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

- Social Security
- Pension
- Savings & Investments
- Other Income
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
The Number of Workers per Beneficiary is Decreasing

1960: 5
2008: 3
2030: 2
## Life Expectancy for Those Age 65 Today

<table>
<thead>
<tr>
<th>Population</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Population</td>
<td>81</td>
<td>85</td>
</tr>
<tr>
<td>White</td>
<td>80</td>
<td>84</td>
</tr>
<tr>
<td>African Americans</td>
<td>79</td>
<td>83</td>
</tr>
<tr>
<td>Hispanic</td>
<td>85</td>
<td>88</td>
</tr>
<tr>
<td>Asian</td>
<td>84</td>
<td>88</td>
</tr>
<tr>
<td>American Indians</td>
<td>84</td>
<td>88</td>
</tr>
</tbody>
</table>
In 2017, Social Security Will Begin Paying More in Benefits Than is Collected in Taxes

At exhaustion in 2040, only about 74% of benefits could be paid.

2017- Benefits paid will exceed the Social Security tax income.

2027- Social Security trust funds will peak and be sufficient to pay benefits through 2027.
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

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937 or earlier</td>
<td>65</td>
</tr>
<tr>
<td>1938</td>
<td>65 &amp; 2 months</td>
</tr>
<tr>
<td>1939</td>
<td>65 &amp; 4 months</td>
</tr>
<tr>
<td>1940</td>
<td>65 &amp; 6 months</td>
</tr>
<tr>
<td>1941</td>
<td>65 &amp; 8 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 &amp; 10 months</td>
</tr>
<tr>
<td>1943 – 1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 &amp; 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 &amp; 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 &amp; 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 &amp; 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 &amp; 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67</td>
</tr>
</tbody>
</table>
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”
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 $3,577 = $1,144
($4,288-$711=$3,577)
15% of Earnings over $4,288 $912 = $136
($5,200-$4,288=$912)

$1,919
What You Can Expect at Full Retirement Age

<table>
<thead>
<tr>
<th>% of Earnings</th>
<th>Low Earner</th>
<th>Average Earner</th>
<th>High Earner</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>56%</td>
<td>41%</td>
<td>34%</td>
</tr>
</tbody>
</table>
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

90% of the First $711
32% of the Next $3,577
15% of the Remainder

WEP Computation

40% of the first $711
32% of the next $3,577
15% of the remainder
## Exception to the Windfall Elimination Provision

<table>
<thead>
<tr>
<th>Years of Coverage</th>
<th>% of First Factor in Benefit</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>
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<tr>
<td>26</td>
<td>70</td>
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<tr>
<td>25</td>
<td>65</td>
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<tr>
<td>24</td>
<td>60</td>
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<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 less</td>
<td>40</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>If You Are</th>
<th>You Can Make Up To</th>
<th>If You Make More, Some Benefits Will Be Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Full Retirement Age</td>
<td>$14,160 yr ($1,180/mo.)</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>The Year Full Retirement Age is Reached</td>
<td>$37,680 yr ($3,140/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>

The Year Full Retirement Age is Reached: $37,680 yr ($3,140/mo.)

Month of Full Retirement Age and Above: 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 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.
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

Your Social Security Statement
Prepared especially for Wanda Worker

Prevent identity theft—protect your Social Security number

What's inside...
- Your Estimated Benefits
- Your Earnings Record
- Some Facts About Social Security
- If You Need More Information
- To Request This Statement In Spanish

Social Security Means To You
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?