

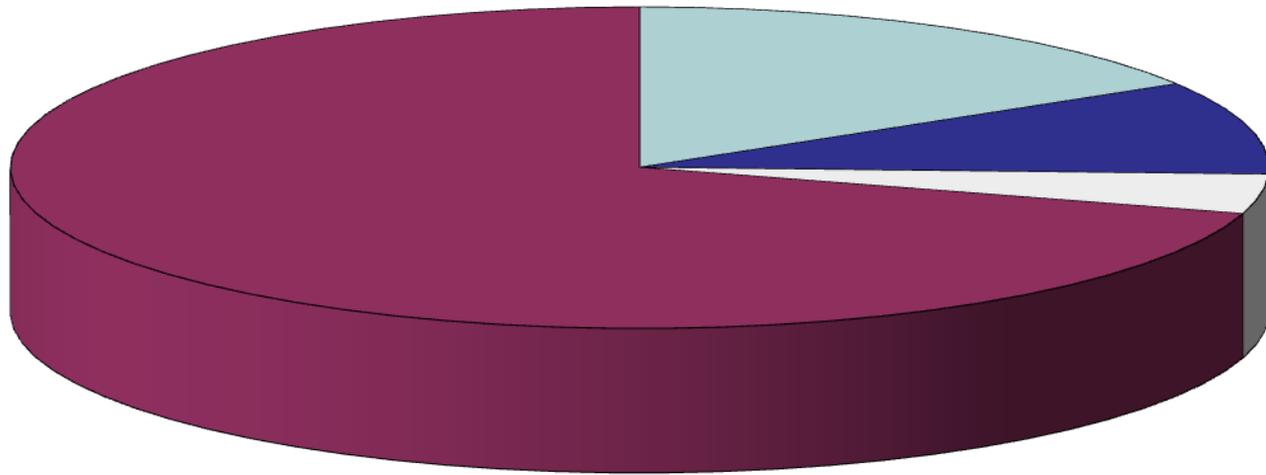
Social Security



www.socialsecurity.gov

Who Gets Benefits from Social Security?

53 million people



- 7.8 million Disabled Workers and 1.9 million Dependents
- 4.5 million Widows/Widowers
- 1.9 million Children of Deceased Workers
- 33.7 million Retired Workers and 2.9 million Dependents

A Foundation for Planning Your Future



The Social Security Statement

Prevent identity theft—protect your Social Security number
Your Social Security Statement www.socialsecurity.gov
Prepared especially for **Wanda Worker**

January 4, 2010
See inside for your personal information →

What's inside...

Your Estimated Benefits	2
Your Earnings Record	3
Some Facts About Social Security	4
If You Need More Information	4
To Request This Statement in Spanish (Para Solicitar Una Declaración en Español).....	4

What Social Security Means To You

This *Social Security Statement* can help you plan for your financial future. It provides estimates of your Social Security benefits under current law and updates your latest reported earnings. Please read this *Statement* carefully. If you see a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of your *Statement* with your financial records.

Social Security is for people of all ages...
We're more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family after you die.

Work to build a secure future...
Social Security is the largest source of income for most elderly Americans today, but Social Security was never intended to be your only source of income when you retire. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire. Saving and investing wisely are important not only for you and your family, but for the entire country. If you want to learn more about how and why to save, you should visit www.rrp.money.gov, a federal government website dedicated to teaching all Americans the basics of financial management.

About Social Security's future...
Social Security is a compact between generations. Since 1935, America has kept the promise of security for its workers and their families. Now, however, the Social Security system is facing serious financial problems, and action is needed soon to make sure the system will be sound when today's younger workers are ready for retirement. In 2016 we will begin paying more in benefits than we collect in taxes. Without changes, by 2037 the Social Security Trust Fund will be exhausted* and there will be enough money to pay only about 76 cents for each dollar of scheduled benefits. We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations.

Social Security on the Net...
Visit www.socialsecurity.gov on the Internet to learn more about Social Security. You can read publications, including *When To Start Reserving Retirement Benefits*; use our Retirement Estimator to obtain immediate and personalized estimates of future benefits; and when you're ready to apply for benefits, use our improved online application—It's so easy!


Michael J. Astrue
Commissioner

* These estimates are based on the intermediate assumptions from the Social Security Trustees' Annual Report to the Congress.

- The *Statement* provides you with estimates of your monthly Social Security retirement, disability, and survivors benefits
- The *Statement* allows you to check your earnings history for accuracy

Use the Retirement Estimator

- Convenient, secure, and quick financial planning tool
- Immediate and accurate benefit estimates
- Lets you create “What if” scenarios based on different ages and earnings

The screenshot shows the Social Security Online website interface. At the top, it says "Social Security Online" and "Benefit Calculators". Below that is a navigation bar with "Home", "Questions?", "Contact Us", and a search box. The main content area is titled "About the Retirement Estimator".

How the Retirement Estimator Works
The Retirement Estimator produces estimates that are based on your actual Social Security earnings record. Retirement estimates are just that, estimates. They will vary slightly from the actual benefit you may receive in the future because:

- Your Social Security earnings record is constantly being updated;
- Our calculators use different parameters and assumptions (e.g., different stop work ages, future earnings projections, etc.); and
- Your actual future benefit will be adjusted for inflation.

Who Can Use the Retirement Estimator
You can use the [Retirement Estimator](#) if:

- You have enough [Social Security credits](#) at this time to qualify for benefits **and**
- You are **not**:
 - Currently receiving benefits on your own Social Security record;
 - A Medicare beneficiary;
 - Age 62 or older and receiving benefits on another Social Security record; **or**
 - Eligible for a [Pension Based on Work Not Covered By Social Security](#).

How Long Can You Stay On Each Page?
For security reasons, there are time limits for viewing each page. You will receive a warning after 25 minutes without doing anything, and you will be able to extend your time on the page. After the third warning on a page, you must move to another page or your time will run out and your work on that page will be lost.

Note: If you turned JavaScript off in your browser, you will not receive these warnings. After you spend 30 minutes on a page, you must move to another page or you will be logged out.

Buttons: [Continue](#), [Estimate Your Retirement Benefits](#), [What is the best age to start receiving retirement benefits?](#)

Footer: USA.gov, [Privacy Policy](#) | [Website Policies & Other Important Information](#) | [Site Map](#), [Need Larger Text?](#), Last reviewed or modified Wednesday Apr 01, 2009

www.socialsecurity.gov/estimator

How Do You Qualify for Retirement Benefits?

- You need to work to earn Social Security “credits”
- Each \$1,130 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2010, you must earn at least \$4,480. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.

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

Your Age At The Time You Elect Retirement Benefits Affects the Amount

If You're a Worker and Retire

- **At age 62, you get a lower monthly payment**
- **At your full retirement age, you get your full benefit**
- **You get an even higher monthly payment if you work past your full retirement age**



Your Age At The Time You Elect Retirement Benefits Affects the Amount

For example, if you were born from 1943 through 1954:

- Age 62 75% of benefit
- Age 66 100% of benefit
- Age 70 132% of benefit



How Social Security Determines Your Benefit

Social Security 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”**

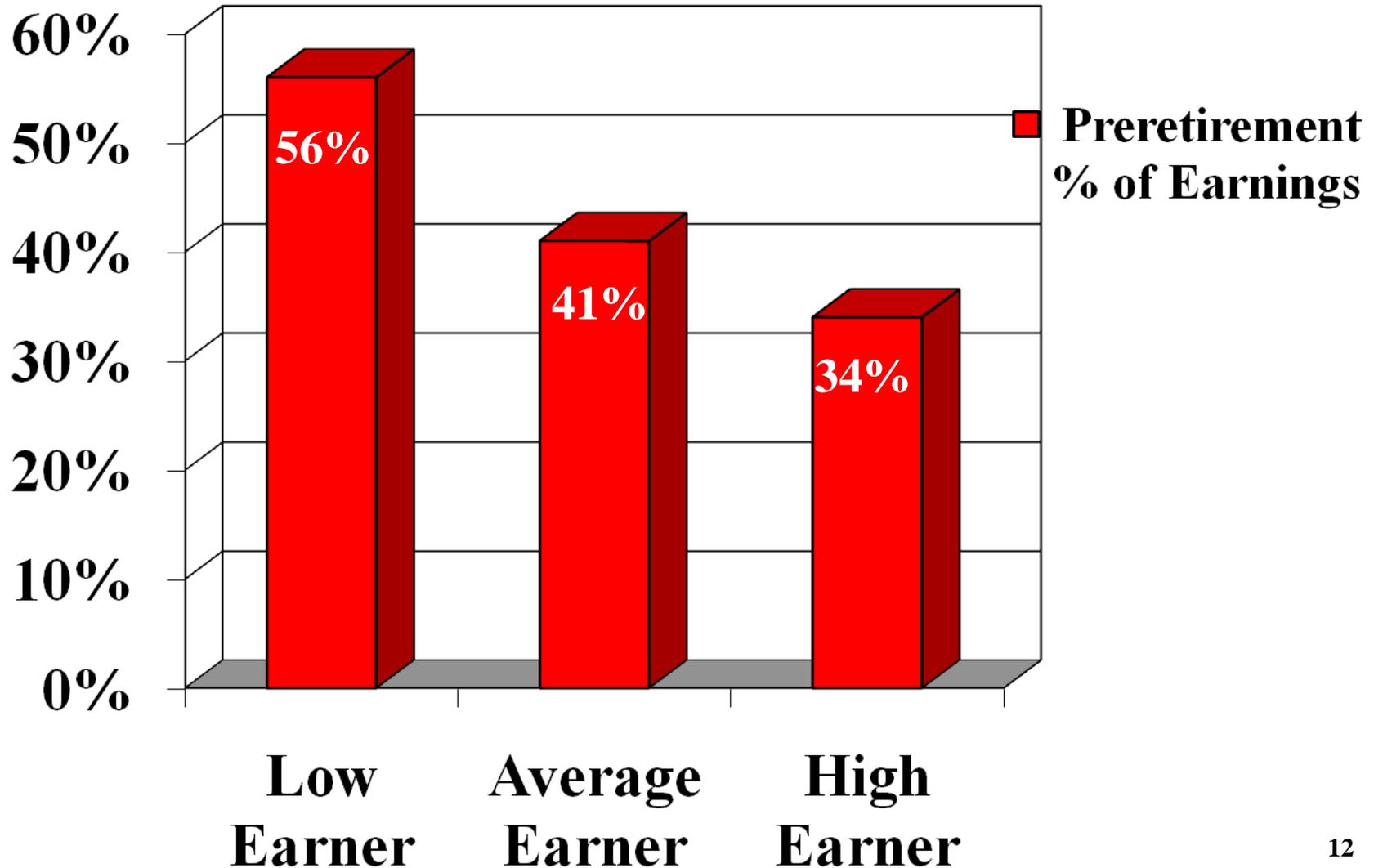


2012 Retirement Benefit Computation Example

If your average monthly earnings are = \$5,200
Then your monthly benefit would be = \$2,001

Average Monthly Earnings	\$5,200		
90% of First	\$767	=	\$690
32% of Earnings over \$767 through \$4,624 ($\$4,586 - \$761 = \$3,825$)	\$3,857	=	\$1,234
15% of Earnings over \$4,624	\$576	=	\$86
	<hr/>		<hr/>
	\$5,200		\$2,010

What You Can Expect at Full Retirement Age



Windfall Elimination Provision

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



Windfall Elimination Provision (WEP) - 2010

Normal Computation

90% of the First \$767

32% of the Next \$3,857

15% of the Remainder

WEP Computation

40% of the First \$767

32% of the Next \$3,857

15% of the Remainder

Exception to the Windfall Elimination Provision

Years of Social Security Coverage	% of First Factor in Benefit Formula
30 or more	90
29	85
28	80
27	75
26	70
25	65
24	60
23	55
22	50
21	45
20 or fewer	40

➤ **Our Online WEP calculator allows you to estimate your Social Security benefit.**

Government Pension Offset (GPO)

If you receive a government pension based on work not covered by Social Security, your Social Security spouse's or widow(er)'s benefits may be reduced.



Government Pension Offset (GPO)

Applies to Spouse's Benefits Only

2/3 of amount of government pension will be used to reduce the Social Security spouse's benefits

Example:

\$1,200 of government pension $2/3 =$ \$800

Social Security spouse's benefits = \$750

No benefit payable by Social Security



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

You Can Work & Still Receive Benefits

<u>If You Are</u>	<u>You Can Make Up To</u>	<u>If You Make More, Some Benefits Will Be Withheld</u>
Under Full Retirement Age	\$14,640/yr. (\$1,220/mo.)	\$1 for every \$2
The Year Full Retirement Age is Reached	\$37,880/yr. (\$3,240/mo.)	\$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.

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.**

Social Security Cost-of-Living Adjustments

Effective Date	Amount	Effective Date	Amount
June 1975	8%	Dec 1993	2.6%
June 1976	6.4%	Dec 1994	2.8%
June 1977	5.9%	Dec 1995	2.6%
June 1978	6.5%	Dec 1996	2.9%
June 1979	9.9%	Dec 1997	2.1%
June 1980	14.3%	Dec 1998	1.3%
June 1981	11.2%	Dec 1999	2.5%
June 1982	7.4%	Dec 2000	3.5%
Dec 1983	3.5%	Dec 2001	2.6%
Dec 1984	3.5%	Dec 2002	1.4%
Dec 1985	3.1%	Dec 2003	2.1%
Dec 1986	1.3%	Dec 2004	2.7%
Dec 1987	4.2%	Dec 2005	4.1%
Dec 1988	4%	Dec 2006	3.3%
Dec 1989	4.7%	Dec 2007	2.3%
Dec 1990	5.4%	Dec 2008	5.8%
Dec 1991	3.7%	Dec 2009	0%
Dec 1992	3%		

Social Security's Online Services

Online Services for before or after you receive benefits

- Retirement Estimator
- Retirement & Disability Applications
- Medicare Online
- Apply for Extra Help With Medicare Drug Plan Costs
- Retirement/Survivors/Disability Planner
- Request a Social Security *Statement*
- Change of Address
- Medicare Card Replacements
- Request a Benefit Verification Letter
- Start or Change Direct Deposit

www.socialsecurity.gov

Applying for Retirement Benefits

You can apply online for Retirement Benefits by visiting www.socialsecurity.gov and then clicking on “Retirement/Medicare”

The screenshot shows the Social Security Administration's online portal. At the top, it says "SOCIAL SECURITY ONLINE" and "THE OFFICIAL WEBSITE OF THE U.S. SOCIAL SECURITY ADMINISTRATION". There is a search bar and a "GO" button. Below the header, there are navigation tabs for "Retirement", "Survivors", "Disability", "Supplemental Security Income (SSI)", and "Medicare". The "Retirement" tab is selected, and a sub-menu is open showing "Retirement/Medicare", "Disability Benefits", and "Social Security Card". The "Retirement/Medicare" option is highlighted with a red box and a red arrow. To the left of this menu is a video thumbnail of a woman with the text "Watch a brief video about our website (less than two minutes)". Below the navigation tabs, there are several promotional banners: "Apply Online for Medicare" with the text "It takes less than ten minutes", "Retire Online It's So Easy!", and "CHUBBY CHECKER" with the text "It's easier than ever to save on your prescription costs". On the right side of the page, there are sections for "QUESTIONS?", "INFORMATION FOR...", "OTHER USEFUL LINKS", and "NEWS". The "QUESTIONS?" section has a dropdown menu for "Social Security Number & Card" and a "GO" button. The "INFORMATION FOR..." section has a dropdown menu for "Choose Group". The "OTHER USEFUL LINKS" section has a dropdown menu for "Choose Site". The "NEWS" section lists several articles, including "Social Security Releases Open Government Plan", "The Cast of The Patty Duke Show Reunites to Tell Americans About New Online Medicare Application", "Social Security Helps States with Mounting Disability Claims", "Class Notice in American Council of the Blind Court Case", and "Settlement in the Martinez Court Case". At the bottom of the page, there are logos for "OPEN GOVERNMENT", "Benefits.gov", "ELECTRONIC RECORDS", and "mymoney".