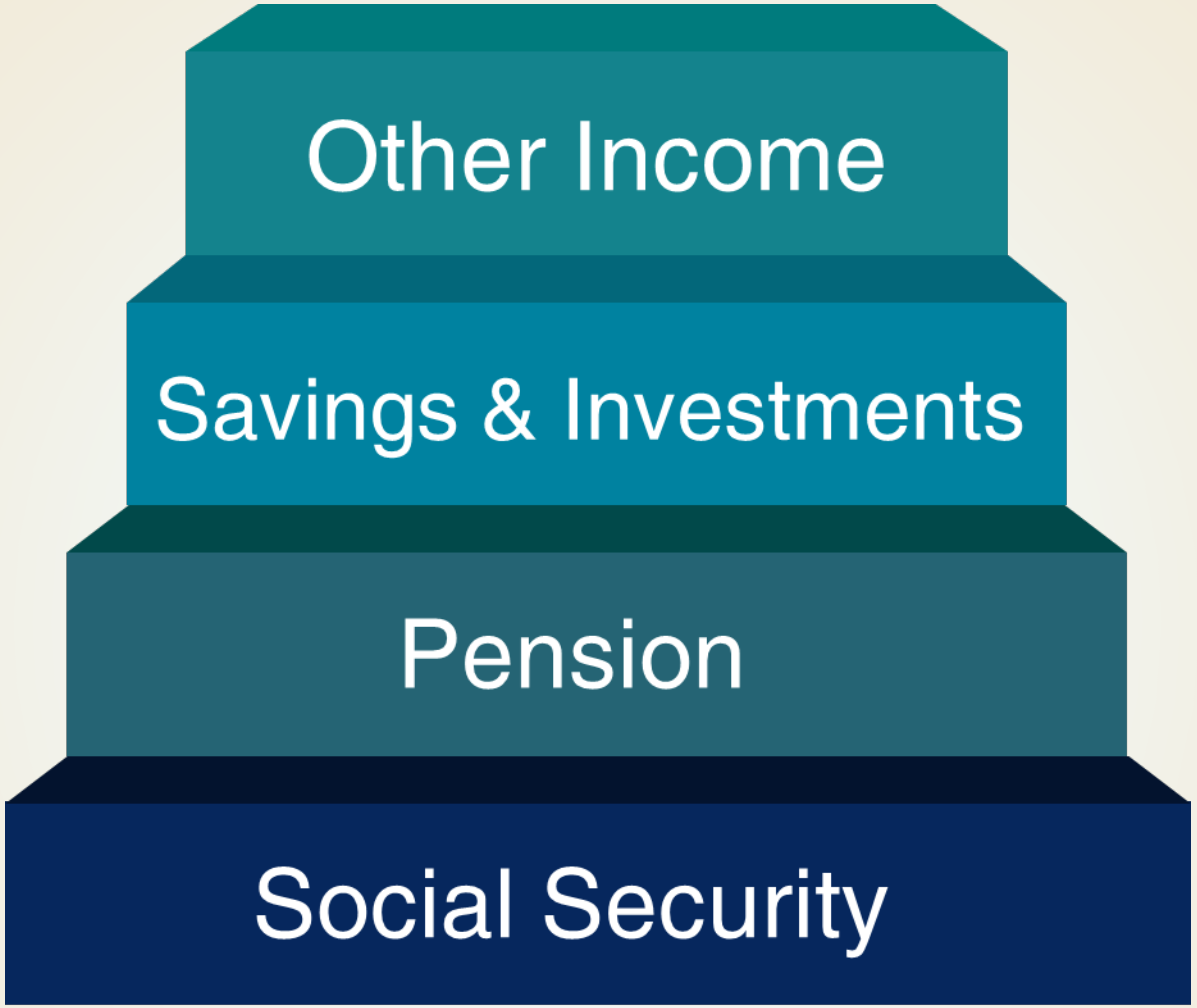
Social Security:
With You Through Life's Journey…

Securing today
and tomorrow

Produced at U.S. taxpayer expense


Other Income
Savings & Investments
Pension
Social Security

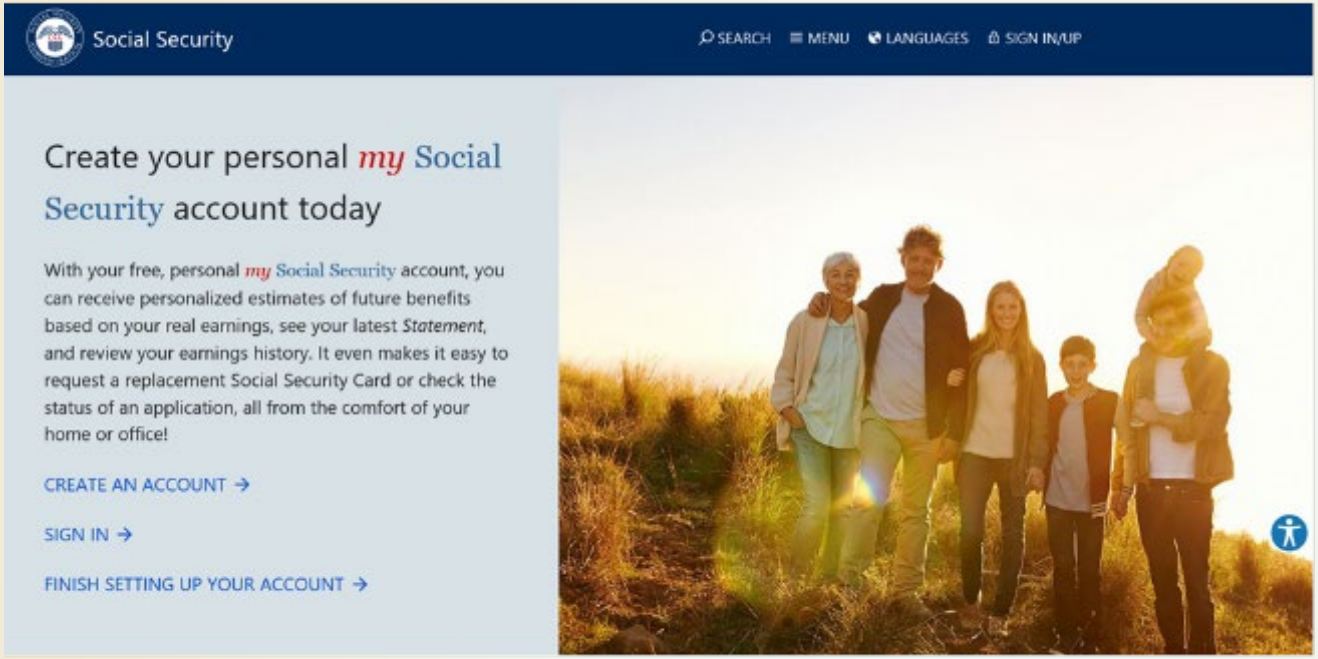
What is FICA?

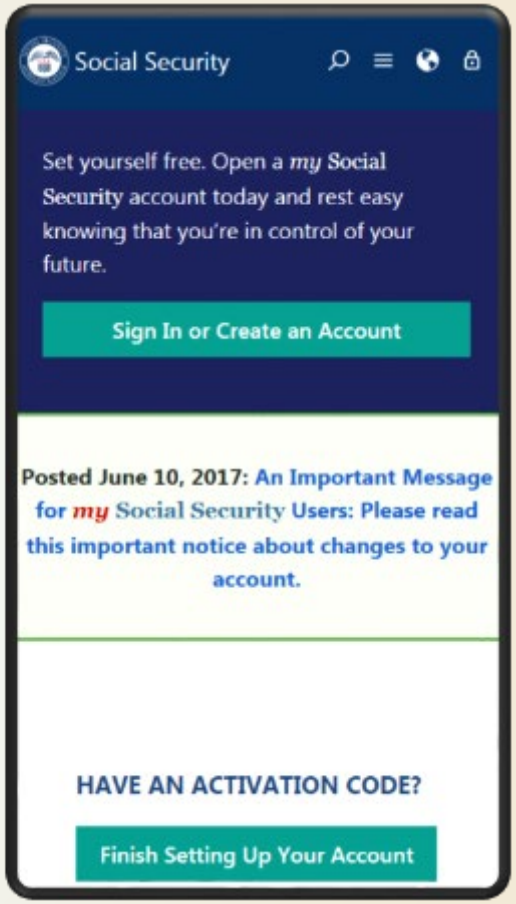
- Stands for Federal Insurance Contributions Act
  - May show on paycheck as OASDI or Social Security
- Federal payroll tax deducted from workers' paychecks, matched by employer, and reported by employer to IRS
- Total FICA tax = 15.3% of gross wages. You and your employer each pay 7.65%
  - 6.2% for Social Security
  - 1.45% for Medicare
- FICA taxes help fund Social Security retirement, disability, survivor benefits and Medicare health insurance

Social Security in the Future

- The two Social Security trust funds – Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) will be able to pay all benefits in full and on time until 2035.
- The trust funds have reached the brink of asset reserve depletion in the past, but Congress made substantial modifications to avoid this.
- If Congress does not act before 2035, the trust funds will still be able to pay 80 percent of each benefit due.

my Social Security





ssa.gov/myaccount

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 $1,510 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

Note: To earn 4 credits in 2022, you must earn at least $6,040.

ssa.gov/planners/credits.html

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”

ssa.gov/OACT/COLA/Benefits.html

2022 Retirement Benefit Formula

If your average monthly earnings are = $7,000

Then your monthly benefit would be = $2,693

Average Monthly Earnings = $7,000

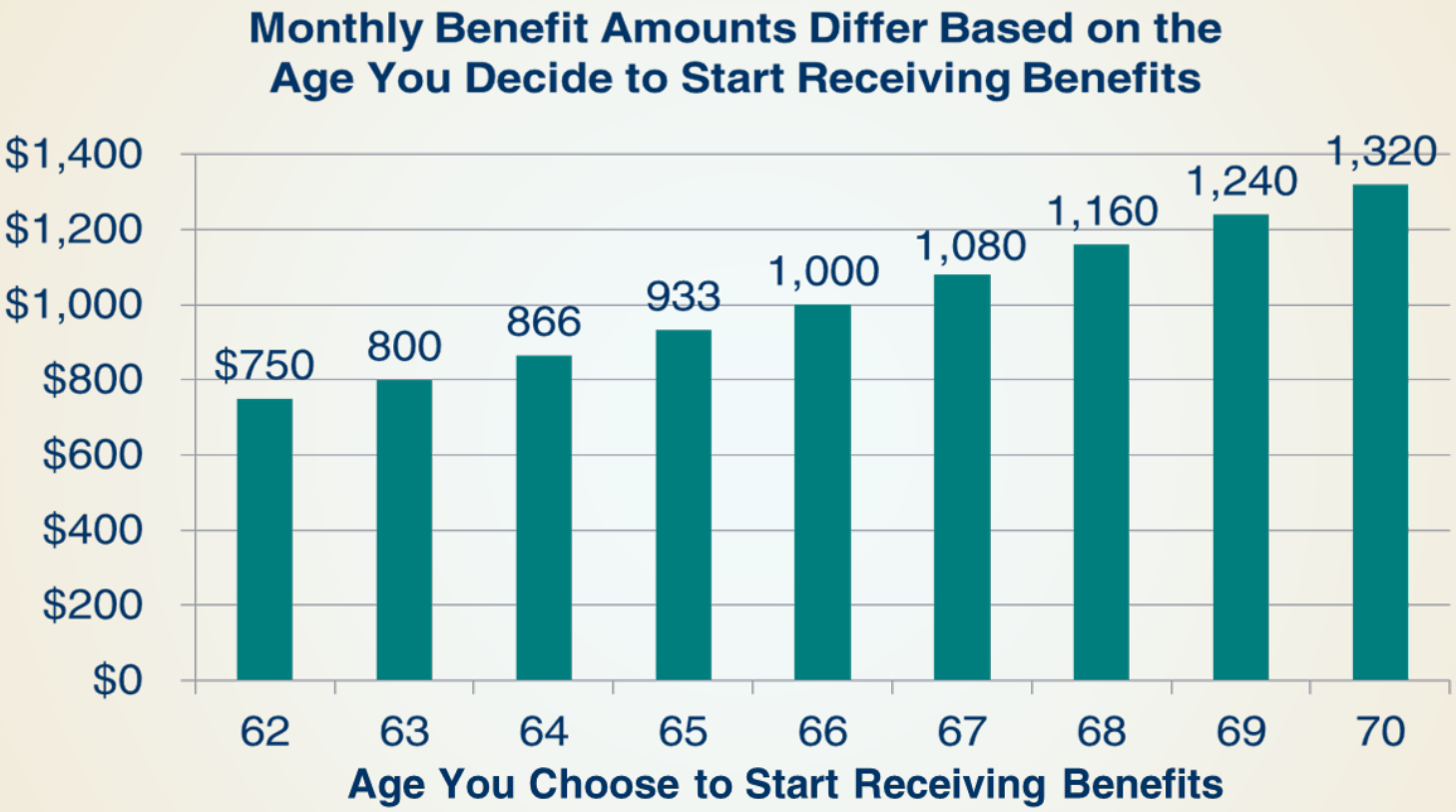
90% of First.....	**$1,024** is	**$922**
32% of Earnings over $1,024 through $6,172... (**$6,172 - $1,024 = $5,148**)	**$5,148** is	**$1,647**
15% of Earnings over $6,172.....	**$828** is	**$124**
		$7,000 is $2,693

**Payments rounded to whole dollar amounts*

Year of Birth	Full Retirement Age	A $1000 retirement benefit taken at age 62 would be reduced by	A $500 spouse benefit taken at age 62 would be reduced by
1943-1954	66	25%	30%
1955	66 and 2 months	25.83%	30.83%
1956	66 and 4 months	26.67%	31.67%
1957	66 and 6 months	27.5%	32.5%
1958	66 and 8 months	28.33%	33.33%
1959	66 and 10 months	29.17%	34.17%
1960 +	67	30%	35%

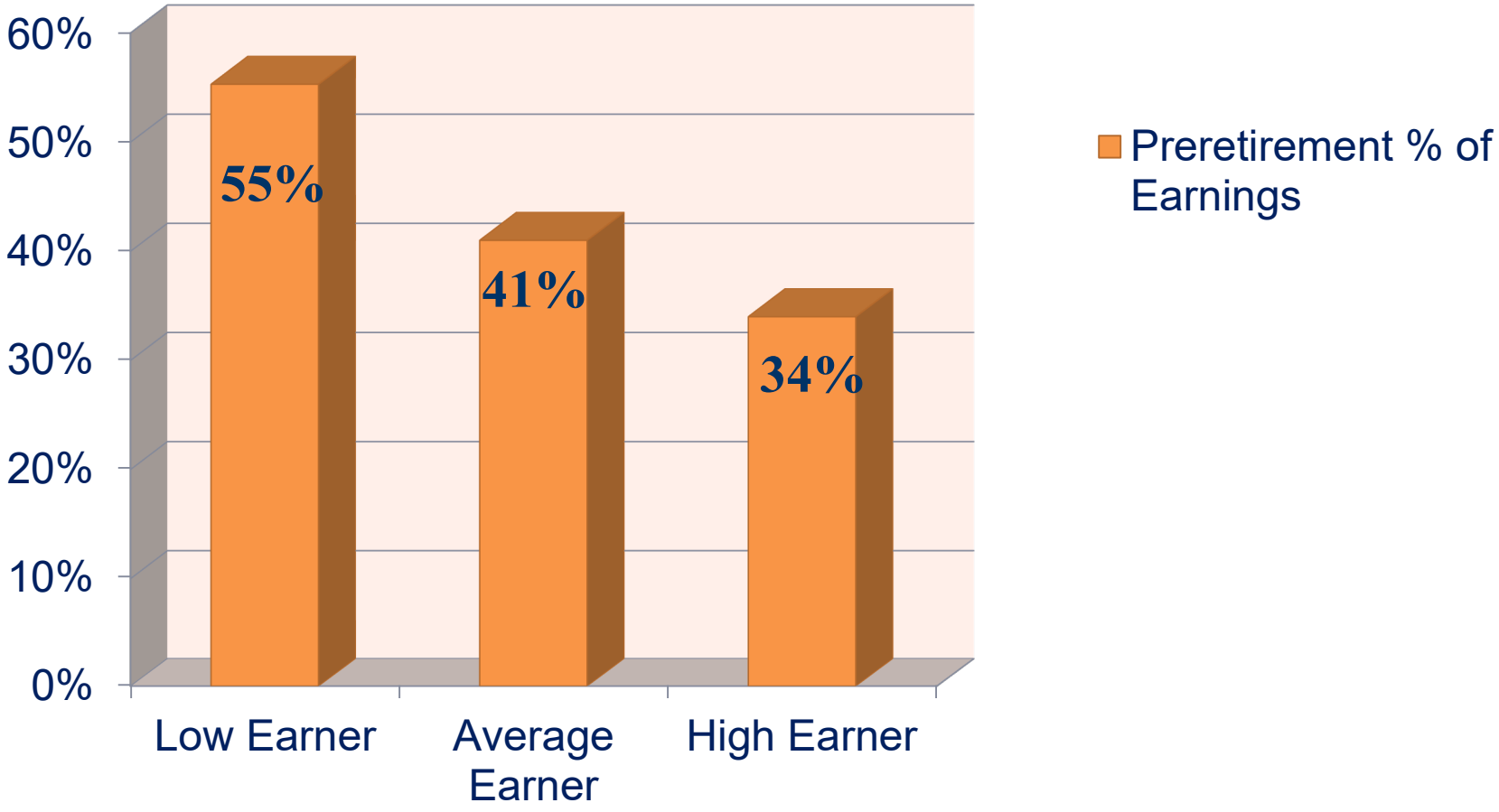
ssa.gov/oact/quickcalc/earlyretire.html

What Is the Best Age to Start Receiving Social Security Retirement 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



Windfall Elimination Provision (WEP)

Normal Computation	WEP Computation
90% of the first $1,024	**40%** of the first $1,024
32% of the next $5,148	32% of the next $5,148
15% of the remainder	15% of the remainder

Max WEP reduction for someone who turns 62 in 2022 is $512/month

Exception to the WEP

Years of Substantial Earnings	% 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 fewer	40

Benefits for a Spouse

- Maximum benefit = 50% of worker's unreduced benefit
- Reduction for early retirement
- If spouse's own benefit is less than 50% of the worker's, they will be combined to equal to 50% of the worker's
- Does not reduce payment to the worker
- Benefit is unreduced if spouse is caring for worker's child younger than age 16 or disabled
- Spouse benefits are not payable until worker collects

ssa.gov/planners/retire/yourspouse.html

Benefits for Divorced Spouses

You may receive benefits on your former spouse's record (even if he or she has remarried) if:

- Marriage lasted at least 10 years
- You are unmarried
- You are age 62 or older
- Your ex-spouse is at least 62 and eligible for Social Security retirement or disability benefits, even if not collecting
- Benefit you would receive based on your own work is less than benefit you would receive based on ex-spouse's work

ssa.gov/planners/retire/yourdivspouse.html

Survivor Benefits

When you pass away, your surviving spouse may:

- At full retirement age, receive 100% of deceased worker's unreduced benefit; or,
- At age 60, receive 71.5% of your full benefit and increases each month you wait up to 100% if you start at full retirement age; or
- Claim survivor benefits at any age between 60 and full retirement age.

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.

ssa.gov/gpo

Government Pension Offset

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

Examples:

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

If Social Security spouse's or widow(er)'s benefit = $750, no benefit payable due to offset ($750 - $800 = $0)

If Social Security spouse's or widow(er)'s benefit =$1000, $200 would be payable after offset ($1000 - $800 = $200)

ssa.gov/gpo

Working While Receiving Benefits

If you are	You can make up to	If you earn more, some benefits will be withheld
Under Full Retirement Age	$19,560/yr.	$1 for every $2
The Year Full Retirement Age is Reached	$51,960/yr. before month of full retirement age	$1 for every $3
Month of Full Retirement Age and Above	No Limit	No Limit

Retirement Earnings Test Calculator:
ssa.gov/OACT/COLA/RTeffect.html

Will I pay federal taxes on my 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 will probably pay taxes on your benefits.

Taxation of Social Security Benefits

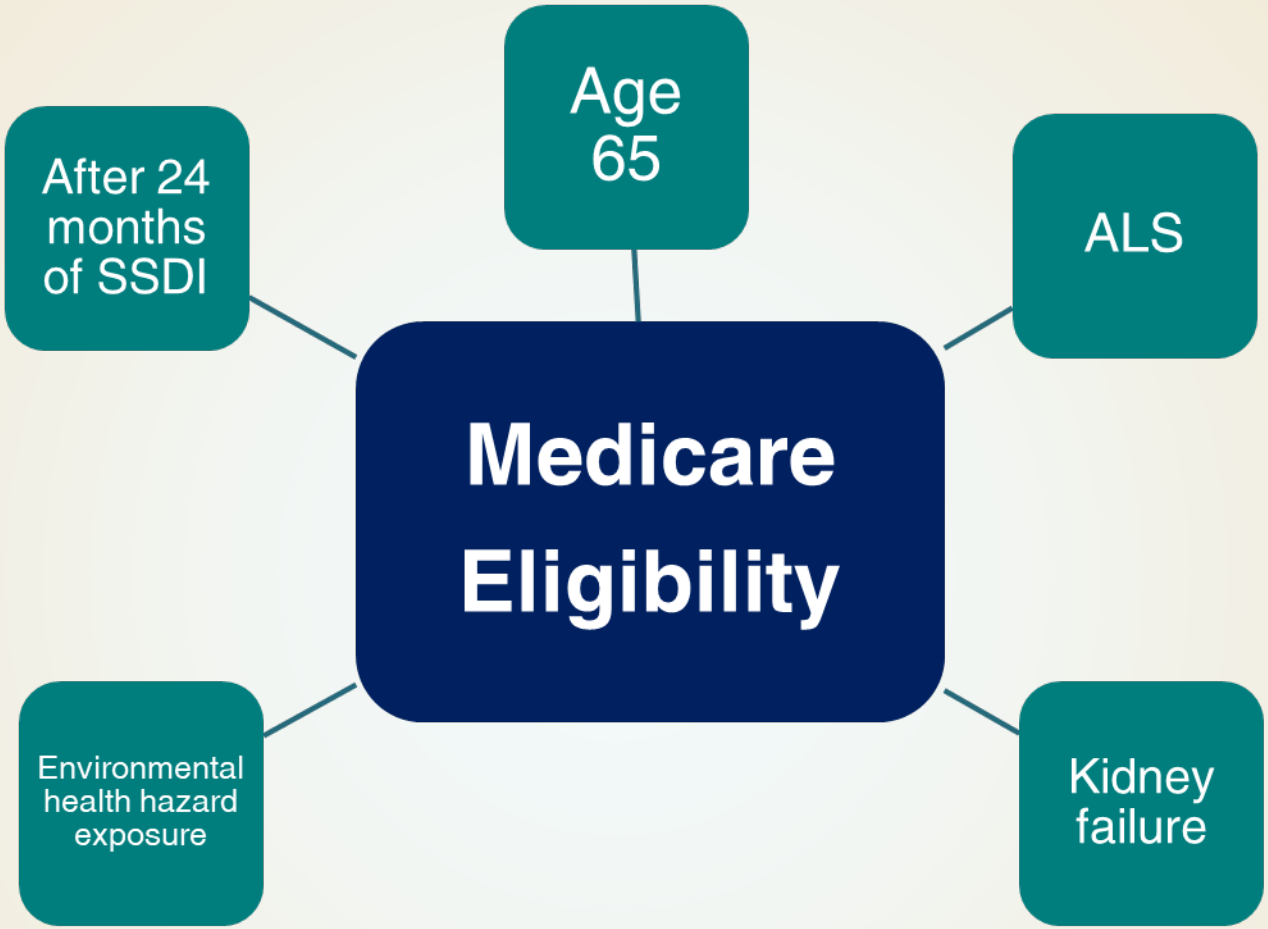
Your adjusted gross income

+ Nontaxable interest

+ ½ of your Social Security benefits

= Your "***combined income***"

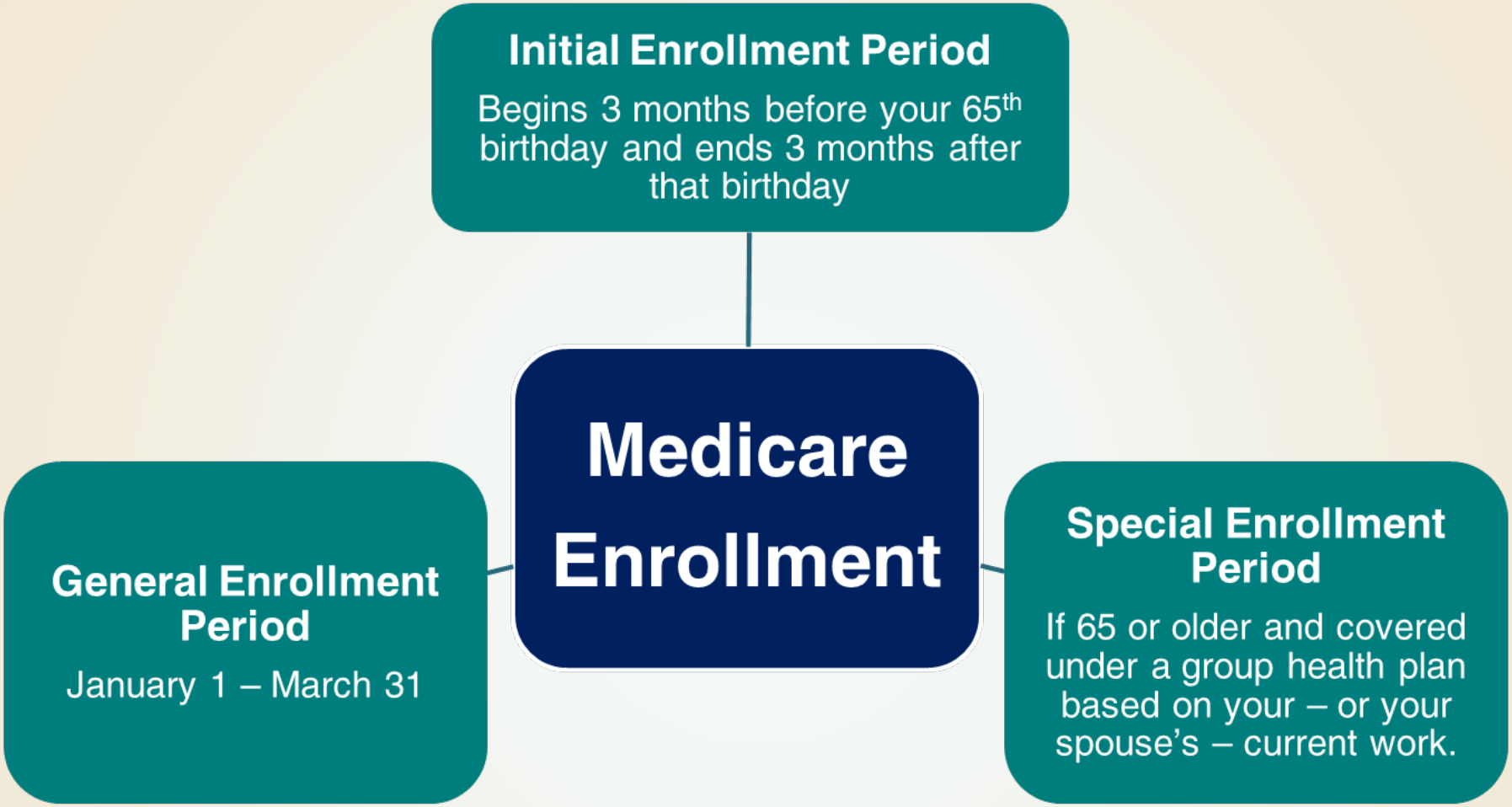
Publication 554, *Tax Guide for Seniors*
Publication 915, *Social Security and Equivalent Railroad Retirement Benefits*
IRS.gov


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

Medicare

Original Medicare	Medicare Advantage (aka Part C)
Part A (Hospital Insurance) Part B (Medical Insurance)	Part A (Hospital Insurance) Part B (Medical Insurance)
You can add: Part D (Prescription Drug Plan)	**Most plans include:** Part D (Prescription Drug Plan) Extra Benefits (e.g. vision, hearing, dental, and more)
You can also add: Supplemental insurance coverage (Medigap)	**Some plans also include:** Lower out-of-pocket costs

Medicare.gov


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

1-800-633-4227 or Medicare.gov

How to Apply for Benefits

File online for Retirement, Spouse, Disability, or Medicare Only

- If you are disabled, you can file for Retirement and Disability with same application if you are at least 62 but not yet FRA.
- Survivor* application is not available online.

Schedule phone appointment at 1-800-772-1213

Schedule in-office appointment at 1-800-772-1213

Child and survivor claims can only be done by phone or in office.

Q&A session