Conversations for Caring: 10 Caring Points

Topic: **Social Security Part I: Retiree Benefits**
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1. Social Security is a federal program designed to protect individuals and their families from loss of earnings due to retirement, disability, or death. It is like an umbrella with different benefit categories under it: 1) People who have retired and qualified dependents; 2) People who are disabled prior to retirement and their qualified dependents; 3) Survivors of workers who worked long enough up to their death.

2. The program is funded by a tax on the earnings of individual employees and matching employer contributions. The employee tax can appear on paychecks as FICA (Federal Insurance Contribution Act). FICA contributions are taken out and registered under your Social Security number. Workers and employer matching pay for those currently receiving benefits.

3. To become eligible for retirement benefits, you need to earn Social Security credits. In 2014, each $1,200 in earnings gives you one credit. You can earn a maximum of 4 credits per year. Earning 40 credits (10 years of work) over your lifetime will qualify you for a retirement benefit – it vests you in the program. Credits are the result of cumulative work over time, and the 10 years of work need not be consecutive. Part-time and full-time employment is counted.

4. To receive Social Security retirement benefits on your own Social Security account, you must have earned 40 credits **and** be "categorically eligible." In other words, you must meet the program's age requirement. The minimum age requirement is 62, but full retirement age ranges between 65 and 67 depending on your year of birth. *(See table on reverse side.)* There is also an earnings limitation to qualify for benefits before your full retirement age.

5. If you are a worker and retire before your full retirement, your monthly benefit is reduced and you receive a lower monthly payment. If you retire at your full retirement age, you get your full 100% monthly benefit. If you delay receiving your retirement benefit beyond full retirement age, you will receive an even higher monthly benefit. Indeed, your monthly benefit will increase 8% per year for each year you do not file for benefits up to age 70.

6. To calculate your Social Security 100% benefit at your full retirement age, Social Security uses an average of your lifetime earnings under Social Security. The actual formula for this average is based on the highest 35 years a person has worked. If someone does not have 35 years of work under the FICA system, zeros are used in the calculation for years not worked.

7. Once you reach your full retirement age, there is no earnings limitation, and you receive your monthly retirement benefit, regardless of how much you work and earn. Prior to your full retirement age, Social Security withholds $1 for every $2 earned over an annual earnings limit. In 2014, this annual limit is $15,480.

8. Social Security was always intended to serve as the foundation for retirement – replacing about 40% of an average wage-earner's income. It was never intended to be the sole source of income but instead to be built upon by pensions, savings and other investments, and other income sources.

9. You can apply for Social Security online at www.socialsecurity.gov. Call to schedule an appointment: 1-800-772-1213 or TTY 1-800-325-0778. Social Security office hours are: Monday, Tuesday, Thursday, Friday (9am-3pm) and Wednesday (9am-Noon).

10. You now can create your own *my Social Security.gov* account online to view and update some of your Social Security information, and to view and print your online Social Security Statement. If you receive benefits, you can also get your benefit verification letter, check your benefit and payment information and your earnings record, get a 1099 form, change your address and phone number, and start or change your direct deposit through your online account. *(See reverse side.)*

These 10 Caring Points are intended to be a summary of best practices.
For citations, references, and additional information,
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Some Additional Information & Resources

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

References & Resources

- ***Francine Kollias***, Metropolitan Public Affairs Specialist, Social Security Administration.
    - Outreach employee for 7 Social Security offices in MA
    - *Money Smart: Social Security Basics 2007*:
        - http://www.youtube.com/watch?v=sQ8YaY0w5uI

- ***Social Security Administration***
    - http://www.socialsecurity.gov/: Some online services for before or after you receive benefits include: Retirement Estimator, Social Security Statement, Retirement and Disability Applications, Change of Address, Requests for Benefit Verification Letter.
    - *Social Security: Understanding the Benefits 2014*: A reader-friendly booklet that provides details on retirement, disability, survivor's benefits, Medicare coverage, Supplemental Security Income, and more.
      English language version available at: http://www.ssa.gov/pubs/EN-05-10024.pdf.
      Spanish language version available at: http://www.ssa.gov/pubs/ES-05-10924.pdf
    - *my Social Security*: For more information on these personal online accounts or to create one, visit http://www.ssa.gov/myaccount/

- ***AARP***: Organization's website has a section dedicated to Social Security which offers a number of resources, including a Social Security Benefits calculator. Visit www.aarp.org/work/social-security/
    - *Social Security: A Brief Overview*, Mikki D. Waid, AARP Public Policy Institute:http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2012/social-security-brief-overview-fs-AARP-ppi-econ-sec.pdf