



Social Security

# Retirement Benefits

[www.socialsecurity.gov](http://www.socialsecurity.gov)

## Contact Social Security

### Visit our website

Our website, [www.socialsecurity.gov](http://www.socialsecurity.gov), is a valuable resource for information about all of Social Security's programs. At our website you also can:

- Apply for certain kind of benefits;
- Get the address of your local Social Security office;
- Request a *Social Security Statement* or a replacement Medicare card; and
- Find copies of our publications.

### Call our toll- free number

In addition to using our website, you also can call us toll-free at **1-800-772-1213**. We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. We can provide automated phone service 24 hours a day. If you are deaf or hard of hearing, you may call our TTY number, **1-800-325-0778**.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

## What's inside

**Social Security and your retirement plans.. 4**

---

**Your retirement benefits ..... 4**

---

**Family benefits ..... 9**

---

**What you need to know when you  
are eligible for retirement benefits ..... 12**

---

**A word about Medicare ..... 16**

---

## Social Security and your retirement plans

Social Security is part of the retirement plan of almost every American worker. If you are among the 96 percent of workers who are covered under Social Security, you should know how the system works and what you should receive from Social Security when you retire. This booklet explains how you qualify for Social Security benefits, how your earnings and age can affect your benefits, what you should think about in deciding when to retire and why you should not count only on Social Security for your retirement income.

This booklet provides basic information on Social Security retirement benefits and is not intended to answer all questions. For specific information about your situation, you should talk with a Social Security representative.

## Your retirement benefits

### How do you qualify for retirement benefits?

When you work and pay Social Security taxes, you earn “credits” toward Social Security benefits.

The number of credits you need to get retirement benefits depends on when you were born. If you were born in 1929 or later, you need 40 credits (10 years of work).

If you stop working before you have enough credits to qualify for benefits, the credits will remain on your Social Security record. If you return to work later on, you can add more credits so that you qualify. No retirement benefits can be paid until you have the required number of credits.

## How much will your retirement benefit be?

Your benefit payment is based on how much you earned during your working career. Higher lifetime earnings result in higher benefits. If there were some years when you did not work or had low earnings, your benefit amount may be lower than if you had worked steadily.

Your benefit payment also is affected by the age at which you decide to retire. If you retire at age 62 (the earliest possible retirement age for Social Security), your benefit will be lower than if you wait until later to retire. This is explained in more detail on pages 7 and 8.

**NOTE:** *Each year, about three months before your birthday, you receive a Social Security Statement. It can be a valuable tool to help you plan a secure financial future. It provides you with a record of your earnings and gives estimates of what your Social Security benefits would be at different retirement ages. It also gives an estimate of the disability benefits you could receive if you become severely disabled before retirement, as well as estimates of the survivors benefits Social Security would provide your spouse and eligible family members when you die.*

## You can get retirement benefit estimates

You can use the online Retirement Estimator to get immediate and personalized retirement benefit estimates to help you plan for your retirement. The online Retirement Estimator is a convenient, secure and quick financial planning tool, since it eliminates the need to manually key in years of earnings information. The estimator also will let you create “what if” scenarios. You can, for example, change your “stop work” dates or expected future earnings to create and compare different retirement options.

For more information, ask for *Online Retirement Estimator* (Publication No. 05-10510) or *How To Use The Online Retirement Estimator* (Publication No. 05-10511) or visit our website at [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator).

## Full retirement age

The “full retirement age” is 65 for people who were born before 1938. But because of longer life expectancies, the Social Security law was changed to gradually increase the full retirement age until it reaches age 67. This change affects people born in 1938 and later. Check the following table to find your full retirement age.



Age to receive full Social Security benefits	
<i>Year of birth</i>	<i>Full retirement age</i>
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

**NOTE:** People who were born on January 1 of any year should refer to the previous year.

## Early retirement

You can get Social Security retirement benefits as early as age 62, but if you retire before your full retirement age, your benefits will be **permanently** reduced, based on your age. For example, if you retire at age 62, your benefit would be about 25 percent lower than what it would be if you waited until you reach full retirement age.

Some people stop working before age 62. But if they do, the years with no earnings will probably mean a lower Social Security benefit when they retire.

**NOTE:** Sometimes health problems force people to retire early. If you cannot work because of health problems, you should consider applying for Social Security disability benefits. The amount of the disability benefit is the same as a full, unreduced retirement benefit. If you are receiving Social Security disability benefits when you reach full retirement age, those benefits will be converted to retirement benefits. For more information, ask for Disability Benefits (Publication No. 05-10029).

## Delayed retirement

You may choose to keep working even beyond your full retirement age. If you do, you can increase your future Social Security benefits in two ways.

Each additional year you work adds another year of earnings to your Social Security record. Higher lifetime earnings may mean higher benefits when you retire.

Also, your benefit will increase automatically by a certain percentage from the time you reach your full retirement age until you start receiving your benefits

or until you reach age 70. The percentage varies depending on your year of birth. For example, if you were born in 1943 or later, we will add 8 percent per year to your benefit for each year that you delay signing up for Social Security beyond your full retirement age.

**NOTE:** *If you decide to delay your retirement, be sure to sign up for Medicare at age 65. In some circumstances, medical insurance costs more if you delay applying for it. Other information about Medicare is on pages 17-18.*

## Deciding when to retire

Choosing when to retire is an important but personal decision. Regardless of the age you choose to retire, it is a good idea to contact Social Security in advance to see which month is best to claim benefits. In some cases, your choice of a retirement month could mean higher benefit payments for you and your family.

In deciding when to retire, it is important to remember that financial experts say you will need 70-80 percent of your preretirement income to have a comfortable retirement. Since Social Security replaces only about 40 percent of preretirement income for the average worker, it is important to have pensions, savings and investments.

It may be to your advantage to have your Social Security benefits start in January, even if you do not plan to retire until later in the year. Depending on your earnings and your benefit amount, it may be possible for you to start collecting benefits even though you continue to work. Under current rules, many people can receive the most benefits possible with an application that is effective in January.

You should apply for benefits about three months before the date you want your benefits to start. If you are not quite ready to retire, but are thinking



about doing so in the near future, you may want to visit Social Security's website to use our convenient and informative retirement planner at [www.socialsecurity.gov/retire2/](http://www.socialsecurity.gov/retire2/).

**“Working beyond full retirement age can increase your benefits.”**

## **Retirement benefits for widows and widowers**

Widows and widowers can begin receiving Social Security benefits at age 60, or at age 50 if they are disabled. And they can take a reduced benefit on one record and later switch to a full benefit on the other record. For example, a woman could take a reduced widow's benefit at 60 or 62 and then switch to her full (100 percent) retirement benefit when she reaches full retirement age. The rules vary depending on the situation, so you should talk to a Social Security representative about the options available to you.

## **Family benefits**

### **Benefits for family members**

If you are getting Social Security retirement benefits, some members of your family also can receive benefits. Those who can include:

- Spouses who are age 62 or older;
- Spouses who are younger than 62, if they are taking care of a child entitled on your record who is under age 16 or disabled;
- Former spouses, if they are age 62 or older (see “Benefits for a divorced spouse” on page 11);
- Children up to age 18, or up to 19 if they are full-time students who have not yet graduated from high school; and
- Disabled children, even if they are age 18 or older.

If you become the parent of a child (including an adopted child) after you begin receiving benefits, let us know about the child so we can decide if the child is eligible for benefits.

***NOTE:** Children's benefits are available only to unmarried children. However, in certain situations, benefits are payable to a disabled child who marries someone who is also eligible as a disabled child.*

## Spouse's benefits

A spouse who has not worked or who has low earnings can be entitled to as much as one-half of the retired worker's full benefit. If you are eligible for both your own retirement benefits and for benefits as a spouse, we always pay your own benefits first. If your benefits as a spouse are higher than your retirement benefits, you will get a combination of benefits equaling the higher spouse benefit.

If you have reached your full retirement age, and are eligible for a spouse's or ex-spouse's benefit and your own retirement benefit, you may choose to receive only spouse's benefits and continue accruing delayed retirement credits on your own Social Security record. You may then file for benefits at a later date and receive a higher monthly benefit based on the effect of delayed retirement credits.

If you are receiving a pension based on work where you did not pay Social Security taxes, your spouse's benefit may be reduced. Additional information on pensions from work not covered by Social Security can be found on page 15 and 16 of this publication.

If spouses want to get Social Security retirement benefits before they reach full retirement age, the amount of the benefit is reduced **permanently**. The amount of reduction depends on when the person reaches full retirement age.

For example:

- If full retirement age is 65, a spouse can get 37.5 percent of the worker's unreduced benefit at age 62;
- If full retirement age is 66, a spouse can get 35 percent of the worker's unreduced benefit at age 62;
- If full retirement age is 67, a spouse can get 32.5 percent of the worker's unreduced benefit at age 62.

The amount of the benefit increases at later ages up to the maximum of 50 percent at full retirement age. If full retirement age is other than those shown here the amount of the benefit will fall between 32.5 percent and 37.5 percent at age 62.

However, if your spouse is taking care of a child who is under age 16 or disabled and gets Social Security benefits on your record, your spouse gets full benefits, regardless of age.

*Here is an example:*

Mary Ann qualifies for a retirement benefit of \$250 and a spouse's benefit of \$400. At her full retirement age, she will receive her own \$250 retirement benefit, and we will add \$150 from her spouse's benefit, for a total of \$400. If she takes her retirement benefit before her full retirement age, both amounts will be reduced.

**NOTE:** *Your current spouse cannot receive spouse's benefits until you file for retirement benefits.*

## Maximum family benefits

If you have children eligible for Social Security, each will receive up to one-half of your full benefit. But there is a limit to the amount of money that can be paid to you and your family—usually 150-180 percent of your own benefit payment. If the total benefits due to your spouse and children are more than this limit, their benefits will be reduced. Your benefit will not be affected.

## Benefits for a divorced spouse

Your divorced spouse can get benefits on your Social Security record if the marriage lasted at least 10 years. Your divorced spouse must be 62 or older and unmarried.

The amount of benefits he or she gets has no effect on the amount of benefits you or your current spouse can get.

Also, if you and your ex-spouse have been divorced for 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.

## What you need to know when you are eligible for retirement benefits

### How do you sign up for Social Security?

You can apply for retirement benefits online at [www.socialsecurity.gov](http://www.socialsecurity.gov) or you can call our toll-free number, **1-800-772-1213**. Or you can make an appointment to visit any Social Security office to apply in person.

Depending on your circumstances, you will need some or all of the documents listed below. But do not delay applying for benefits because you do not have all the information. If you do not have a document you need, we can help you get it.

Information needed:

- Your Social Security number;
- Your birth certificate;
- Your W-2 forms or self-employment tax return for last year;
- Your military discharge papers if you had military service;

- Your spouse's birth certificate and Social Security number if he or she is applying for benefits;
- Children's birth certificates and Social Security numbers, if you are applying for children's benefits;
- Proof of U.S. citizenship or lawful alien status if you (or a spouse or child applying for benefits) were not born in the United States; and
- The name of your bank and your account number so your benefits can be deposited directly into your account.

You will need to submit original documents or copies certified by the issuing office. You can mail or bring them to Social Security. We will make photocopies and return your documents.

## **Right to appeal**

If you disagree with a decision made on your claim, you can appeal it. For an explanation of the steps you can take, ask for *The Appeals Process* (Publication No. 05-10041).

You have the right to be represented by an attorney or other qualified person of your choice. For more information, ask for *Your Right To Representation* (Publication No. 05-10075).

## **If you work and get benefits at the same time**

You can continue to work and still receive retirement benefits. Your earnings in (or after) the month you reach your full retirement age will not reduce your Social Security benefits. However, your benefits will be reduced if your earnings exceed certain limits for the months before you reach your full retirement age. (See chart, page 6, to find your full retirement age.)

*Here is how it works:*

If you are younger than full retirement age, \$1 in benefits will be deducted for each \$2 in earnings you have above the annual limit.

In the year you reach your full retirement age, your benefits will be reduced \$1 for every \$3 you earn over an annual limit until the month you reach full retirement age. Once you reach full retirement age, you can keep working, and your Social Security benefit will not be reduced no matter how much you earn.

If, during the year, your earnings are higher or lower than you estimated, let us know as soon as possible so we can adjust your benefits.

If you want more information on how earnings affect your retirement benefit, ask for *How Work Affects Your Benefits* (Publication No. 05-10069), which has current annual and monthly earnings limits.

## A special monthly rule

A special rule applies to your earnings for one year, usually your first year of retirement. Under this rule, you can receive a full Social Security check for any **month** you earn under a certain limit, regardless of your yearly earnings. If you are self-employed, the work you do in your business is taken into consideration as well.

If you want more information on how earnings affect your retirement benefit, ask for *How Work Affects Your Benefits* (Publication No. 05-10069), which has current annual and monthly earnings limits.

## Your benefits may be taxable

About one-third of people who get Social Security have to pay income taxes on their 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 taxes on 50 percent

of your Social Security benefits. If your combined income\* is more than \$34,000, up to 85 percent of your Social Security benefits is subject to income tax.

- If you file a joint return, you may have to pay taxes on 50 percent of your benefits if you and your spouse have a combined income\* that is between \$32,000 and \$44,000. If your combined income\* is more than \$44,000, up to 85 percent of your Social Security benefits is subject to income tax.
- If you are married and file a separate return, you probably will pay taxes on your benefits.

At the end of each year, we will mail you a *Social Security Benefit Statement* (Form SSA-1099) showing the amount of benefits you received. You can use this statement when you complete your federal income tax return to find out if you have to pay taxes on your benefits.

Although you are not required to have federal taxes withheld, you may find it easier than paying quarterly estimated tax payments.

For more information, call the Internal Revenue Service's toll-free telephone number, **1-800-829-3676**, to ask for Publication 554, *Tax Information For Older Americans*, and Publication 915, *Social Security Benefits And Equivalent Railroad Retirement Benefits*.

*\*On the 1040 tax return, your "combined income" is the sum of your adjusted gross income plus nontaxable interest plus one-half of your Social Security benefits.*

## **Pensions from work not covered by Social Security**

If you get a pension from work where you paid Social Security taxes, that pension will not affect your Social Security benefits. However, if you get a pension from work that was not covered by Social Security

for example, the federal civil service, some state or local government employment or work in a foreign country—your Social Security benefit may be reduced.

For more information, ask for *Government Pension Offset* (Publication No. 05-10007), for government workers who may be eligible for Social Security benefits on the earnings record of a spouse; and *Windfall Elimination Provision* (Publication No. 05-10045), for people who worked in another country or government workers who also are eligible for their own Social Security benefits.

## Leaving the United States

If you are a U.S. citizen, you can travel to or live in most foreign countries without affecting your Social Security benefits. There are, however, a few countries where we cannot send Social Security payments. These countries are Cambodia, Cuba, North Korea, Vietnam and areas that were in the former Soviet Union (other than Armenia, Estonia, Latvia, Lithuania and Russia). However, exceptions can be made for certain eligible beneficiaries in countries other than Cuba and North Korea. For more information about these exceptions, please contact your local Social Security office.

If you work outside the United States, different rules apply in determining if you can get benefits.

For more information, ask for *Your Payments While You Are Outside The United States* (Publication No. 05-10137).

## A word about Medicare

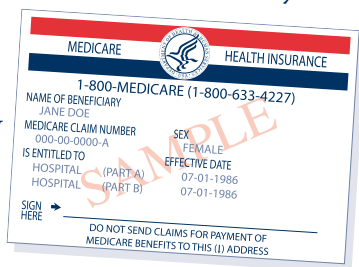
Medicare is a health insurance plan for people who are age 65 or older. People who are disabled or have permanent kidney failure or have amyotrophic lateral sclerosis (Lou Gehrig's disease) can get Medicare at any age.



## Medicare has four parts

- Hospital insurance (Part A) helps pay for inpatient hospital care and certain follow-up services.
- Medical insurance (Part B) helps pay for doctors' services, outpatient hospital care and other medical services.
- Medicare Advantage plans (Part C) are available in many areas. People with Medicare Parts A and B can choose to receive all of their health care services through a provider organization under Part C.
- Prescription drug coverage (Part D) helps pay for medications doctors prescribe for medical treatment.

If you are already getting Social Security benefits when you turn 65, your Medicare starts automatically. If you are not getting Social Security, you should sign up for Medicare before your 65th birthday, even if you are not ready to retire. For more information, ask for *Medicare* (Publication No. 05-10043).



## Help with Medicare expenses for people with low income

If you have a low income and few resources, your state may pay your Medicare premiums and, in some cases, other “out-of-pocket” medical expenses, such as deductibles and coinsurance.

Only your state can decide whether you qualify for help under this program. If you think you qualify, contact your state or local medical assistance (Medicaid) agency, social services or welfare office. You can get more information about this program from the publication, *If you need help paying Medicare costs, there are programs that can help you save money* (Publication CMS-10126). To get a copy,

call the Medicare toll-free number, **1-800-MEDICARE (1-800-633-4227)**. If you are deaf or hard of hearing, you may call TTY **1-877-486-2048**.

### **“Extra help” with Medicare prescription costs**

If you have limited income and resources, you may qualify for extra help to pay for your prescription drugs under Medicare Part D. Social Security's role is to help you understand how you may qualify and to process your application for extra help. To see if you qualify or to apply, call Social Security's toll-free number or visit our website.

[www.socialsecurity.gov](http://www.socialsecurity.gov)



**Social Security Administration**  
SSA Publication No. 05-10035  
ICN 457500  
Unit of Issue - HD (one hundred)  
October 2008 (Destroy prior editions)