

# Understanding Social Security

*Presented by*

Cindy Lundquist

[What should I do if I get a call claiming there's a problem with my Social Security number or account?](#)



Social Security

Benefits

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## Securing your today and tomorrow



### Prepare

- Check eligibility for benefits
- Plan for retirement



### Apply

- Apply for benefits
- Sign up for Medicare

### After you apply

- Check application or appeal status
- Appeal a decision we made



## Manage benefits & information



### Documents

Get benefit verification letter



### Number & card

Replace card

## Prepare

Check eligibility for benefits

Get a benefits estimate

**Plan for retirement**

Review record of earnings

Apply

Manage benefits

# Plan for retirement

Apply for your monthly retirement benefit any time between age 62 and 70. We calculate your payment by looking at how much you've earned throughout your life. The amount will be higher the longer you wait to apply, up until age 70. The timing is up to you and should be based on your own personal needs.



## Get an estimate

Check your Social Security account to see how much you'll get when you apply at different times between age 62 and 70.

[Sign in](#)

[Create account](#)

# Abbreviated Social Security Statement



## Your Social Security Statement

WANDA WORKER

February 2, 2023

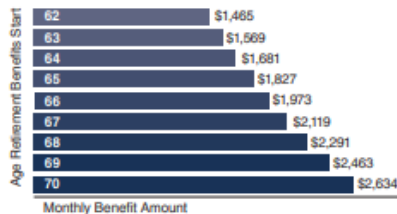
### Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn "credits" through your work — up to four each year.

Your full retirement age is 67, based on your date of birth: April 5, 1962. As shown in the chart, you can start your benefits at any time between ages 62 and 70. For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.

These personalized estimates are based on your earnings to date and assume you continue to earn \$54,489 per year until you start your benefits. Learn more at [ssa.gov/benefits/retirement/learn.html](https://ssa.gov/benefits/retirement/learn.html).

### Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)



### Disability Benefits

You have earned enough credits to qualify for disability benefits. If you became disabled right now and you have enough recent work, your monthly payment would be about **\$2,083**. Learn more at [ssa.gov/disability](https://ssa.gov/disability).

### Survivors Benefits

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child: **\$1,562**  
 Spouse, if caring for a disabled child or child younger than age 16: **\$1,562**  
 Spouse, if benefits start at full retirement age: **\$2,083**  
 Total family benefits cannot be more than: **\$3,802**

Your spouse or minor child may be eligible for an additional one-time death benefit of **\$255**. Learn more at [ssa.gov/survivors](https://ssa.gov/survivors).

### Medicare

You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for people:

- age 65 and older,
- under 65 with certain disabilities, and
- of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to **avoid a lifetime late enrollment penalty**. Special rules may apply if you are covered by certain group health plans through work.

For more information about Medicare, visit [medicare.gov](https://medicare.gov) or [ssa.gov/medicare](https://ssa.gov/medicare) or call **1-800-MEDICARE (1-800-633-4227)** (TTY 1-877-486-2048).

### Earnings Record

Review your earnings history below to ensure it is accurate because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings below, but you can view your complete earnings record online with [my Social Security](https://my.ssa.gov). If you find an error, view your full earnings record online and call **1-800-772-1213**.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 2,142	\$ 2,142
1981-1990	87,102	87,102
1991-2000	246,069	246,069
2001	34,147	34,147
2002	34,846	34,846
2003	36,021	36,021
2004	38,032	38,032
2005	39,711	39,711
2006	41,829	41,829
2007	43,971	43,971
2008	45,170	45,170
2009	44,603	44,603
2010	45,666	45,847
2011	47,093	47,093
2012	48,560	48,560
2013	49,095	49,095
2014	50,605	50,605
2015	51,996	51,996
2016	52,108	52,108
2017	53,251	53,251
2018	53,966	53,966
2019	54,559	54,559
2020	54,489	54,489
2021	Not yet recorded	

### Taxes Paid

Total estimated Social Security and Medicare taxes paid over your working career based on your Earnings Record:

<b>Social Security taxes</b>	<b>Medicare taxes</b>
You paid: \$75,568	You paid: \$18,158
Employer(s): \$77,498	Employer(s): \$18,158

### Earnings Not Covered by Social Security

You may also have earnings from work not covered by Social Security, where you did not pay Social Security taxes. This work may have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. Learn more at [ssa.gov/gpo-wsp](https://ssa.gov/gpo-wsp).

### Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- To keep up with inflation, benefits are adjusted through "cost of living adjustments."
- If you get retirement or disability benefits, your spouse and children may qualify for benefits.
- When you apply for either retirement or spousal benefits, you may be required to apply for both benefits at the same time.
- If you and your spouse both work, use the [my Social Security](https://my.ssa.gov) Retirement Calculator to estimate spousal benefits.
- The age you claim benefits will affect the benefit amount for your surviving spouse. For example, claiming benefits after your full retirement age may increase the *Spouse, if benefits start at full retirement age* amount on page 1; claiming early may reduce it.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your ex-spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- Learn more about benefits for you and your family at [ssa.gov/benefits/retirement/planner/applying7.html](https://ssa.gov/benefits/retirement/planner/applying7.html).
- When you are ready to apply, visit [ssa.gov/benefits/retirement/apply.html](https://ssa.gov/benefits/retirement/apply.html).
- The *Statement* is updated annually. It is available online, or by mail upon request.

# Retirement Benefits

**1** Who is eligible for retirement benefits?

**2** How are the benefits computed?

**3** When should I start my checks?

# Retirement Benefits

## Eligibility

- You have 40 quarters (credits)
- You are at least 62 years old, or
- You are a spouse or child of a retired worker

# Retirement Benefits

## Earning Credits (Quarters)

### 2024

- 1 credit for each \$1,730 in covered employment
- Maximum of 4 credits in one year \$6,920

### Annual Adjustment

- Dollar amount for credits increases each year based on inflation rate.

### Reminder

- Credits needed for retirement = 40. About 10 years of work.

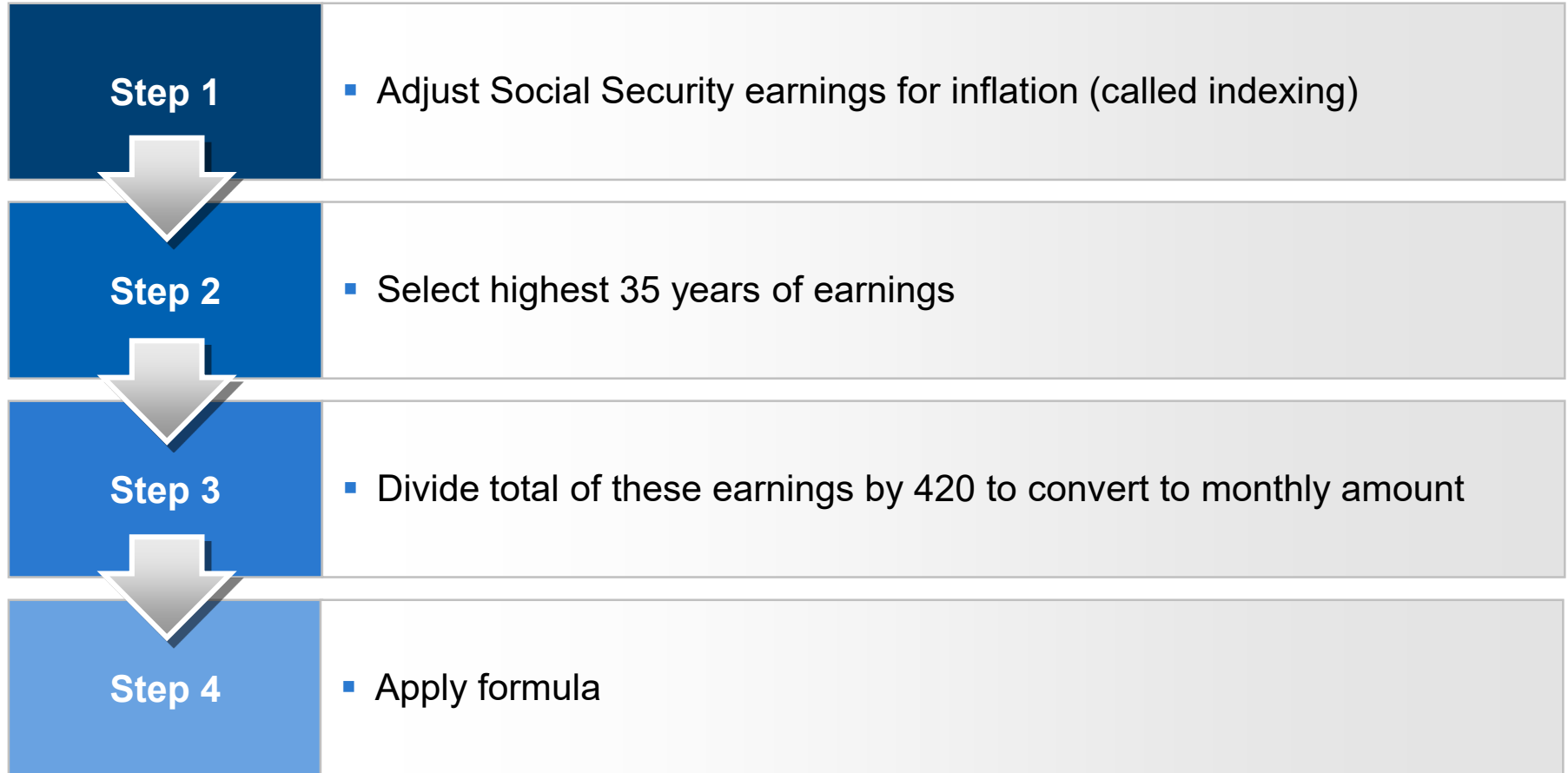
# Retirement Benefits – Calculation

- Based on highest 35 years of earnings
- Based on a complicated formula
- Reduced checks at age 62, or
- Unreduced benefit at full retirement age
- Future increases for cost-of-living adjustments based on increase in CPI



# Retirement Benefits – Computing Benefits

Four steps to calculate retirement benefits



# Retirement Benefits – Calculation

## Formula for 2024

- 90% of the first \$1,174
- 32% of the next \$7,078
- 15% of the remainder



# Retirement Benefits – Modified Formula Calculation

## Modified Formula – Windfall Elimination Provision (WEP)

### WEP Formula

- 40% of the first \$1,174
- 32% of the next \$7,078
- 15% of the remainder

### Regular Formula

- 90% of the first \$1,174
- 32% of the next \$7,078
- 15% of the remainder

Exception: If 30 years of “substantial” Social Security earnings, WEP does not apply. If between 20 and 30 years of substantial earnings, the 90 percent factor is reduced between 45 and 85 percent.

# Retirement Benefits – What are “Substantial Earnings?”

Year	Substantial earnings
1937–1954	\$900
1955–1958	\$1,050
1959–1965	\$1,200
1966–1967	\$1,650
1968–1971	\$1,950
1972	\$2,250
1973	\$2,700
1974	\$3,300
1975	\$3,525
1976	\$3,825
1977	\$4,125
1978	\$4,425
1979	\$4,725
1980	\$5,100
1981	\$5,550
1982	\$6,075
1983	\$6,675
1984	\$7,050
1985	\$7,425
1986	\$7,875
1987	\$8,175
1988	\$8,400
1989	\$8,925

Year	Substantial earnings
1990	\$9,525
1991	\$9,900
1992	\$10,350
1993	\$10,725
1994	\$11,250
1995	\$11,325
1996	\$11,625
1997	\$12,150
1998	\$12,675
1999	\$13,425
2000	\$14,175
2001	\$14,925
2002	\$15,750
2003	\$16,125
2004	\$16,275
2005	\$16,725
2006	\$17,475
2007	\$18,150
2008	\$18,975
2009–2011	\$19,800
2012	\$20,475
2013	\$21,075
2014	\$21,750

Year	Substantial earnings
2015–2016	\$22,050
2017	\$23,625
2018	\$23,850
2019	\$24,675
2020	\$25,575
2021	\$26,550
2022	\$27,300
2023	\$29,700

Years of substantial earnings	Percentage
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 %

2024 - \$31,275

### Earnings Record

Review your earnings history below to ensure it is accurate because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings below, but you can view your complete earnings record online with [my Social Security](#). If you find an error, view your full earnings record online and call 1-800-772-1213.

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### Taxes Paid

Total estimated Social Security and Medicare taxes paid over your working career based on your Earnings Record:

Social Security taxes	Medicare taxes
You paid: \$75,568	You paid: \$18,158
Employer(s): \$77,498	Employer(s): \$18,158

### Earnings Not Covered by Social Security

You may also have earnings from work not covered by Social Security, where you did not pay Social Security taxes. This work might have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension from this work, your Social Security benefits may be affected by:

**Windfall Elimination Provision (WEP)** – Your retirement or disability benefit may be reduced, but not eliminated, by the WEP. The reduction amount, if any, depends on the number of years and the amount earned in jobs in which you paid Social Security taxes, and the year you turn age 62 or become disabled. To estimate the WEP's effect on your Social Security benefit, visit [ssa.gov/WEP.CHART](#). In 2022, the maximum monthly reduction is \$512. Learn more at [ssa.gov/WEP](#).

**Government Pension Offset (GPO)** – If you qualify for benefits as a current or former spouse, widow, or widower, the GPO may reduce or eliminate your benefits. If the GPO applies, your Social Security benefit will be reduced by an amount equal to two-thirds of your government pension, and could be reduced to zero. Even if your benefit is reduced to zero, you will be eligible for Medicare at age 65 on your spouse's record. Learn more at [ssa.gov/GPO](#).

### Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- To keep up with inflation, benefits are adjusted through "cost of living adjustments."
- If you get retirement or disability benefits, your spouse and children may qualify for benefits.
- When you apply for either retirement or spousal benefits, you may be required to apply for both benefits at the same time.
- If you and your spouse both work, use the [my Social Security Retirement Calculator](#) to estimate spousal benefits.
- The age you claim benefits will affect the benefit amount for your surviving spouse. For example, claiming benefits after your full retirement age may increase the Spouse, if benefits start at full retirement age amount on page 1; claiming early may reduce it.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your ex-spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- Learn more about benefits for you and your family at [ssa.gov/benefits/retirement/claimingbenefits/retiring7.html](#).
- When you are ready to apply, visit [ssa.gov/benefits/retirement/apply.html](#).
- The Statement is updated annually. It is available online, or by mail upon request.

SSA.gov | Follow us on social media [ssa.gov/socialmedia](#)

Form SSA-7005-SM-OL (06/22) | Enclosures: Publication XX-XXXXX, Publication XX-XXXXX

# How to Obtain Your Entire Earnings History

1. Log in to your Social Security account:



Cindy J. Lundquist [Sign Out](#)

[Home](#) [Messages](#) [My Profile](#)



Welcome, Cindy!

2. Click at the bottom of the page on:

 **Earnings**



[Review your full earnings record now](#)

# Review your Earnings Record

**Your benefits are based on your earnings.** If our records are wrong, you may not receive all the benefits to which you're entitled.

Use your own records to make sure our information is correct, and that we've recorded each year you worked. If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

- ✓ Review your earnings record carefully.
- ✓ Limits on Taxable Earnings for Social Security
- ✓ Why would earnings be missing from my record?

**i See something that doesn't match with your records?** If there's a mismatch between your records and the earnings listed, [contact us](#) to request a correction.

Work Year	Taxed Social Security Earnings	Taxed Medicare Earnings
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# Applicability of WEP

## When does WEP apply?

- When all or part of your TRS pension is based on earnings that Social Security taxes were NOT withheld

### EXCEPTION:

- You have 30 years of substantial earnings (see slide 11) where Social Security taxes were withheld from your earnings

## When does WEP NOT apply?

- Exception noted above, or
- You are still working for TRS and NOT receiving TRS pension but drawing Social Security because you are full retirement age (Note: When TRS pension starts, WEP applies.), or
- You are deceased and you have surviving family member(s) eligible for your Social Security as a widow, widower, or eligible children



# Retirement Benefits

## When Benefits Start

- Early retirement (Age 62)
- Full retirement (65 to 67 depending on year of birth)
- Delayed retirement (Age 70)

# Retirement Benefits

## Full Retirement Age is Increasing

Year of Birth	Full Retirement Age
1943 – 1954	66
1955	66 + 2 Months
1956	66 + 4 Months
1957	66 + 6 Months
1958	66 + 8 Months
1959	66 + 10 Months
1960 and Later	67

# Estimated Retirement Amounts

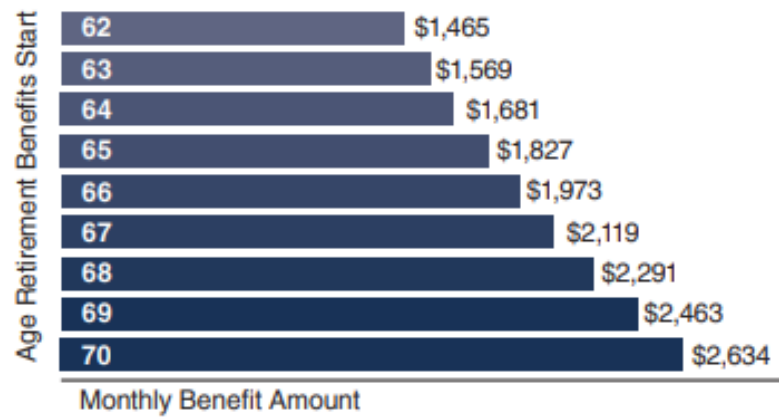
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Your full retirement age is **67**, based on your date of birth: April 5, 1962. As shown in the chart, you can start your benefits at any time between ages **62** and **70**. **For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.**

These personalized estimates are based on your earnings to date and assume you continue to earn \$54,489 per year until you start your benefits. Learn more at [ssa.gov/benefits/retirement/learn.html](https://ssa.gov/benefits/retirement/learn.html).

## Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)



**NOTE: If WEP applies, these amounts are incorrect!**

What should I do if I get a call claiming there's a problem with my Social Security number or account?

An official website of the United States government



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Español

Account

### Benefit Calculators (En español)

The best way to start planning for your future is by creating a my Social Security account online. With my Social Security, you can verify your earnings, get your Social Security Statement, and much more – all from the comfort of your home or office.

We have a variety of calculators to help you plan for the future or to assist you with your needs now.

#### Online Benefits Calculator

These tools can be accurate but require access to your official earnings record in our database. The simplest way to do that is by creating or logging in to your my Social Security account. The other way is to answer a series of questions to prove your identity.

Scroll further down the page you will find the WEP calculator

#### Additional Online Tools

##### Retirement Age Calculator

Find your full retirement age and learn how your monthly benefits may be reduced if you retire before your full retirement age.

##### Windfall Elimination Provision (WEP) Calculator

Estimate if you are eligible for a pension based on work that was not covered by Social Security.

# Retirement Benefits – Sample Without WEP

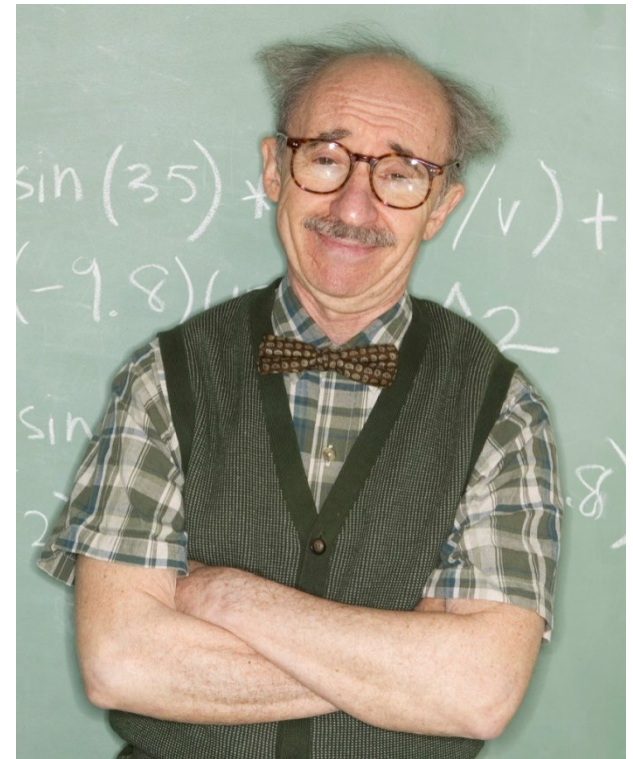
Average	\$1,907
Maximum	\$3,822



# Working and Social Security

Work can affect your benefits if:

- You earn above Social Security limits
- You are under full retirement age (FRA)



# Social Security's Earnings Limits – 2023

If you are...	You can earn up to...	If you make more, some benefits will be withheld...
Under Full Retirement Age (FRA)	\$21,240	\$1 for every \$2 over \$21,240
In year you reach FRA, limit for months before FRA	\$56,520	\$1 for every \$3 over \$56,520
Month of Full Retirement Age and Older	No Limit	

Note: Only earnings from work affect benefits.

*Earnings adjusted annually for inflation.*

# Social Security's Earnings Limits – 2024

If you are...	You can earn up to...	If you make more, some benefits will be withheld...
Under Full Retirement Age (FRA)	\$22,320	\$1 for every \$2 over \$22,320
In year you reach FRA, limit for months before FRA	\$59,520	\$1 for every \$3 over \$59,520
Month of Full Retirement Age and Older	No Limit	

Note: Only earnings from work affect benefits.

*Earnings adjusted annually for inflation.*



# Eligibility for Dependents

- Spouse
- Children



# Spouse's Benefits

- Married for at least 1 year, unless mother or father of minor child of the worker
- Divorced, but married for 10 years and currently unmarried
- Age 62, or has a minor child under age 16 in his/her care who is entitled to checks on the worker's record
- Own Social Security at FRA is less than half of worker's rate at FRA

# Government Pension Offset

- Applies to spouse's benefits only
- 2/3 of amount of the government pension will reduce the Social Security spousal benefit
- Example: Betty is retired from TRS and did not pay into Social Security while working. Her pension is \$1,500 per month. Betty's husband is receiving \$1,800 per month from Social Security
  - $\$1,500 \text{ Government Pension} \times \frac{2}{3} = \$1,000$
  - Social Security Spousal Benefit = \$900
  - No cash spousal benefit payable by Social Security

# Child's Benefit

- Child of worker
  - Natural
  - Step-child
  - Adopted
  - Illegitimate
  - Dependent grandchild or step-grandchild
- Under 18 or disabled before age 22
- Unmarried



# Death Benefits

- Widow or widower
- Children
- Burial payment



# Widow(er)'s Benefits

- Married for at least 9 months or mother or father of worker's child
- Divorced, but married for at least 10 years
- Age 60 or if disabled age 50
- Unmarried unless marriage occurs after age 60

# Computing Survivor Benefits

Benefit/Age	Amount
Full Retirement Age	100%
Age 60	71.5%
Age 50 (Disabled)	71.5%
Widow(er) caring for child under age 18	75%
Child	75%
Burial Payment	\$255

Notes:

**-Government Pension Offset (GPO) applies to widow(er)'s benefits.**

- Earnings limit of \$22,320 applies if under FRA.

# Survivor Benefits

## Survivors Benefits

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child:	<b>\$1,562</b>
Spouse, if caring for a disabled child or child younger than age 16:	<b>\$1,562</b>
Spouse, if benefits start at full retirement age:	<b>\$2,083</b>
Total family benefits cannot be more than:	<b>\$3,802</b>

Your spouse or minor child may be eligible for an additional one-time death benefit of **\$255**. Learn more at [ssa.gov/survivors](https://ssa.gov/survivors).



# Disability Benefits

- Under full retirement age
- Must have recent work under Social Security
- Condition expected to last at least 12 months or end in death
- Physical or mental condition so severe unable to work



# Estimated Disability

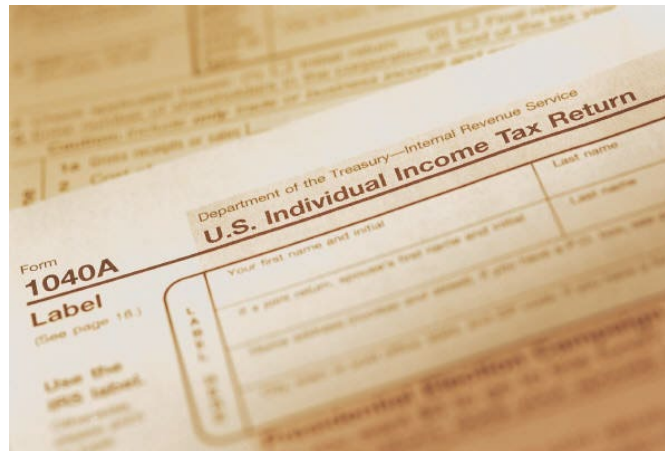
## Disability Benefits

You have earned enough credits to qualify for disability benefits. If you became disabled right now, your monthly payment would be about **\$2,083 a month**. Learn more at [ssa.gov/disability](https://ssa.gov/disability).

NOTE: WEP applies to disability benefits.

# Taxation of Social Security Benefits

- If your Modified Adjusted Gross Income (MAGI) is more than:
  - \$25,000 for individual
  - or
  - \$32,000 for couple
- Some of your Social Security benefits are taxable



# Contacting Social Security

- Toll free 800-772-1213
- [www.ssa.gov](http://www.ssa.gov)



# Disclaimer

*This presentation is provided for educational purposes only. Please contact the Social Security Administration or your financial representative for financial advice.*



**Do You Have  
Any Questions?**