



# **Top Social Security Questions for 2011... AARP Has the Answers!**

January 26, 2010

# Welcome

- Why AARP is presenting this webinar
- How to obtain materials

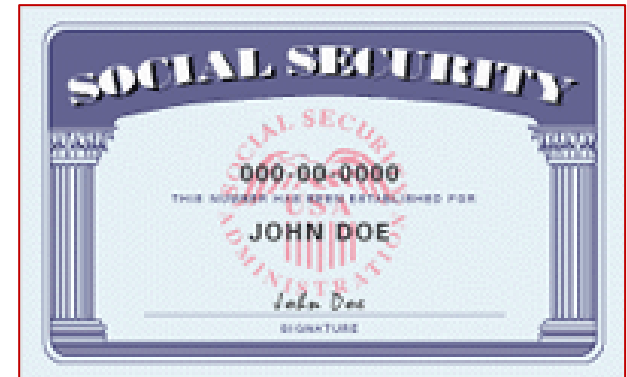


**Jean Setzfand**  
Director, Financial Security

**If no sound, dial: 877-509-0617, code 37966401**

# Agenda

- **Social Security 101**
- **Frequently Asked Questions (FAQs):**
  - ✓ **Claiming Social Security Benefits**
  - ✓ **Social Security and Other Income**
  - ✓ **Divorce, Marriage, and Spousal Benefits**
  - ✓ **Survivor and Dependent Benefits**
- **Question & Answer**



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# Today's Presenters



**Andrés Castillo**  
Project Manager  
Financial Security



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Manager, Community Outreach  
Financial Security

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# Social Security 101



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# Why was it created?

- Created in 1935
- Guaranteed income
- Social Insurance
  - ✓ All contribute
  - ✓ Earned benefit
  - ✓ Shared risk



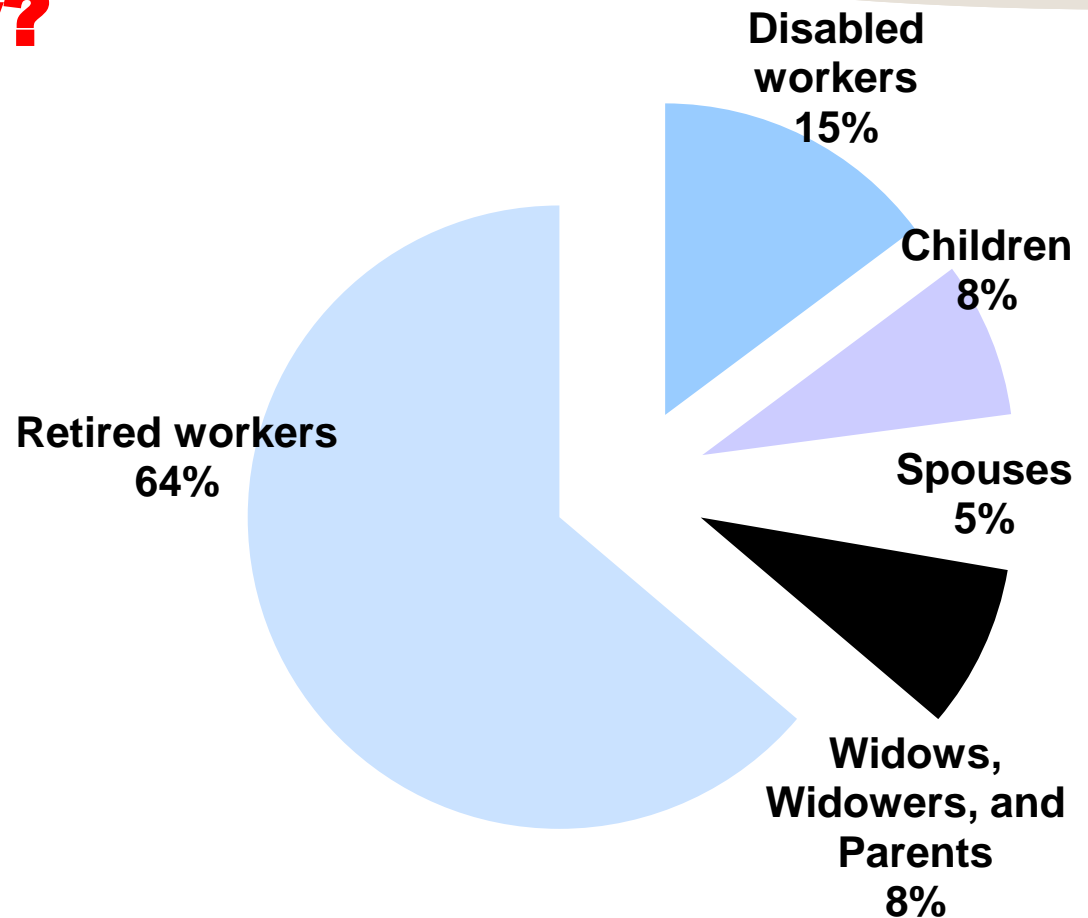
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# Who Receives Social Security?

- 53.4 million people receive Social Security (June, 2010)

- About 11 million under age 62

- 89% of persons 65 and over receive Social Security benefits.



# How does it work?

- Workers and employers pay into Social Security through payroll deductions (FICA)
- Benefits have different eligibility rules:

✓ Retirement



✓ Survivor



✓ Disability



# Retirement Benefits

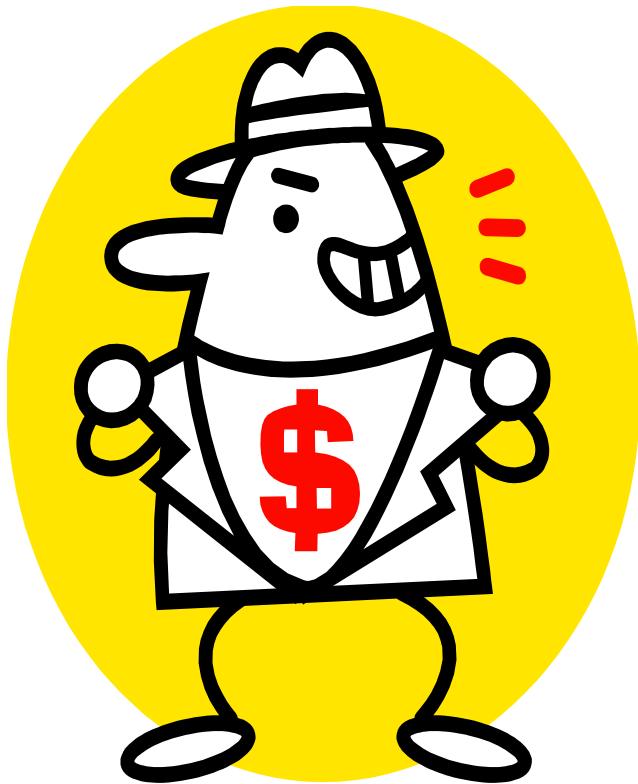


# Work History



- Work at least 10 years

# Your Benefit Amount



- 35 highest years of earnings
- Maximum benefit = \$2,346
- Average benefit = \$1,172

# Full Retirement Age

<b>Year of Birth</b>	<b>Full Retirement Age</b>
<b><u>1937 or earlier</u></b>	65
<b><u>1938</u></b>	65 and 2 months
<b><u>1939</u></b>	65 and 4 months
<b><u>1940</u></b>	65 and 6 months
<b><u>1941</u></b>	65 and 8 months
<b><u>1942</u></b>	65 and 10 months
<b><u>1943-1954</u></b>	66
<b><u>1955</u></b>	66 and 2 months
<b><u>1956</u></b>	66 and 4 months
<b><u>1957</u></b>	66 and 6 months
<b><u>1958</u></b>	66 and 8 months
<b><u>1959</u></b>	66 and 10 months
<b><u>1960 and later</u></b>	67

Source:  
SSA

# Early Retirement

- ✓ Anytime between age 62 and full retirement age
- ✓ Amount reduced based on number of months you receive benefits before full retirement age
- ✓ Maximum reduction is 30%



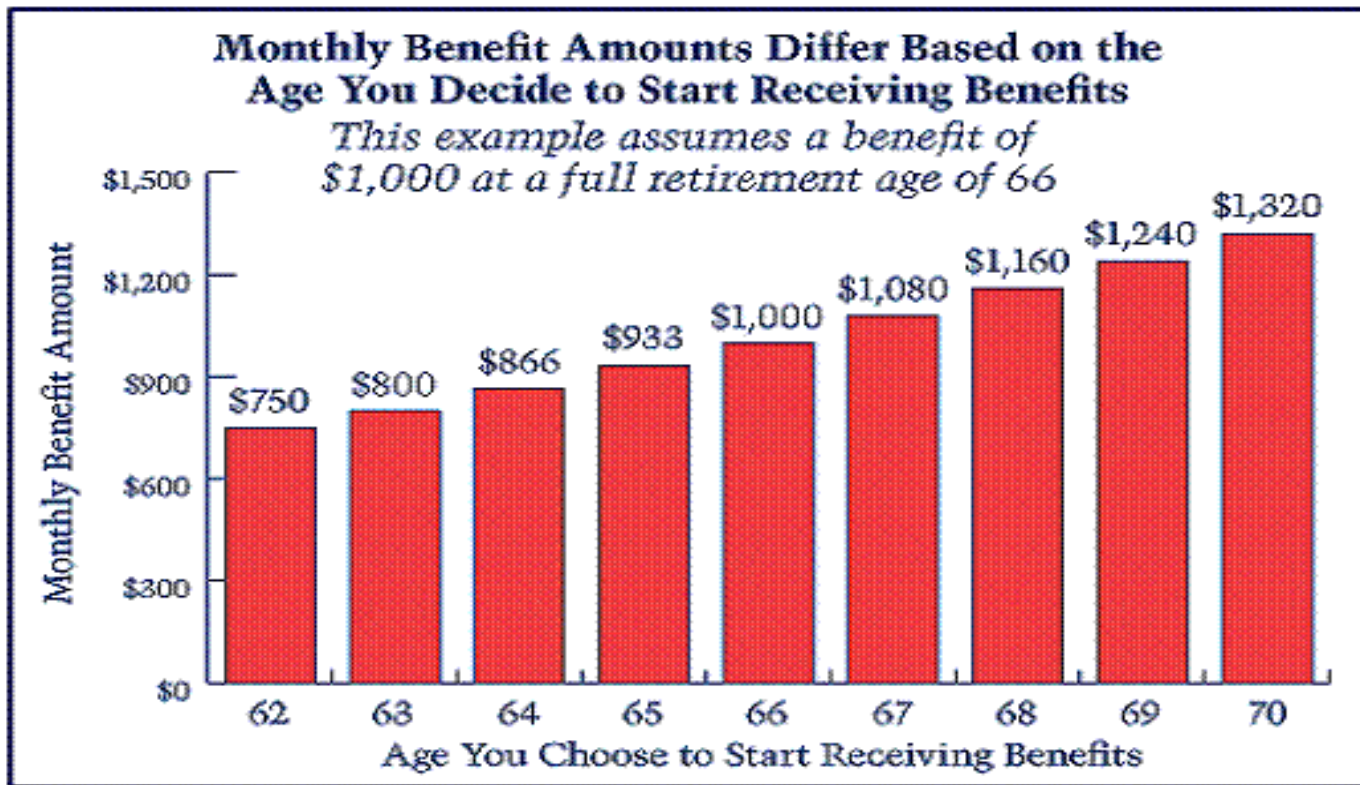
# Late Retirement

- Up to age 70
- Benefits are increased by a certain percentage
- It can pay to wait!

Year of Birth	Yearly Rate of Increase	Monthly Rate of Increase
1933-1934	5.5%	11/24 of 1%
1935-1936	6.0%	1/2 of 1%
1937-1938	6.5%	13/24 of 1%
1939-1940	7.0%	7/12 of 1%
1941-1942	7.5%	5/8 of 1%
1943 or later	8.0%	2/3 of 1%

# When to Retire

- No one “best age”
- Assess living expenses (housing, health, long-term care, etc.)
- Make an informed decision
- Claiming early = reduced benefits



Source:  
SSA

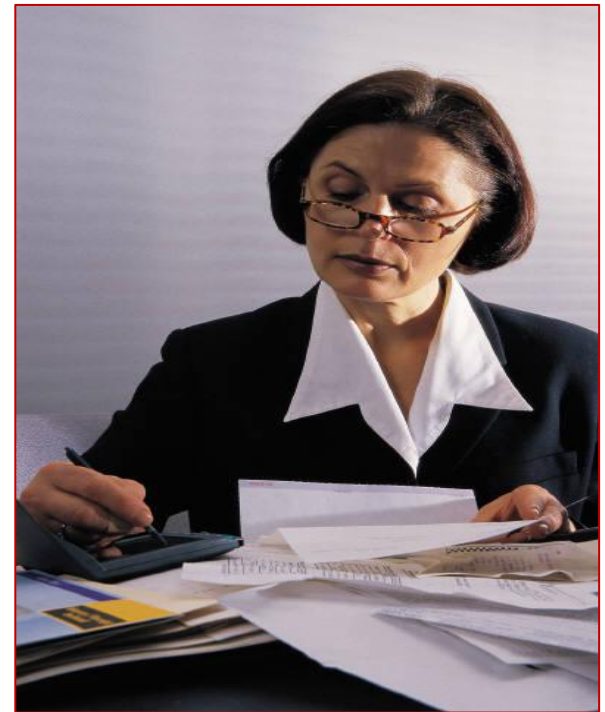
# Estimate Your Benefit

- Social Security Statement
- Use the Retirement Estimator at [ssa.gov](https://ssa.gov)



# Work and Social Security

- You can work and get Social Security
- Earnings will reduce benefit only until your full retirement age
  - ✓ Under full retirement age:
    - ✓ \$1 deducted for every \$2 you earn above limit of \$14,160
    - ✓ In the year you reach full retirement age: \$1 deducted for every \$3 you earn above limit of \$37,680



# Example

➤ Alice is single and age 62

➤ Earnings of \$15,160

➤ Over limit by \$1,000

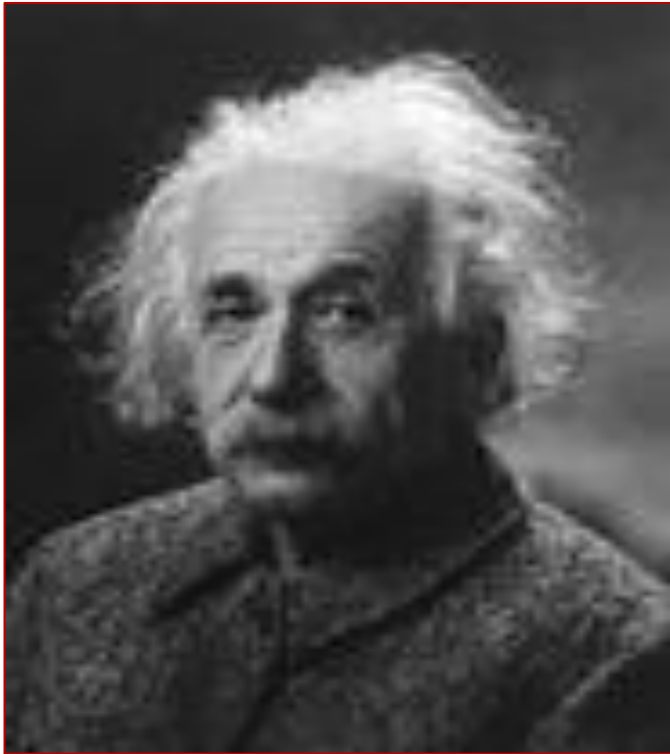
\$15,160

-\$14,160

= \$1,000

➤ Deduction = \$500 (\$1 for every \$2 over the limit, or half of \$1,000)

# Taxes



- *"The hardest thing in the world to understand is the Income Tax."*  
-- Albert Einstein

# Taxes

- Some people must pay federal income taxes on their benefits
- **Individual:**
  - ✓ Income \$25,000-\$34,000, you may have to pay income tax on up to 50% of your benefits
  - ✓ Over \$34,000, up to 85% of your benefits may be taxable
- **Couple:**
  - ✓ Income \$32,000-\$44,000, you may have to pay income tax on up to 50% of your benefits
  - ✓ Over \$44,000, up to 85% of your benefits may be taxable.

# How to Apply

- Online at [www.ssa.gov](http://www.ssa.gov)



Phone 1-800-772-1213

- Visit your local office



# Resources for the Disabled

- National Organization Disability: [nod.org](http://nod.org)
- Disability Rights Education and defense fund: [dredf.org](http://dredf.org)
- American Disability Association: [Adanet.org](http://Adanet.org)
- Social Security Administration: [Ssa.gov/disability](http://Ssa.gov/disability)

# Thank you for joining us for:

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