-payments. The extra help could be worth more than \$3,600 per year.

Go online to *www.socialsecurity.gov* to apply for extra help.

For More Medicare Information

1-800-MEDICARE

(1-800-633-4227)

TTY 1-877-486-2048

www.medicare.gov

What Should You Do to Prepare for Your Retirement?

Get estimates of benefits using different retirement ages and wage estimates



www.socialsecurity.gov

Social Security's Online Services



- Retirement & Disability Applications
- Retirement Estimator
- Online WEP and GPO Calculator
- Apply for Extra Help for Part D drug RX
- Retirement/Survivors/Disability Planner
- Request a *Statement*
- Change of Address
- Medicare Card Replacements
- Request a Benefit Verification Letter
- Start or Change Direct Deposit

The *Social Security Statement*



The Social Security Statement



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

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
<u>Your Earnings Record</u>	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

Social Security Means To You

CLOSING

Resources:



www.socialsecurity.gov

**1-800-MEDICARE
(1-800-633-4227)
TTY 1-877-486-2048
www.medicare.gov**

Thank you all for coming!

Questions?

