

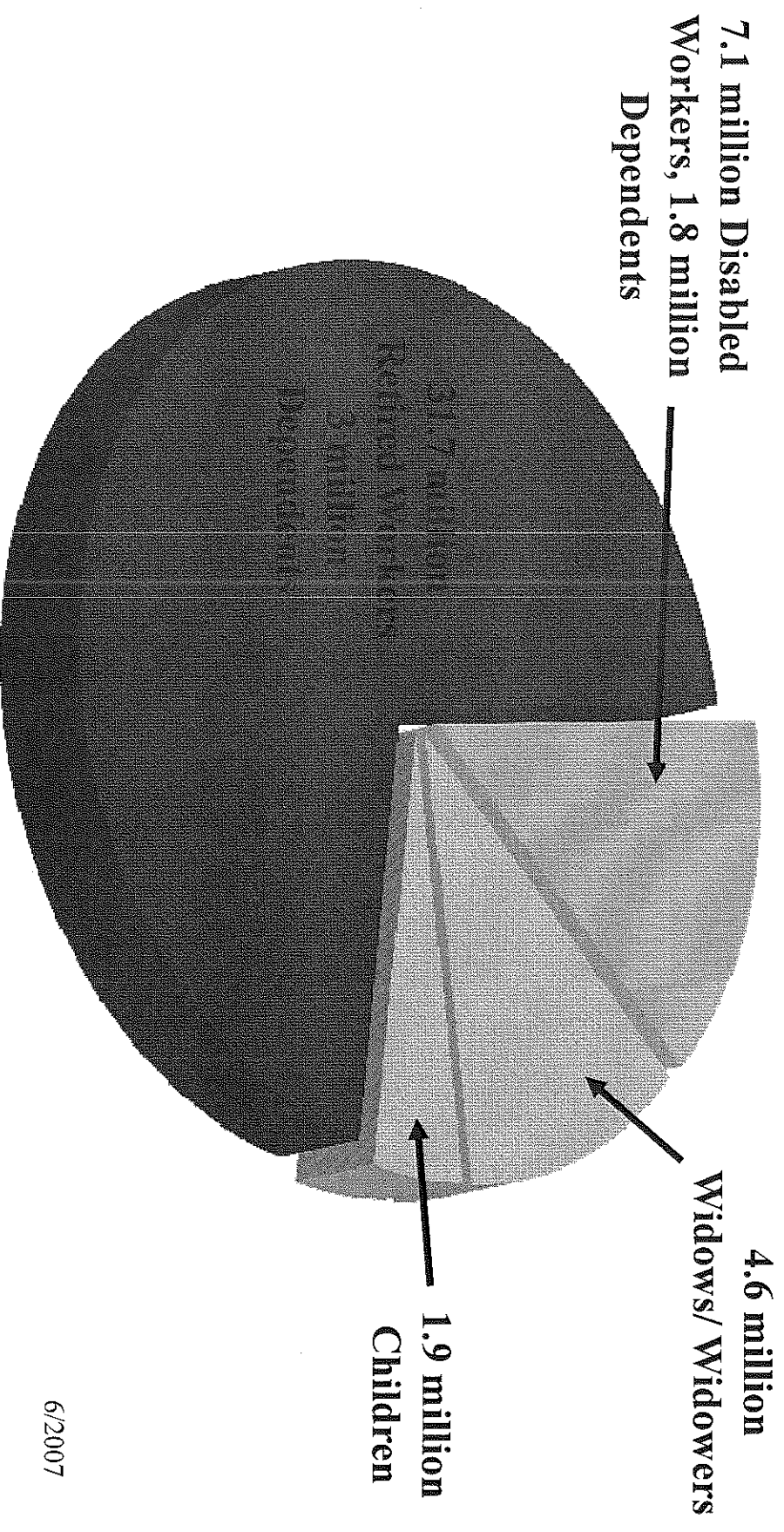


SOCIAL SECURITY

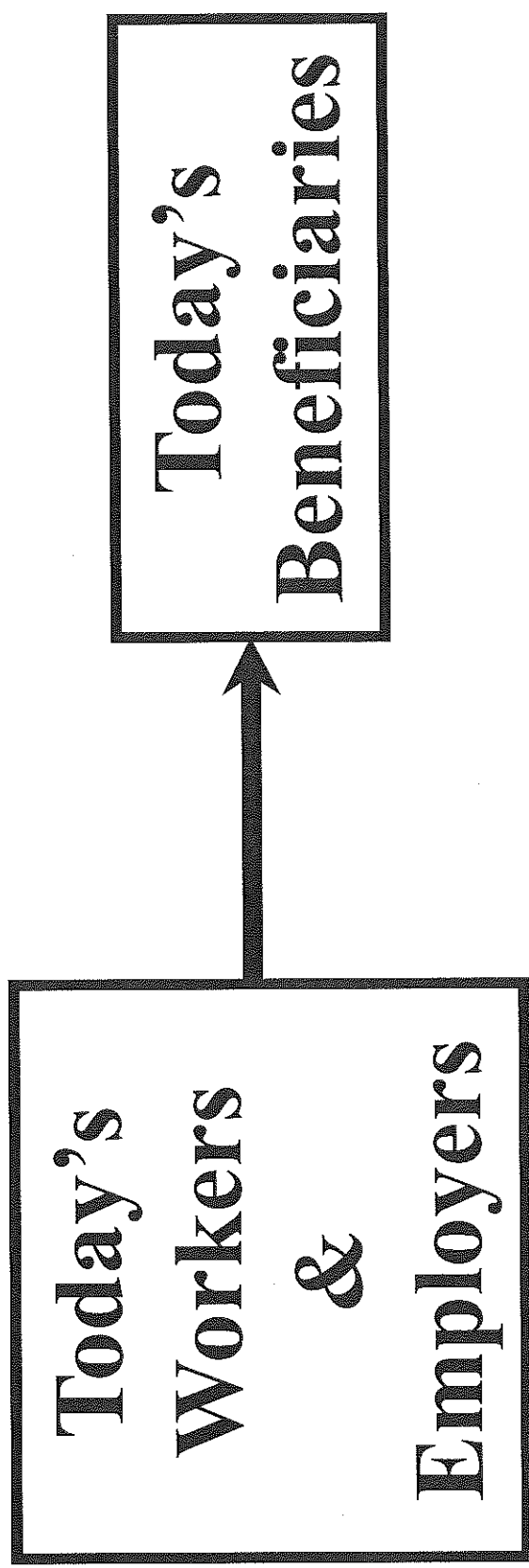


Who Gets Benefits from Social Security?

50 Million People



Who Pays For Social Security?



Social Security Trust Funds During 2009

Where Does the Money Come From?

Payroll Tax	83%
Trust Fund Interest	15%
Taxation of Benefits	3%

Note that percentages may not add to 100% due to rounding of the individual components.

The Number of Workers per Beneficiary is Decreasing

5 – 1960

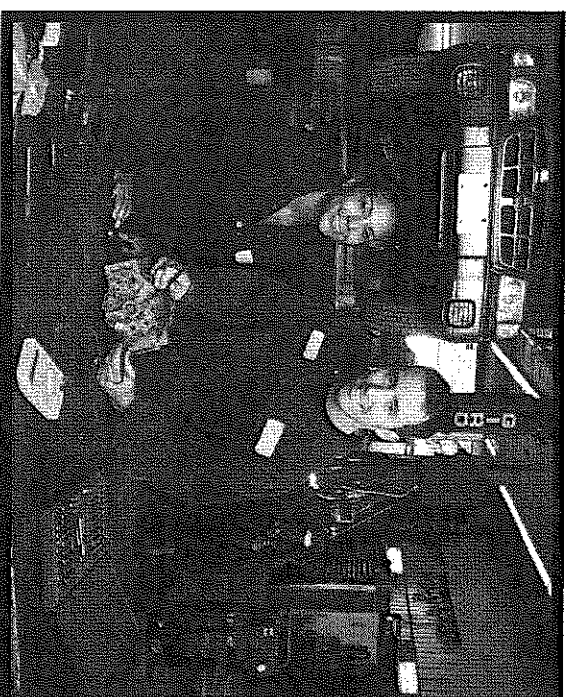
3 – 2010

2 – 2035

How Do You Qualify for Retirement Benefits?

- You need to work to earn Social Security “credits”
- Each \$1,120 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

Example: To earn 4 credits in 2011, 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

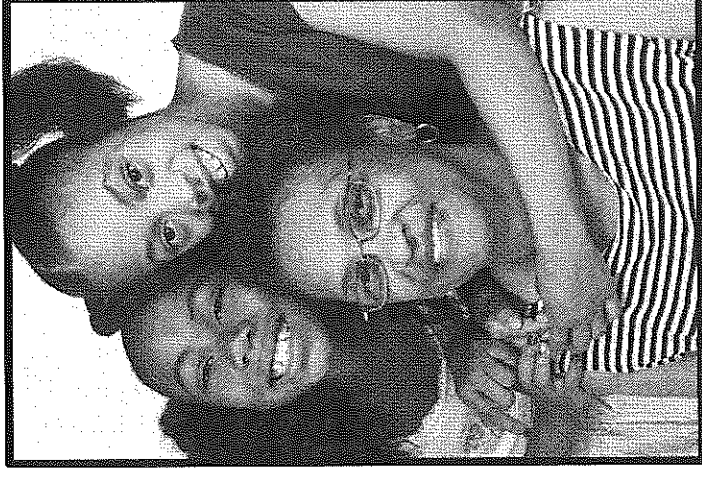
- **At age 62, you get a lower monthly payment (75%)**
- **At your full retirement age, you get your full benefit (100%)**
- **You get an even higher monthly payment if you work past your full retirement age (8% More Per Year)**



In Addition to the Retiree, Who Else Can Get Benefits?

Your Child

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



Your Spouse

- Age 62 or older
- At any age, if caring for a child under age 16 or disabled

In Addition to the Retiree, Who Else Can Get Benefits?

Your Ex-Spouse

- **Marriage lasted at least 10 years**
- **Ex-spouse 62 or older and unmarried
(you can be married)**
- **Divorced at least two years and you and your
ex-spouse are at least 62, he or she can get benefits
even if you are not retired**
- **Ex-spouse's benefit amount has no effect on the
amount you or your current spouse can get**

Spouse's Benefit Computation

- **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 worker**

Who Can Get Survivors Benefits?

Your Child if:

➤ **Not married under age 18** (under 19 if still in high school)

➤ **Not married and disabled before age 22**
Widow or Widower:

➤ **Full benefits at full retirement age**

➤ **Reduced benefits at age 60**

➤ **If disabled as early as age 50**

➤ **At any age if caring for child under 16 or disabled**

➤ **Remarriage after age 60 (50 if disabled)**

➤ **Divorced Widow(er)s may qualify**

Widow or Widower Benefit Computation

- At full retirement age, 100% of deceased worker's unreduced benefit
- At age 60, 71.5% of deceased worker's unreduced benefit
- Reduced benefits on one record at age 60, reduced or unreduced benefit on other record at age 62 or older
- Full benefits to both widow or widower and divorced widow or widower

How Social Security Determines Your Benefit

Social Security benefits are based on earnings

Step 1	Your wages are adjusted for inflation
Step 2	Find the average of your 35 highest earnings years
Step 3	Result is “average indexed monthly earnings”

Retirement Benefit Computation Example

If your average monthly earnings are = \$5,400
Then your monthly benefit would be = \$2,002

Average Monthly Earnings	\$5,400	
90% of First	\$744	= \$669
32% of Earnings over \$744 through \$4,483 ($\$4,483 - \$744 = \$3,739$)	\$3,739	= \$1,196
15% of Earnings over \$4,483 ($\$5,400 - \$4,483 = \917)	\$917	= \$137
	Benefit at FRA	\$2002

Windfall Elimination Provision

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

Windfall Elimination Provision (WEP) - 2011

Normal Computation WEP Computation

90% of the First \$744	40% of the First \$744
32% of the Next \$3,739	32% of the Next \$3,739
15% of the Remainder	15% of the Remainder

Retirement Benefit Computation

Pension Offset 2011

If your average monthly earnings are = \$5,400
Then your monthly benefit would be = \$1,630

Average Monthly Earnings \$5,400

40% of First \$744 = \$297

32% of Earnings over \$744 through \$4,483 \$3,739 = \$1,196
($\$4,288 - \$711 = \$3,577$)

15% of Earnings over \$4,483 \$917 = \$137
($\$5,400 - \$4,283 = \$917$)

Benefit at FRA \$1,630

Maximum offset - \$374.50

Exception to the Windfall Elimination Provision

Years of 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 less	40

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)

Spouse's Benefits Only

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



Example:

\$900 of government pension

Social Security Spouse Benefits

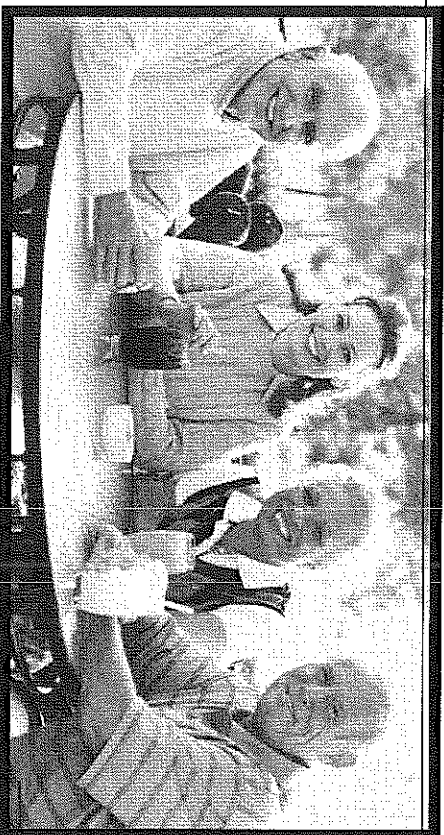
No cash benefit payable by Social Security

$$2/3 = \$600$$

$$= \$500$$

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		\$14,160/yr. (\$1,180/mo.)	\$1 for every \$2
The Year Full Retirement Age is Reached		\$37,680/yr. (\$3,140/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.

[illegible]

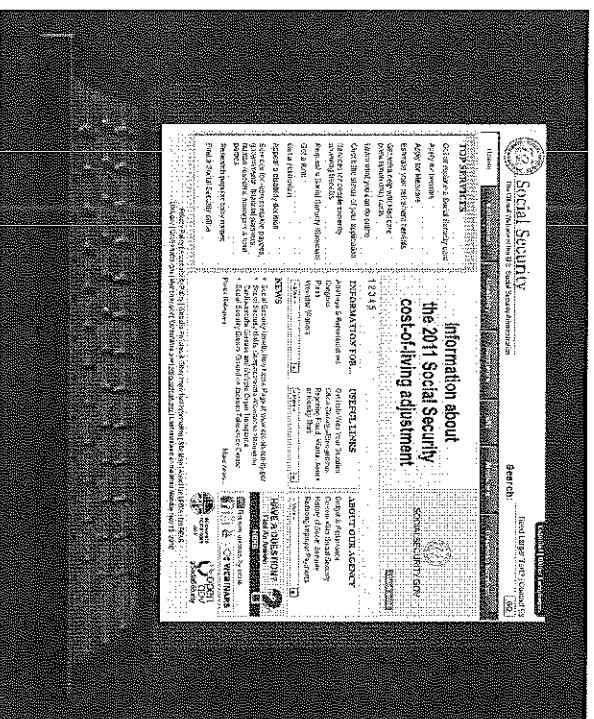
- **No manual keying of earnings is needed**

■ ‘What if’ scenarios are easy

It's convenient, secure and quick.
www.socialsecurity.gov/estimator

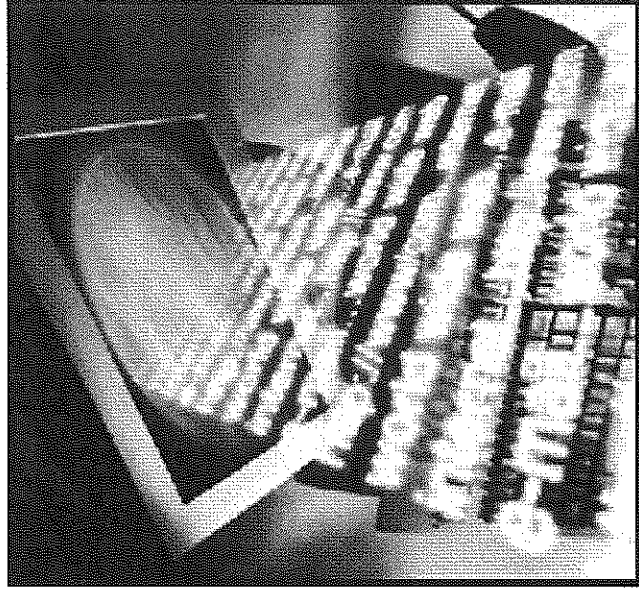
What Should You Do to Prepare for Your Retirement?

Get estimates of benefits using different
retirement ages and wage estimates



www.socialsecurity.gov

Social Security's Online Services



- Retirement & Disability Applications
- File an appeal on your disability
- Apply for Extra Help
- Retirement/Survivors/Disability Planner
- Request a *Statement*
- Change of Address
- Medicare Card Replacements
- Request a Benefit Verification Letter
- Start or Change Direct Deposit
- Schedule an appointment