Social Security

2016

[Social Security Administration slideset used for 8/31/16 HP Alumni Association webinar. Simplified by HPAA for printing.]
Who Receives Benefits from Social Security?
Over 60 Million People

- 39.5 million Retired Workers
  - 3 million Dependents

- 10 million Disabled Workers
  - 2 million Dependents

- 4.6 million Widows/Widowers

- 1.5 million Children

12/2015
Preparing for Retirement

- Social Security replaces about 40% of pre-retirement earnings.
  The average monthly Social Security retirement check in 2016 is $1,341. ($1,328 in 2015)

- Social Security is the foundation on which to build retirement security; you’ll also need pension & savings
A Foundation for Planning Your Future

OTHER INCOME

INSURANCE INVESTMENTS

PENSIONS IRA WORK SAVINGS

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SOCIAL SECURITY
Go Online for Your Social Security Statement

www.socialsecurity.gov
Use the Retirement Estimator

- Convenient, secure, and quick financial planning tool
- Immediate and accurate benefit estimates
- Lets you add your own custom estimates by changing your stop work age and future earnings.

www.socialsecurity.gov/estimator
Your Retirement Benefit Estimate
The age that you start your benefits determines how much you receive each month.

We created estimates for you at three common retirement ages using your earnings information. You can also add your own custom estimates by changing your stop work age and future earnings.

<table>
<thead>
<tr>
<th>If you start your benefits:</th>
<th>And you earn an average of:</th>
<th>Your benefit will be about:</th>
<th>Actions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>At age 64</td>
<td>$0 a year (from now until age 64)</td>
<td>$1,219 a month</td>
<td>Edit</td>
</tr>
<tr>
<td>At age 70</td>
<td>$80,000 a year (from now until age 70)</td>
<td>$2,722 a month</td>
<td>Edit</td>
</tr>
<tr>
<td>At age 62</td>
<td>$80,000 a year (from now until age 50)</td>
<td>$1,073 a month</td>
<td>Edit</td>
</tr>
<tr>
<td>At full retirement (age 67)</td>
<td>$80,000 a year (from now until full retirement)</td>
<td>$2,159 a month</td>
<td>--</td>
</tr>
<tr>
<td>At age 70</td>
<td>$80,000 a year (from now until age 70)</td>
<td>$2,722 a month</td>
<td>--</td>
</tr>
<tr>
<td>At age 62</td>
<td>$80,000 a year (from now until age 62)</td>
<td>$1,459 a month</td>
<td>--</td>
</tr>
</tbody>
</table>

www.socialsecurity.gov/estimator
Applying for Retirement Benefits

You can apply online for Retirement Benefits by visiting www.socialsecurity.gov and clicking “Benefits”
Applying for Retirement Benefits

Social Security
The Official Website of the U.S. Social Security Administration

Benefit Application

Applicant Identification

Applicant's Name:
Please provide the name as it appears on the most recent Social Security card.

First
Middle
Last
Suffix

Social Security Number (SSN):

Gender:
ISTER Male 
Female

Date of Birth:

Month
Day
Year

Next
Calculating the Retirement Benefit

- *All earnings where Social Security taxes were paid are used to compute benefits.*

- *The highest 35 years of earnings are used in the calculation*

- *There is a limit in how much earnings are taxed for Social Security each year, and counted towards the calculation.*

- *In 2016, the maximum amount taxable for Social Security is $118,500 ($118,500 in 2015)*

- *Because of these maximum limits, a maximum monthly payment of $2,639 can be yielded in 2016.*
When Do Benefits Begin?

• *As early as age 62 (reduction in benefits)*

• *At Full Retirement Age (no reduction-100%)*

• *Delayed retirement (increase in benefits up to age 70)*

  (Or any month in between these intervals)
## Full Retirement Age

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>65</td>
</tr>
<tr>
<td>1938</td>
<td>65 &amp; 2 months</td>
</tr>
<tr>
<td>1939</td>
<td>65 &amp; 4 months</td>
</tr>
<tr>
<td>1940</td>
<td>65 &amp; 6 months</td>
</tr>
<tr>
<td>1941</td>
<td>65 &amp; 8 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 &amp; 10 months</td>
</tr>
<tr>
<td>1943 – 1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 &amp; 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 &amp; 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 &amp; 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 &amp; 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 &amp; 10 months</td>
</tr>
<tr>
<td>1960 &amp; later</td>
<td>67</td>
</tr>
</tbody>
</table>
You Can Work & Still Receive Benefits

2016

<table>
<thead>
<tr>
<th>2016 Calendar Year</th>
<th>You Can Make Up To</th>
<th>If You Make More, Some Benefits Will Be Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Full Retirement Age</td>
<td>$15,720 ($1,310/mo.)</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>Months Before Full Retirement Age</td>
<td>$41,880 ($3,490/mo.)</td>
<td>$1 for every $3</td>
</tr>
<tr>
<td>Month of Full Retirement Age &amp; Above</td>
<td>No Limit</td>
<td></td>
</tr>
</tbody>
</table>
What Income Counts Toward the Limit

• Gross wages from work or net self employment

• Pensions, IRA’s, 401k, Interest, Dividends, Stocks, Bonds, Mutual Funds, Unemployment, and other Investment Income do not count towards this limit
Benefits for Your Family When You Retire

Your Spouse

- At age 62
- At any age if caring for child under 16 or disabled
- Divorced spouses may qualify
  - age 62, married 10 years to the worker, & currently unmarried
  - worker can be re-married & does not have to be receiving benefits yet

Your Child

- Not married under 18
  (under 19 if still in high school)
- Not married and disabled before age 22
Divorced?

• *If married 10 years to former spouse and not currently married, benefits can be received from ex-spouse unless own benefit is higher*  
  (Widows and ex-widows can re-marry after age 60)

• *Does not matter if the worker has remarried*

• *Worker’s remarriage does not reduce ex-spouse’s benefits or the new spouse’s benefits*
Survivor Benefits for Your Family

Widow or Widower:

- Reduced benefits at age 60
- If disabled as early as age 50
- At any age if caring for child under 16 or disabled
- Divorced widows/widowers may qualify

If Your Child Is:

- Not married under age 18 (under 19 if still in high school)
- Not married and disabled before age 22

71.5%-100%

75%
Social Security Disability Benefits:

A medical condition preventing substantial work for at least 12 months, or expected to result in death.

Must not have the ability to work and earn over $1,130 gross per month in 2016 ($1,820* gross per month in 2016 if blind)

Must have currently worked (5 out of the last 10 years prior to when the disability began)
Applying for Disability Benefits

You can apply online for Disability Benefits by visiting www.socialsecurity.gov and clicking “Benefits”
Who Can Get Medicare?

65 & older
-or-
Receiving Social Security disability benefits at least 24 months
-or-
Permanent kidney failure
-or-
Amyotrophic Lateral Sclerosis (ALS)
Medicare Coverage

Part A: Hospital Insurance
- Covers most inpatient hospital expenses
- No monthly premium with 40 SS or Medicare credits
- 2016 Deductible: $1,288* for up to 60 days in the hospital
  $322* daily deductible for days 61 through 90
  $644* daily deductible for days 91 through 150
  ( *without an employer health plan or Medi-gap policy)

Part B: Supplementary Medical Insurance
- Covers 80% doctor bills & other outpatient medical expenses after $166 in approved charges.
- 2016 Monthly Premium $121.80*

Part D: Medicare Prescription Drug Plan
- Covers a major portion of prescription drug costs for Medicare beneficiaries.
- 2016 average Monthly Premium $68.00
- Annual deductible and co-payments vary by plan

www.medicare.gov or 1-800-MEDICARE
New Part B Premiums in 2016

• Medicare beneficiaries with income greater than $85,000 ($170,000/couple) Part B Premiums in 2016 will be calculated on a sliding scale based on the modified adjusted gross income reported on IRS tax returns

• Under $85,000 ($170,000/couple): Part B premium $121.80
  $85,000-$107,000 ($170,000-$214,000/couple): Part B premium $170.50
  $107,000-$160,000 ($214,000-$320,000/couple): Part B premium $243.60
  $160,000-$214,000 ($320,000-$428,000/couple): Part B premium $316.70
  Over $214,000 ($428,000/couple): Part B premium $389.90

• Automated data from IRS used to calculate the premium

• Income from two years prior will be used to compute the premium (i.e. adjusted gross income for 2014 used to calculate the premium in 2016)

• Appeals available if income has changed due to divorce, death of a spouse, retirement, natural disaster, etc.
When Can I Sign Up for Medicare Part B?

**Part B Medicare Enrollment Periods:**

- Initial Enrollment – 3 months before and after age 65
- Special Enrollment - if still working or spouse is still working
- General Enrollment* - January-March; becomes effective July

*10% Penalty for every 12 months of delayed filing of Part B
Your Benefits Can Be Taxable

- About 1/3 of people who get Social Security pay income taxes on their benefits.

- At the end of each year, you’ll receive a *Social Security Benefit Statement* (Form SSA-1099). Use this statement to complete your Federal income tax return to find out if you have to pay taxes on your benefit.

- Federal tax withholding is optional.
Benefits Can Be Taxable

Individual Tax Return
- $25,000 to $34,000
  50% of Social Security Benefits are Taxable
- Over $34,000
  85% of Social Security Benefits are Taxable

Married Filing a Joint Tax Return
- $32,000 to $44,000
  50% of Benefits are Taxable
- Over $44,000
  85% of Benefits are Taxable
What Will You Need When Applying for Your Social Security Benefits?

- Social Security number for each applicant
- **Proof of age** (only if date of birth allegation doesn't match Social Security records)
- Latest W-2 or self-employment tax return
- Earnings estimate
- Bank information for direct deposit
- Information about marriages/divorces
- Information about military or railroad service
Visit Our Website or Call!

1-800-772-1213

www.socialesscurity.gov