



# Social Security: With You Through Life's Journey...

## Pre-Retirement Seminar Federal Executive Board – Kansas City



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December 2, 2020





# Training Agenda

- Retirement Benefits
- Other Filing Considerations
- Survivor Benefits
- Online Services
- Questions & Answers



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# Did You Know?



As of December 2019, **45.1 million retired workers** were receiving **67.8 billion dollars** in Social Security benefits per month.

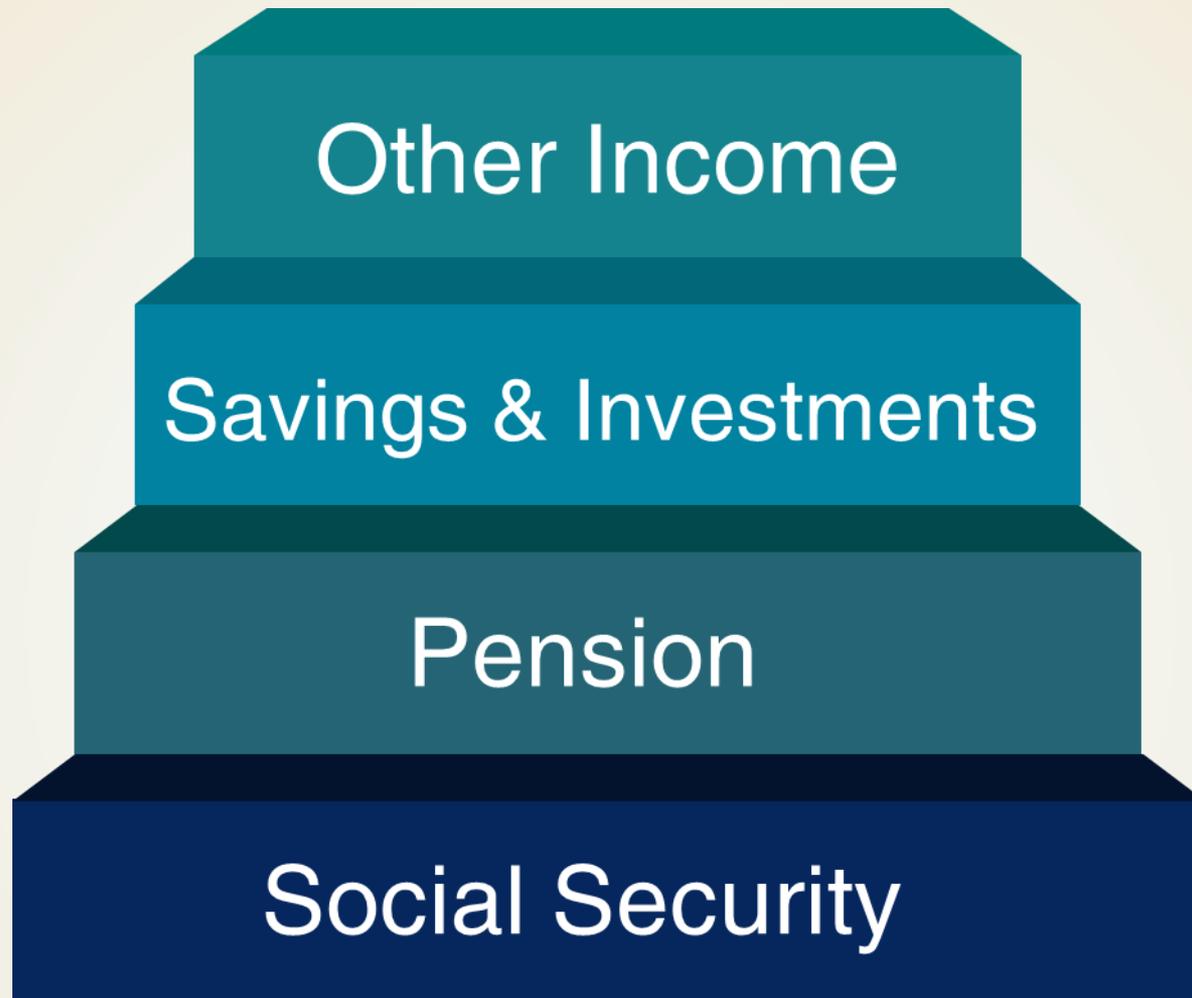


At the same time, **3.1 million dependents** of retired workers were receiving **2.4 billion dollars** in monthly Social Security benefits.



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# What is FICA?

- A U.S. federal payroll tax deducted from each paycheck
- Stands for the Federal Insurance Contributions Act
- The total FICA tax is 15.3 percent of your gross wages. You and your employer each pay 7.65 percent for FICA, 6.2% for Social Security and 1.45 percent for Medicare.
- Helps fund both Social Security and Medicare programs, which provide benefits for:
  - Retirees
  - Wounded Warriors
  - The Disabled
  - Children



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# 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 \$1,410 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

*Note: To earn 4 credits in 2020, you must earn at least \$5,640.*



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# 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”



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# What Is the Best Age to Start Receiving Social Security Retirement Benefits?

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits



*Note: This example assumes a benefit of \$1,000 at a full retirement age of 66*



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<b>Year of Birth</b>	<b>Full Retirement Age</b>	<b>A \$1000 retirement benefit taken at age 62 would be reduced by</b>	<b>A \$500 spouse benefit taken at age 62 would be reduced by</b>
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%



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# Spousal Benefits

- Benefit is 50% of worker's unreduced benefit
- Reduction for early retirement
- If spouse's own benefit is less than 50% of the worker's, the benefits are combined
- Does not reduce payment to the worker
- Benefit is unreduced if spouse is caring for a child under age 16 or disabled



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# Spousal Benefits - Example

- **Comparison of benefits due at FRA**
- Kim (\$2000) // Jonathan (\$900)
- $\frac{1}{2}$  of Kim's is more than Jonathan's full benefit
- $\$1000 - \$900 = \$100$  max spouse benefit payable to Jonathan
- Jonathan receives own benefit plus spouse benefit
- Reduction for early retirement still applies



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# Benefits for Divorced Spouses

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

- You are unmarried;
- You are age 62 or older;
- Your ex-spouse is entitled to Social Security retirement or disability benefits; and
- The benefit you are entitled to receive based on your own work is less than the benefit you would receive based on your ex-spouse's work.

*Note: Marriage must have lasted 10 years or longer*



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# 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	\$18,240/yr.	\$1 for every \$2
The Year Full Retirement Age is Reached	\$48,600/yr. before month of full retirement age	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit

Note: If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.



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# Working While Receiving Benefits

## Earnings that Count

Gross wages from employment

Net earnings from self-employment

## Earnings that Don't Count

Inheritance payments

Pensions

Income from investments

Interest and dividends

Capital gains

Other sources

**Special Payments** (sick/vacation pay, severance, bonuses, etc.) for work done before you start getting benefits may or may not count.



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# Deemed Filing

- **If you were born on or after January 2, 1954**, and qualify for both retirement and spouse's (or divorced spouse's) benefits, you must apply for both benefits. This is called "deemed filing." If you file for one benefit, you are "deemed" to file for the other one, too, even if you don't become eligible for it until later.
- Applies at any age for people who turned age 62 after January 1, 2016.

**[socialsecurity.gov/planners/retire/deemedfaq.html](https://www.socialsecurity.gov/planners/retire/deemedfaq.html)**



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# Voluntary Suspension

If you take your retirement benefit and then ask to suspend it to earn delayed retirement credits, your spouse or dependents (excluding divorced spouses) generally will not be able to receive benefits on your Social Security record while your own benefits are suspended.

**[socialsecurity.gov/planners/retire/suspendfaq.html](https://socialsecurity.gov/planners/retire/suspendfaq.html)**



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# Windfall Elimination Provision (WEP)

If any part of your pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.

WEP can apply if:

- You reach 62 after 1985; or
- You become disabled after 1985; and
- You first become eligible after 1985 for a monthly **pension based on work where you didn't pay Social Security taxes.**

**[socialsecurity.gov/planners/retire/wep.html](https://www.socialsecurity.gov/planners/retire/wep.html)**



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# 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.



**[socialsecurity.gov/gpo](https://www.socialsecurity.gov/gpo)**



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# How GPO works

- 2/3 of amount of non-covered pension will be used to reduce the Social Security spouses benefit.

## Example:

\$2,100 non-covered pension,  $2/3 = \$1,400$

Social Security spouses benefits = \$1,150

No benefit payable by Social Security

- Our Online GPO calculator allows you to estimate your Social Security benefit



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# Taxation of Social Security 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.

Visit [IRS.gov](https://www.irs.gov) and search for Publication 554, *Tax Guide for Seniors*, and Publication 915, *Social Security And Equivalent Railroad Retirement Benefits*.



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# Taxation of Social Security Benefits

Your adjusted gross income  
+ Nontaxable interest  
+ 1/2 of your Social Security benefits  
= Your “***combined income***”



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# We're There If You Lose A Loved One



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# Survivor Eligibility Factors

Child	May receive benefits if not married and is under age 18 (or under age 19 if still in high school)
Disabled Child	May receive benefits beyond age 18 if not married and was disabled before age 22
Widow / Widower Or Divorced Widow/Widower	May get full benefits at full retirement age – or reduced benefits at age 60 – or as early as age 50 if disabled – or at any age if caring for child under 16 or a disabled child



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# Survivor Benefits

When you pass away, your surviving spouse may:

- Claim survivor benefits at any age between 60 and full retirement age.
- **At full retirement age**, receive 100% of your full, unreduced benefit; or,
- **At age 60**, receive 71.5% of your full benefit; or
- **Wait to file.** The benefit increases monthly up to 100% if they start at full retirement age.

[socialsecurity.gov/survivors](https://www.socialsecurity.gov/survivors)



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## Spouse (living) benefits

- Can start from age 62 to Full Retirement Age (FRA)
- 50% at FRA or less if you start prior to FRA (reduction for each month you take it early)

*Divorced spouses qualify if marriage lasted at least 10 years and other conditions are met*

## Survivor (death) benefits

- Can start from age 60 to Full Retirement Age (FRA)
- 71.5% at age 60 and increases each month you wait, up to 100% if you start at FRA, or as early as age 50 if disabled

*Divorced spouses qualify if marriage lasted at least 10 years and other conditions are met*



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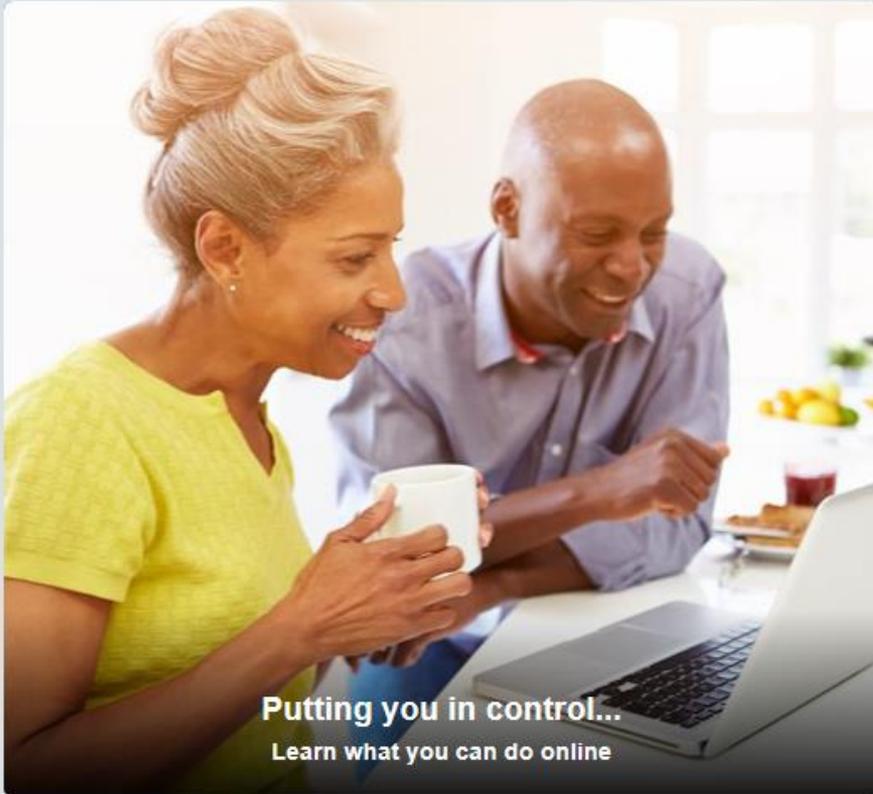
# Online Calculators

Online  
Life Expectancy  
Retirement  
Early or Late  
GPO  
WEP  
Calculator  
Earnings Test  
Benefits for Spouses  
Quick  
Detailed  
Estimator  
Age



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Putting you in control...  
Learn what you can do online



Retirement



Disability



Employers:  
File W-2s online



Get to know  
your Social Security



my Social Security

Check out your *Social Security Statement*, change your address & manage your benefits online today.



Social Security Number

Your Social Security number remains your first and continuous link with Social Security.



Retirement Estimator

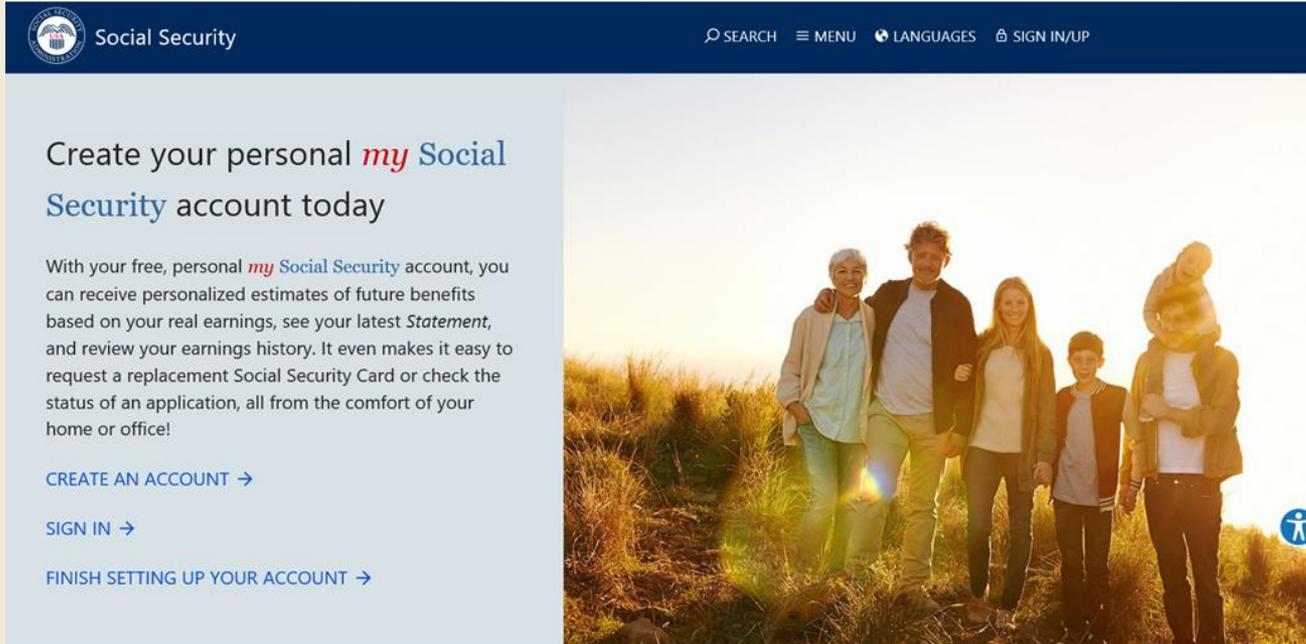
Calculate your benefits based on your actual Social Security earnings record.



FAQs

Get answers to frequently asked questions about Social Security.

# my Social Security



Social Security

SEARCH MENU LANGUAGES SIGN IN/UP

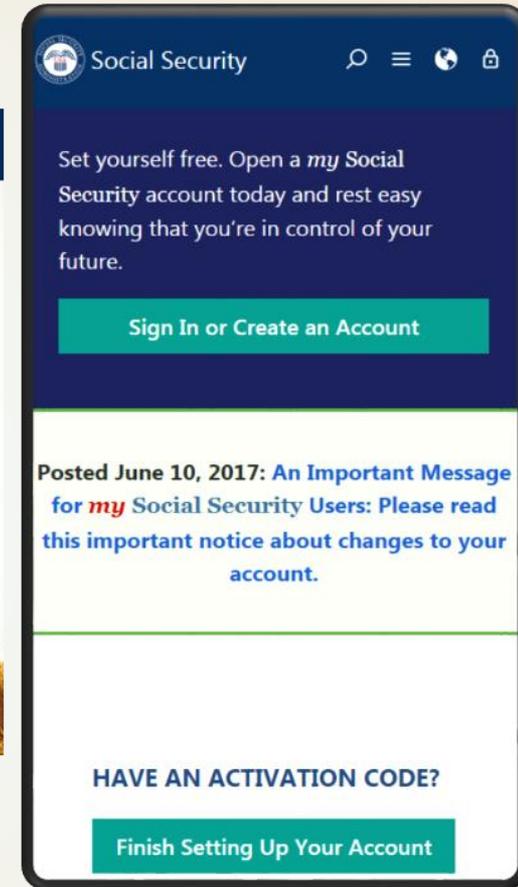
## Create your personal *my* Social Security account today

With your free, personal *my* Social Security account, you can receive personalized estimates of future benefits based on your real earnings, see your latest *Statement*, and review your earnings history. It even makes it easy to request a replacement Social Security Card or check the status of an application, all from the comfort of your home or office!

[CREATE AN ACCOUNT →](#)

[SIGN IN →](#)

[FINISH SETTING UP YOUR ACCOUNT →](#)



Social Security

Set yourself free. Open a *my* Social Security account today and rest easy knowing that you're in control of your future.

[Sign In or Create an Account](#)

Posted June 10, 2017: **An Important Message for *my* Social Security Users: Please read this important notice about changes to your account.**

HAVE AN ACTIVATION CODE?

[Finish Setting Up Your Account](#)

[socialsecurity.gov/myaccount](https://socialsecurity.gov/myaccount)



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# *my* Social Security Services

If you receive benefits or have Medicare, you can:

- Opt out of mailed notices for those available online;
- Request a replacement Social Security card if you meet certain requirements;
- Report your wages if you work and receive Disability Insurance (SSDI) and/or Supplemental Security Income (SSI) benefits;
- Get a benefit verification letter as proof that you are getting benefits;
- Check your benefit and payment information and your earnings record;
- Change your address and phone number;
- Start or change direct deposit of your benefit payment;
- Request a replacement Medicare card; and
- Get a replacement SSA-1099 or SSA-1042S for tax season.



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# *my* Social Security Services

If you do not receive benefits, you can:

- Compare retirement benefit estimates based on your selected date or age to begin receiving benefits with retirement estimates for ages 62, Full Retirement Age (FRA), and 70 with the new Retirement Calculator;
- Request a replacement Social Security card if you meet certain requirements;
- Check the status of your application or appeal;
- Get a benefit verification letter as proof that you are not getting benefits;
- Get your Social Security Statement to review:
  - Estimates of your future retirement, disability, and survivor benefits;
  - Your earnings once a year to verify the amounts that we posted are correct; and
  - The estimated Social Security and Medicare taxes you've paid.



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# How to Open a *my* Social Security Account

1. Visit *socialsecurity.gov/myaccount*
2. Select: “Sign In or Create an Account.”
3. Provide some personal information to verify your identity.
4. Choose a username and password, then select how you would like to receive a one-time security code to create your account.

*No matter what type of device you use, the *my* Social Security portal will automatically re-adjust to fit the appropriate screen size, providing you full, easy-to-use access to your personal account!*



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# *my* Social Security

You can assist someone in creating a *my* Social Security account if they: are with you;

- have their own email address;
- can answer the “out of wallet” questions; and
- have been appointed a payee.

You cannot create a *my* Social Security account on behalf of another person by using another person's information or identity, even if you have that person's written permission.

For example, you cannot create an account for another person:

- with whom you have a business relationship;
- for whom you are a representative payee; or
- for whom you are an appointed representative.



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# *my* Social Security

You can visit your local field office to obtain a unique activation code.

You will need to bring in proof of identity in one of the following forms (must be current):

- State driver's license or identity card;
- U.S. passport or passport card;
- U.S. military identification; or
- U.S. government employee identification card.



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# Contact Us

- **Online** – Benefit Planners, FAQs, Click-to-Chat
- **Phone**
  - National: 800-772-1213
  - Local Office: Use our Office Locator and review the “Show Additional Information” section

[www.ssa.gov/coronavirus](http://www.ssa.gov/coronavirus)



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# Follow Us on Social Media!



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# Q&A Session



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