



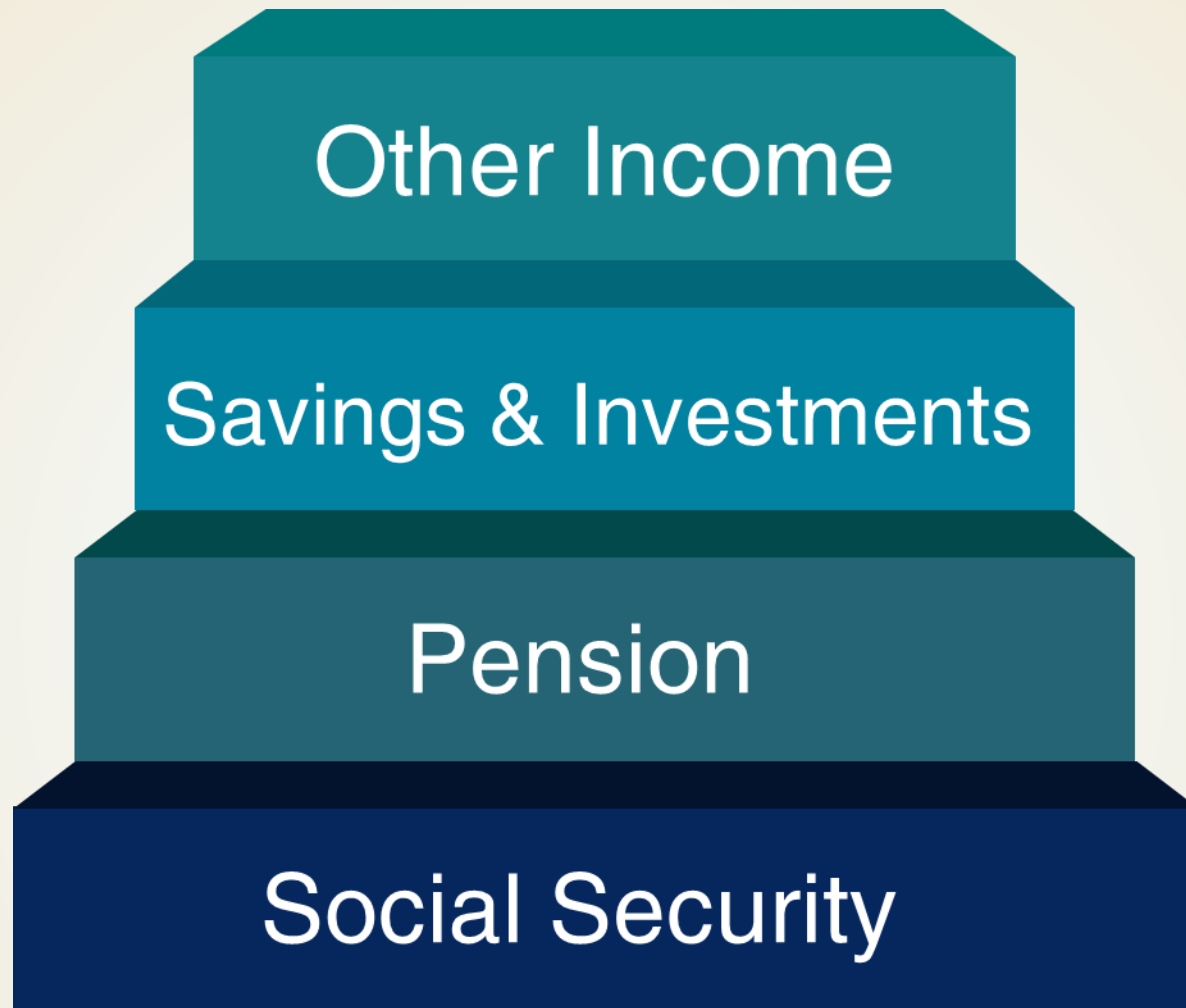
Social Security: With You Through Life's Journey...



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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 \$1,730 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

Note: To earn 4 credits in 2024, you must earn at least \$6,920.

ssa.gov/planners/credits.html



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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”

ssa.gov/OACT/COLA/Benefits.html

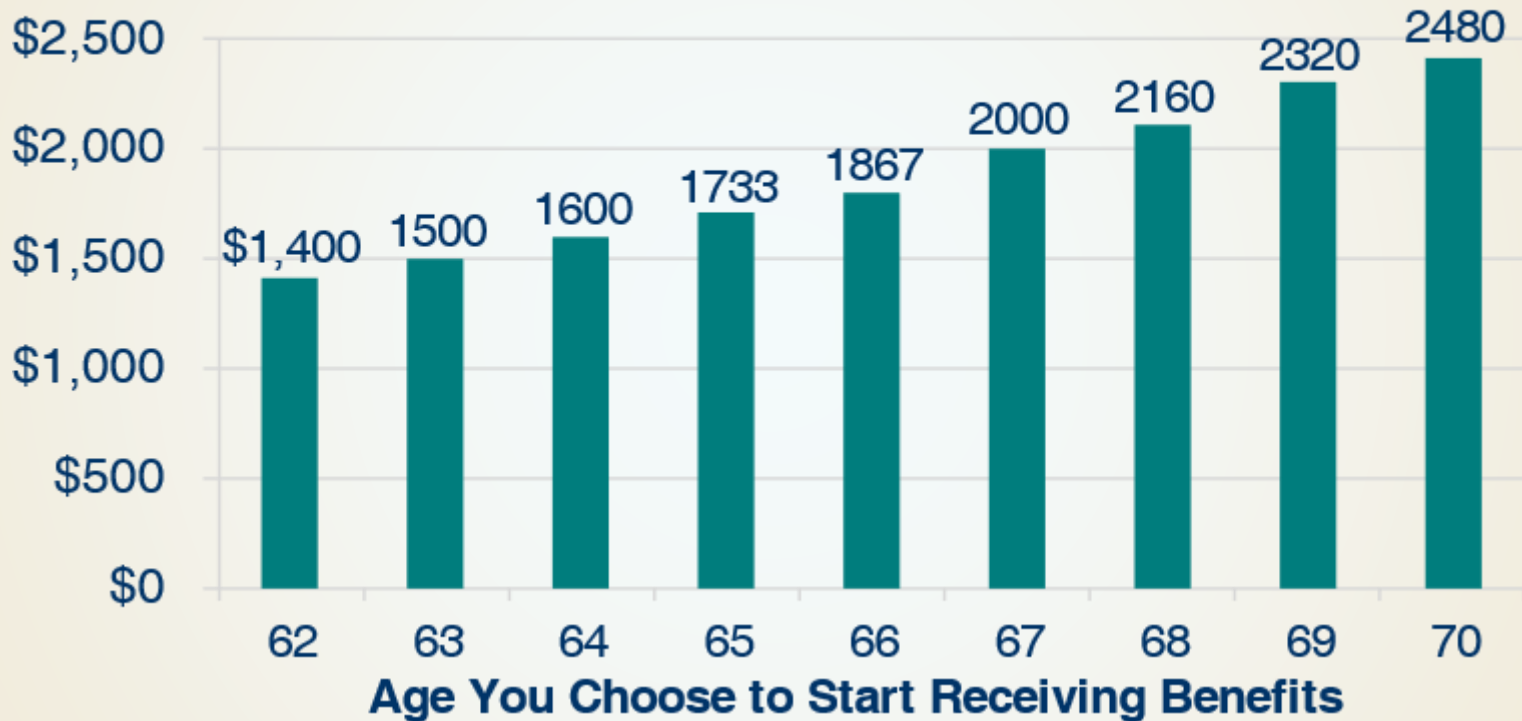


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What Is the Best Age to Start Receiving Social Security Retirement Benefits?

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



Note: This example assumes a benefit of \$2,000 at a full retirement age of 67



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2024 Retirement Benefit Formula

If your average monthly earnings are = **\$8,000**

Then your monthly benefit would be = **\$3,084**

Average Monthly Earnings = \$8,000

90% of First..... **\$1,174** is **\$1,057**

32% of Earnings over \$1,174 through \$7,078... **\$5,904** is **\$1,889**
($\$7,078 - \$1,174 = \$5,904$)

15% of Earnings over \$7,078..... **\$922** is **\$138**

\$8,000 is \$3,084

**Payments rounded to whole dollar amounts*



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Benefits Chart by Age

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

ssa.gov/oact/quickcalc/earlyretire.html



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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	\$22,320/yr.	\$1 for every \$2
The Year Full Retirement Age is Reached	\$59,520/yr. before month of full retirement age	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit

Retirement Earnings Test Calculator:
ssa.gov/OACT/COLA/RTeffect.html



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Benefits for a Spouse

- Maximum benefit = 50% of worker's unreduced benefit
- Reduction for early retirement
- If spouse's own benefit is less than 50% of the worker's, they will be combined to equal to 50% of the worker's
- Does not reduce payment to the worker
- Benefit is unreduced if claiming spouse is caring for a child who is under age 16 or who has a disability
- Spouse benefits are not payable until worker collects

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Benefits for Divorced Spouses

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

- Marriage lasted at least 10 years
- You are unmarried
- You are age 62 or older
- Your ex-spouse is at least 62 and eligible for Social Security retirement or disability benefits, even if not collecting
- Benefit you would receive based on your own work is less than benefit you would receive based on ex-spouse's work

ssa.gov/benefits/retirement/planner/applying7.html#h4



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Deemed Filing

- **If you were born on or after January 2, 1954** and are eligible 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 to people at any age who turned age 62 after January 1, 2016.

Note: There are two exceptions.

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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 develop a disability after 1985; and
- You first become eligible after 1985 for a monthly pension based on work where you didn't pay Social Security taxes.

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Windfall Elimination Provision (WEP)

Normal Computation	WEP Computation
90% of the <u>first</u> \$1,174	40% of the <u>first</u> \$1,174
32% of the next \$5,904	32% of the next \$5,904
15% of the remainder	15% of the remainder

Max WEP reduction for someone who turns 62 in 2024 is
\$587/month



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Exception to the WEP

Years of Substantial Earnings	% 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



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Government Pension Offset

- A type of benefit reduction that may affect some spouses and surviving spouses.
- If you receive a government pension based on work not covered by Social Security, your SS spouse's or surviving spouse's benefits may be reduced.



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Government Pension Offset

GPO reduces Social Security spouse's or surviving spouse's benefit by 2/3 of non-covered pension amount.

Examples:

\$1200 Non-covered Pension

$2/3 = \$800$

If Social Security spouse's or surviving spouse's benefit = \$750, no benefit payable due to offset ($\$750 - \$800 = \$0$)

If Social Security spouse's or surviving spouse's benefit = \$1000, \$200 would be payable after offset ($\$1000 - \$800 = \$200$)

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Auxiliary Benefits for Children

A child must have:

- A parent entitled to benefits due to disability or retirement; or
- A parent who died after having worked long enough in a job where they paid Social Security taxes.

The child must also be:

- Unmarried;
- Younger than age 18;
- 18-19 years old and a full-time student (no higher than grade 12);
- 18 or older and have a disability that started before age 22.

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We're There If You Lose A Loved One



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Survivor Benefits

Child	May receive benefits if unmarried and younger than age 18, or between ages 18 and 19 and a full-time high school student
Disabled Child	May receive benefits after age 18 if unmarried and has a disability that started before age 22
Surviving Spouse or Divorced Surviving Spouse (Remarriage after age 60 will not affect benefits)	May receive full benefits at full retirement age or reduced benefits: <ul style="list-style-type: none">• as early as age 60• as early as 50 and has a disability• at any age if caring for a child of a deceased worker who is under age 16, has a disability, and receives child's benefits

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Survivor Benefits

When you pass away, your surviving spouse may:

- Claim survivor benefits as early as age 50 if they have a disability, otherwise any age between 60 and full retirement age;
- At age 60, receive 71.5% of your full benefit and increases each month they wait up to 100% if they start at full retirement age; or
- At full retirement age, receive 100% of your unreduced benefit.



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Other Survivor Benefits

- Lump Sum Death Payment of \$255 is a one-time payment to surviving spouse or child(ren) who meet certain requirements.
- Parents' Benefits are for a parent age 62 or older who was receiving at least one-half support from their child.

ssa.gov/benefits/survivors/ifyou.html



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Spouse vs. Surviving Spouse Benefits

Spouse (living)	Surviving Spouse (deceased)
May start as early as age 62	May start as early as age 60 or as early as 50 if disabled
50% if you wait until FRA or later	71.5% at age 60, increases each month you wait
Less than 50% if you start before FRA (reduction for each month you take benefit early)	100% if you start at FRA or later

Certain conditions must be met.

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You can take survivor benefits as early as age 60, then switch to retirement on your own record as early as age 62 and as late as age 70 if that benefit rate is higher than your survivor benefit rate.

OR

You can take retirement benefits as early as age 62, then switch to survivor benefits at a later date if the benefit rate is higher. The maximum survivor benefit rate is payable somewhere between your 62nd birthday and full retirement age.



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Definition of Disability - Adult

The Social Security Act defines disability as:

A person who cannot work due to a severe medical condition that has lasted, or is expected to last, at least one year or result in death; or

The person's medical condition must prevent them from doing substantial gainful employment – work that they did in the past, and it must prevent the person from adjusting to other work.



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SSDI vs. SSI

Social Security Disability Insurance	Supplemental Security Income
Benefits come from Social Security trust funds and are based on a person's earnings.	Payments come from the general treasury fund, NOT the Social Security trust funds. SSI payments are not based on a person's earnings.
Insurance that workers earn by paying Social Security taxes on their wages.	Needs-based program where eligibility depends largely on limited income and resources.
Pays benefits to people who can no longer work due to a disability, regardless of their income and resources.	Pays people with a disability who are unable to work AND have limited income and resources; pays people age 65 and older with limited income and resources.
Pays benefits for workers and adult children with a disability since childhood. Must meet insured status requirements.	Payments for children and adults in financial need. Must have limited income and limited resources.



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Social Security Disability Insurance (SSDI)

What is it?

SSDI provides a monthly benefit to people who are no longer able to work because of a significant disabling condition(s). SSA does not pay partial or temporary disability benefits.

Who is it for?

People who cannot perform substantial work activity may be eligible if they:

- have medical condition(s) expected to last at least 12 months or result in death
- are younger than full retirement age (FRA) and earn less than the substantial gainful activity (SGA) limit
- have recent work and a certain number of work credits based on age

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Requirements for Getting Disability Benefits

To be eligible for disability benefits, you must meet two different earnings tests:

- a recent work test, and
- a duration of work test.

Note: Certain blind workers must meet only the duration of work test.



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Rules for Recent Work Test

If you develop a disability	You generally need
In or before the quarter you turn age 24	1.5 years of work during the three-year period ending with the quarter you develop a disability.
In the quarter after you turn age 24 but before the quarter you turn age 31	Work during half the time for the period beginning with the quarter after you turned 21 and ending with the quarter you develop a disability.
In the quarter you turn age 31 or later	Work during five years out of the 10-year period ending with the quarter your disability began.



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Rules for Duration of Work Test

If you develop a disability	Then you generally need
Before age 28	1.5 years of work
Age 30	2 years
Age 34	3 years
Age 38	4 years
Age 42	5 years
Age 46	6 years
Age 48	6.5 years
Age 50	7 years
Age 52	7.5 years

NOTE: *This table doesn't cover all situations.*



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What's New in 2024?

- The Substantial Gainful Activity (SGA) amount for people with disabilities, other than blindness, is \$1,550 per month in 2024.
- The SGA amount for people who are blind is \$2,590 per month in 2024.
- The monthly earnings amount that we use to determine a Trial Work Period (TWP) month is \$1,110 in 2024.
- The Supplemental Security Income (SSI) Federal Benefit Rate (FBR) is \$943 per month for an eligible person and \$1,415 per month for an eligible couple in 2024.



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What's New in 2024?

- For 2024, the amount of earnings that will have no effect on eligibility or benefits for SSI beneficiaries who are students under age 22 is \$9,230 a year. The amount of earnings that we can exclude each month, until we have excluded the maximum for the year, is \$2,290 a month.
- The monthly Medicare Part A (Hospital Insurance) base premium for less than 30 credits is \$505.
- The Medicare Part B (Supplementary Medical Insurance) monthly base premium is \$174.70. Some people with higher incomes will pay a higher amount.



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Will I pay federal taxes on my 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% of your benefits.
- more than \$34,000, up to 85% 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% of your benefits
- more than \$44,000, up to 85% of your benefits may be taxable.



are married and file a separate tax return, you will probably pay taxes on your 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***”

Publication 554, *Tax Guide for Seniors*

Publication 915, *Social Security and Equivalent Railroad Retirement Benefits*

IRS.gov



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How to Apply for Benefits



File online for Retirement, Spouse, Disability, or Medicare Only

- If you are disabled, you can file for Retirement and Disability with same application if you are at least 62 but not yet FRA.
- Survivor* application is not available online.



Schedule phone appointment at 1-800-772-1213, 8 a.m. – 7 p.m. Monday through Friday.



Schedule in-office appointment at 1-800-772-1213.

****Child and survivor claims can only be done by phone or in the office.***



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