

Social Security Administration

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Social Security Timeline

- 1935 – Retirement Insurance
- 1939 – Survivors Insurance
- 1956 – Disability Insurance
- 1965 – Medicare
- 1972 – Supplemental Security Insurance (SSI)
- 2003- Medicare Part D Prescription Drug Coverage



How Do you qualify for retirement benefits?



- **INSURED STATUS**
 - 40 quarters of coverage (QC)
 - 10 “good” years of earnings
 - Once insured / Always insured
- **QUARTERS OF COVERAGE**
 - 2016 = \$1,260.00



How much will your retirement benefit be?

- Top 35 years of earnings
- When you select to start your benefits:
 - 62 (the earliest you can start retirement benefits)
 - 63
 - 64
 - 65
 - 66 (full retirement age (FRA) if born 1943 - 1954)



Full Retirement Social Security Benefits (Full Retirement Age (FRA)):

Years of Birth	Full Retirement Age
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67



▼ *Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits...	
	At age 62, your payment would be about...	\$861 a month
	At your full retirement age (67 years), your payment would be about...	\$1,257 a month
	At age 70, your payment would be about...	\$1,562 a month
▼ *Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, Your payment would be about...	\$1,153 a month
▼ *Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
▼ *Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits.	
	Your child...	\$900 a month
	Your spouse who is caring for your child...	\$900 a month
	Your spouse, if benefits start at full retirement age...	\$1,200 a month
	Total family benefits cannot be more than...	\$2,207 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
▼ *Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.	

Retirement Benefits Reduced vs. FRA

- Reduced
 - Reductions are based on how many Months you are away from FRA
 - Reductions are permanent
 - Receive COLA increases
 - Earnings Limit
- Full Retirement Age
 - Age 66 or higher
 - No reductions
 - No earnings limit
 - Receive COLA increases

Annual Earnings Test Amounts 2016

- **If under Full Retirement Age (FRA):**
 - **\$15,720.00**
 - **One dollar is withheld for every two earned above \$15,720.00**

Example

- $\$25,000 - \$15,720 = \$9,280$
- $\$9,280 / 2 = \$4,640$ (overpaid)
- **Benefit amount = \$1,500 per month**
- $\$4,640 / \$1,500 = 3.09$ checks (round up (4 checks))

Monthly Earnings Test 2016

If under full retirement age (FRA):

- **\$1,310 per month**
- **If earnings are above the monthly limit a check is not due**

Annual Earnings Test 2016 Full Retirement Age

➤ **\$41,880 Gross**

(From Jan 1 through the last day of the month prior to turning Full Retirement Age)

➤ One dollar is withheld for every **three** earned above \$41,880

➤ **At or past Full Retirement Age: NO LIMIT**

Working past Full Retirement Age

If you choose to work beyond your full retirement age, you have two options:

1. You can work and get full retirement benefits no matter how much you earn; or
2. You can wait to collect at age 70 and get a slightly higher benefit when you retire. "Delayed Retirement"



Life Expectancy for Those Age 65 Today

	<u>Men</u>	<u>Women</u>
U.S. Population	84.3	86.6



Life Expectancy

- ❖ Age 66 - \$885/month
- ❖ Age 62 - \$668.00/month
- ❖ Difference – \$217.00/month
- ❖ Difference – 47 months
- ❖ $\$668.00 \times 47 = \$31,396.00$
- ❖ $\$31,396.00 / \$217.00 = 144.68$ months
- ❖ $144.68 / 12 = 12.06$ years
- ❖ Age 66 + 12 years = 78



Life Expectancy

- ❖ Age 66 - \$1856/month
- ❖ Age 62 - \$1504.00/month
- ❖ Difference – \$352.00/month
- ❖ Difference – 47 months
- ❖ $\$1504.00 \times 47 = \$70,688.00$
- ❖ $\$70,688.00 / \$352.00 = 200.81$ months
- ❖ $200.81 / 12 = 16.73$ years
- ❖ Age 66 + 16.73 years = 82yrs 8mos



Not a Good Investment?

Example Case:

- ❖ Entered the work force in 1958
- ❖ Stopped working December 31, 2011
- ❖ Estimated Social Security taxes paid - \$63,509.00
- ❖ Monthly Benefit Amount (MBA) - \$2,016.00

$\$63,509 / \$2016 = 31.5$ months / 12 = 2.6 years

Actual case processed in 2012



Not a Good Investment?

- ❖ Ida May Fuller worked for three years under the Social Security program.
- ❖ The accumulated taxes on her salary during those three years was a total of \$24.75.
- ❖ She started collecting benefits in January 1940 at age 65 and lived to be 100 years old, dying in 1975.
- ❖ Her initial monthly check was \$22.54. During her lifetime she collected a total of \$22,888.92 in Social Security benefits.



Spouses Benefits

- Currently married
- Marriage lasted 10 years or ends in death
- Your spouse may qualify for up to 50% of your Primary Insured Amount
- Reduction for Spouses Benefits is determined by when the spouse starts benefits not the number holder
- A spouse receiving on your record does not affect your benefits



SURVIVORS INSURANCE



DISABILITY INSURANCE



Not a good investment?

- John Doe, age 19, NDSU Student, worked at a fast food restaurant for 2 years.
- 2009 = earned \$5,900, **pd \$451.35** in FICA taxes
- 2010 = earned \$6,000, **pd \$459.00** in FICA taxes
- 2009 = car accident, disabled.
- John receives a Social Security disability benefit of **\$445/month**



MEDICARE

President Johnson signs the Medicare program into law, July 30, 1965. Former President Harry S. Truman is seated on the right.

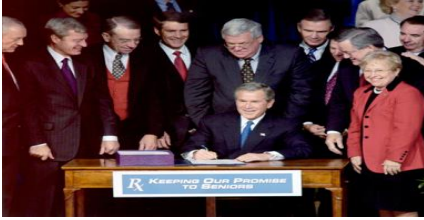


Medicare Part A & B

- Part A
 - Hospital Insurance (HI)
 - (No Premium)
- Part B
 - Medical Insurance
 - 2016 premium for most is \$121.80 per month



In December 2003, President George W. Bush signs legislation adding prescription drug coverage to the Medicare program.



Check with Medicare, your doctor, pharmacist and/or

SHIC (State Health Insurance Counseling Program)



Need more information about Medicare?

For information on Medicare Savings Programs, enrolling in specific drug plan, or to get the *Medicare & You* handbook:

Visit www.medicare.gov

or

Call 1-800-MEDICAR
(1-800-633-4227, TTY 1-877-486-2048)



Supplemental Security Income SSI



Numbers to know

> Fargo Local SSA 1-877-335-4114

> National SSA 1-800-772-1213

> SHIC 1-888-575-6611 (ND) (Prescription Drug Program Assistance)

> Medicare 1-800-MEDICAR



The screenshot shows the Social Security Administration website with a navigation bar (Home, Numbers & Cards, Benefits, Information for..., Business & Government, Our Agency) and a main content area. The main content area features a large yellow banner with the text "How much could I get from Social Security? FIND OUT! Create a my Social Security account today!". Below the banner are four service tiles: "Social Security" (Check for your Social Security Statement, change your address & manage your benefits), "Social Services" (Whether you're applying for or receiving benefits, learn what you can do online), "Retirement Estimator" (Create your benefits based on your actual Social Security earnings record & apply online), and "Disability Fees" (Learn more about the Fees and Facts of Disability). At the bottom, there are sections for "Items of Interest" (with links for "Info" and "Check Application Status") and "News" (with links for "Social Security Number" and "Benefits Planner").



Questions?

Visit www.socialsecurity.gov

or

Call Social Security at 1-800-772-1213
(TTY 1-800-325-0778)

