

# Guam Professional Development Conference

“Trends, Tools,  
and Techniques  
in Today’s  
Financial  
Environment”

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Hotel Nikko  
Guam

# What You Need to Know About Your Social Security

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# Social Security

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



# History of Social Security Programs

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- **1935 – Retirement Insurance**
- **1939 – Survivors Insurance**
- **1956 – Disability Insurance**

# Other Programs

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- **1965 – Medicare Program**
- **1972 – Supplemental Security Income**
- **2003 – Medicare Part D Prescription Drug Coverage**
- **2010 – Patient Protection and Affordable Care Act**

# A Foundation for Planning Your Future

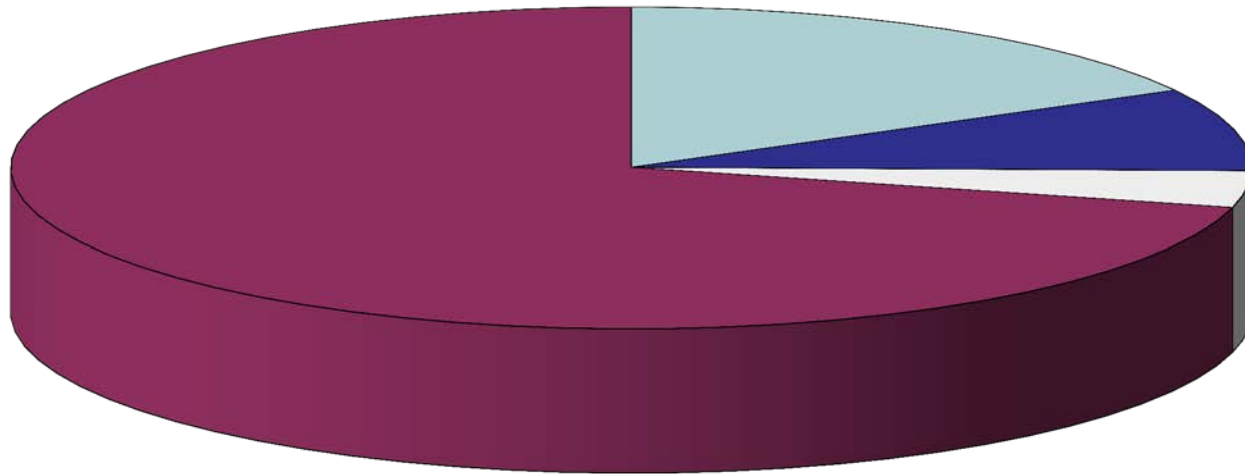
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# Who Gets Benefits from Social Security?

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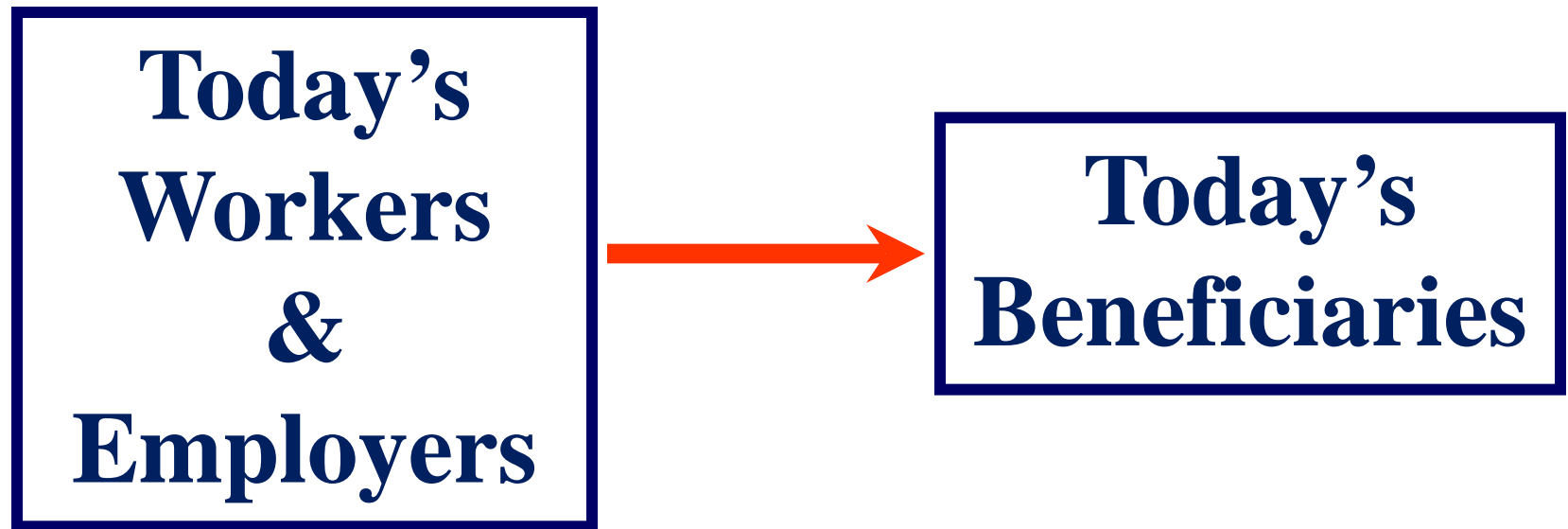
**57 million people**



- 8.8 million Disabled Workers and 2.1 million Dependents
- 4.3 million Widows/Widowers
- 1.9 million Children of Deceased Workers
- 36.7 million Retired Workers and 2.9 million Dependents

# Who Pays for Social Security?

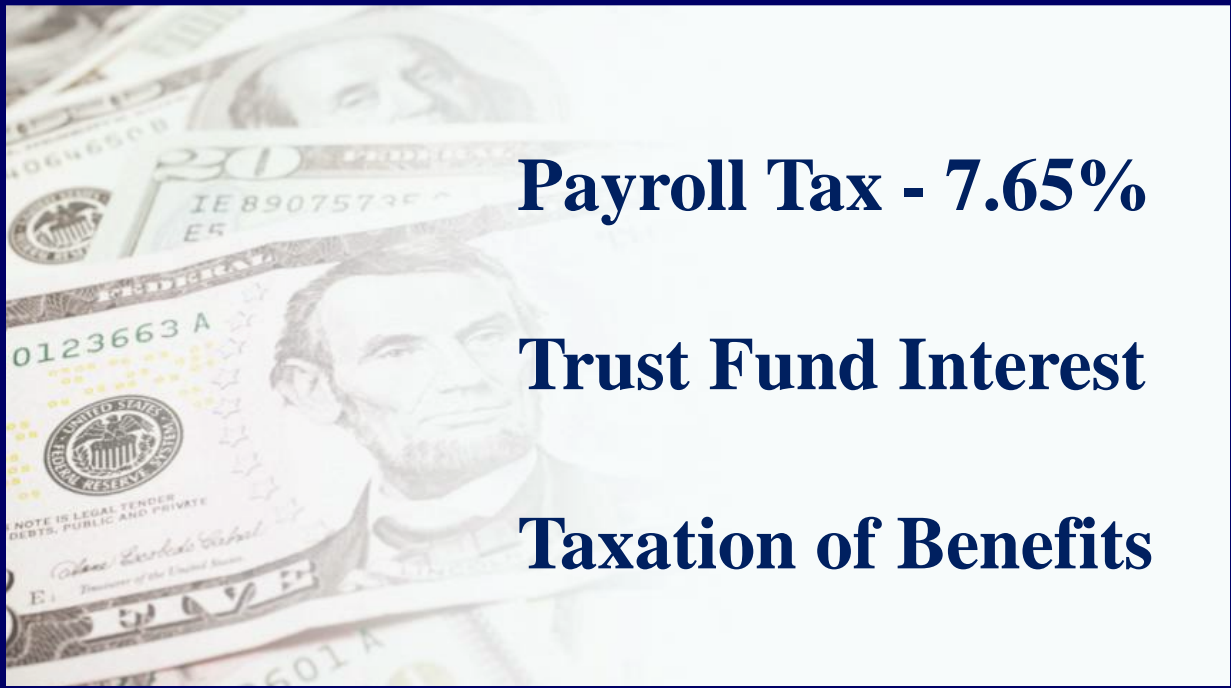
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# Social Security Trust Funds During 2010

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## Where Does the Money Come From?



<b>Payroll Tax - 7.65%</b>	<b>82%</b>
<b>Trust Fund Interest</b>	<b>15%</b>
<b>Taxation of Benefits</b>	<b>3%</b>

# **Social Security is an Earned Benefit**

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**As you work and pay taxes, you earn Social Security  
“Credits”**

**FICA Tax Rate: 7.65%**

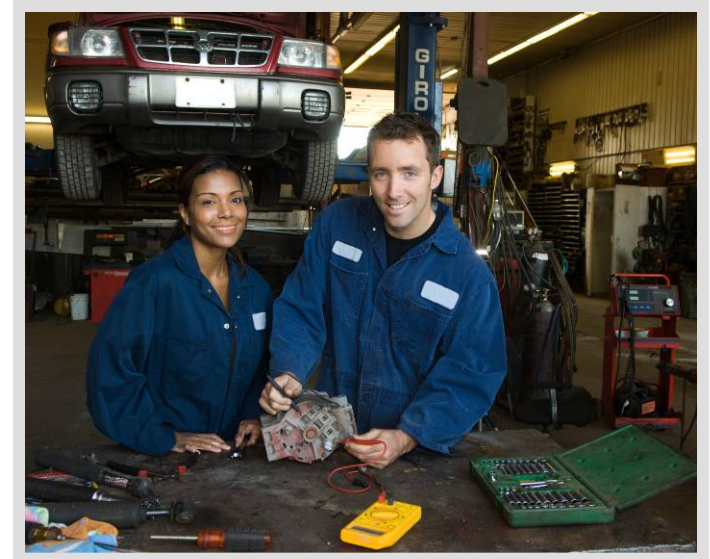
**6.2% Social Security**

**1.45% Medicare**

# How Do You Qualify for Retirement Benefits?

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- You work and earn Social Security “credits”
- Each \$1,200 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



*To earn 4 credits in 2014, you must earn at least \$4,800. Earning 40 credits ( minimum of 10 years of work) will qualify you for a retirement benefit.*

# Full Retirement Age

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

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

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## **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 – 132%**



# How Do I Apply for Retirement Benefits?

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- Apply online at [www.socialsecurity.gov](http://www.socialsecurity.gov)  
It is the most convenient way to apply;
- Call Social Security to schedule an appointment  
1-800-772-1213 (TTY 1-800-325-0778); or
- Apply at your local Social Security office.



**I just joined the millions  
retiring online.**

*Estimate your benefits.  
Apply for retirement.  
Manage your account.*

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

SOCIAL SECURITY  
USA  
ADMINISTRATION

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# Applying for Retirement Benefits

The screenshot shows the Social Security Administration website. At the top, the logo and name 'Social Security' are visible, along with the tagline 'The Official Website of the U.S. Social Security Administration'. A navigation bar contains links for Home, Numbers & Cards, Benefits (highlighted with a red box and an arrow), Information for..., Business & Government, and Our Agency. A search bar is located to the right. Below the navigation bar is a large banner for 'Retire Online!' featuring a photo of four people and text: 'Join millions like us retiring online. Estimate your benefits. Apply for retirement. Manage your account.' Below the banner are four service tiles: 'my Social Security' (Sign In, Create an Account), 'Online Services' (Whether you are applying for or receiving benefits, learn what you can do online.), 'Retirement Estimator' (Calculate your benefits based on your actual Social Security earnings record.), and 'FAQs' (Get answers to the questions that people most frequently ask about Social Security.). At the bottom, there are sections for 'Items of Interest' and 'News'. The 'Items of Interest' section includes links for Forms, Social Media Hub, Publications, Social Security Update, Application Status, Office Closings, Baby Names, Open Government, Locate An Office, and Other Languages. The 'News' section lists several articles with dates from July 12, 2013, to February 19, 2013. At the bottom left, there is a link for 'Have health insurance questions?' and logos for 'ELECTRONIC RECORDS' and 'Plain Writing'. At the bottom right, there is a 'More News' link.

You can apply online  
for Retirement Benefits  
by visiting  
[www.socialsecurity.gov](http://www.socialsecurity.gov)  
and clicking “Benefits”

# Why Apply Online?

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- **Step-by-step help screens guide you through questions;**
- **Apply from any computer at your own pace;**
- **Start and stop at any time—return later to finish;**
- **A relative, friend, or caregiver can help; and**
- **Online application is secure**

# How Social Security Determines Your Benefit

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**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”**



# 2014 Retirement Benefit Computation Example

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If your average monthly earnings are = \$5,200  
Then your monthly benefit would be = \$2,086

Average Monthly Earnings	\$5,200		
90% of First	\$816	=	\$734
32% of Earnings over \$816 through \$4,917 ( $\$4,917 - \$816 = \$4,101$ )	\$4,101	=	\$1,312
15% of Earnings over \$4,917	<u>\$283</u>	=	<u>\$42</u>
	\$5,200		\$2,086

# Use the Retirement Estimator

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

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

# Windfall Elimination Provision

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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) - 2011

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## Normal Computation

**90% of the First \$749**

**32% of the Next \$3,768**

**15% of the Remainder**

## WEP Computation

**40% of the First \$749**

**32% of the Next \$3,768**

**15% of the Remainder**

# Exception to the Windfall Elimination Provision

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

**Our Online WEP 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>
<b>Under Full Retirement Age</b>	<b>\$15,480/yr. (\$1,290/mo.)</b>	<b>\$1 for every \$2</b>
<b>The Year Full Retirement Age is Reached</b>	<b>\$41,400/yr. (\$3,450/mo.)</b>	<b>\$1 for every \$3</b>
<b>Month of Full Retirement Age and Above</b>	<b>No Limit</b>	<b>No Limit</b>



**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.**

# Social Security Cost-of-Living Adjustments

Effective Date	Amount	Effective Date	Amount
June 1975	8%	Dec 1994	2.8%
June 1976	6.4%	Dec 1995	2.6%
June 1977	5.9%	Dec 1996	2.9%
June 1978	6.5%	Dec 1997	2.1%
June 1979	9.9%	Dec 1998	1.3%
June 1980	14.3%	Dec 1999	2.5%
June 1981	11.2%	Dec 2000	3.5%
June 1982	7.4%	Dec 2001	2.6%
Dec 1983	3.5%	Dec 2002	1.4%
Dec 1984	3.5%	Dec 2003	2.1%
Dec 1985	3.1%	Dec 2004	2.7%
Dec 1986	1.3%	Dec 2005	4.1%
Dec 1987	4.2%	Dec 2006	3.3%
Dec 1988	4%	Dec 2007	2.3%
Dec 1989	4.7%	Dec 2008	5.8%
Dec 1990	5.4%	Dec 2009	0%
Dec 1991	3.7%	Dec 2010	0%
Dec 1992	3%	Dec 2011	3.6%
Dec 1993	2.6%	Dec 2012	1.7%
		Dec 2013	1.5%

# Value of Inflation Protection

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**Example: Worker with average  
pre-retirement income of \$30,000**

(Retiring at age 66 in 2014)

## 1<sup>st</sup> Year of Retirement

**Pension**                      **\$13,000/50%**

**Social Security**            **\$13,000/50%**

**Inflation**                      **3% per year**

# Value of Inflation Protection

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example continued:

**Worker with average  
pre-retirement  
income of \$30,000**

## 5<sup>th</sup> Year of Retirement

Pension	\$13,000/47%
Social Security	\$14,632/53%

## 10<sup>th</sup> Year of Retirement

Pension	\$13,000/43%
Social Security	\$16,962/57%

## 20<sup>th</sup> Year of Retirement

Pension	\$13,000/36%
Social Security	\$22,796/64%



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

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## 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**

## Your Ex-Spouse

**Marriage lasted at least 10 years**

**Ex-spouse 62 or older and unmarried (worker can be married)**

**Divorced at least two year and both are at least 62, he or she can get benefits even if the worker is not retired**

**Ex-spouse benefit amount has no effect on the amount you or your current spouse can get**



# Spouse's Benefit Computation

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- **Benefit is up to 50% of worker's unreduced benefit**
- **Reduction for early retirement**
- **If spouse's own Retirement benefit is less than 50% of the worker's, the difference can be paid**
- **Entitlement does not reduce payment to worker**

# Government Pension Offset (GPO)

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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)

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## Applies to Spouse's and Widow(er)'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.

*[www.socialsecurity.gov/calc-gpo](http://www.socialsecurity.gov/calc-gpo)*

# Who Can Get Survivors Benefits?

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## Your Child if:

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

## Widow(er):

- **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)**
- **Not entitled to own Retirement which is greater**
- **Divorced widows/widowers may qualify**

# Other Survivors Benefits

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## ➤ Parents

**Age 62 and was receiving at least one-half support from deceased worker**

## ➤ Lump Sum Death Payment (\$255)

**Most spouses**

**Some children**



# Widow or Widower Benefit Computation

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- **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 the surviving widow(er) and divorced widow(er)**

# Social Security's Disability Definition:

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**A medical condition or combination of impairments preventing substantial work for at least 12 months, or expected to result in death.**

The determination also considers age, education & work experience.



# Who Can Get Disability Benefits?

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## Worker – Three requirements

- **Must meet Social Security’s disability definition and**
- **Must be “fully insured” and**
- **Must have earned 20 Social Security “credits” in the last 10 years (For younger workers, under age 31 less work is required)**



# Who Else Can Get a Disability Benefit?

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## Disabled Adult Child

- Not married and disabled before age 22

## Disabled Widow(er)s

- At age 50
- Divorced widow(er)s may qualify

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**Must meet Social Security's Disability Definition**

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# Disabled Worker's Family Can Be Paid Benefits Too

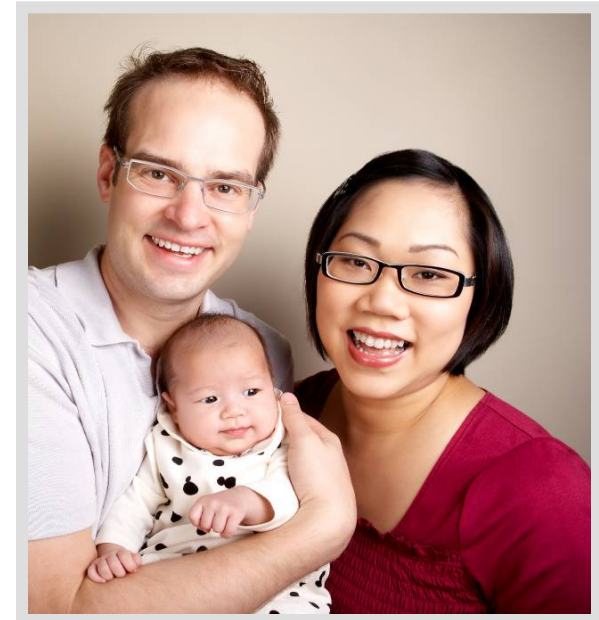
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## Child

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

## Spouse

- **At age 62**
- **At any age if caring for child under 16 or disabled**
- **Divorced spouses may qualify**



# Applying Online for Disability Benefits

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- **Social Security offers an online application for adults to apply for disability benefits.**
- **It's the most convenient way to apply.**

➤ ***[www.socialsecurity.gov/applyforbenefits](http://www.socialsecurity.gov/applyforbenefits)***

# Applying for Disability Benefits

The screenshot shows the top navigation bar of the Social Security Administration website. The 'Benefits' link is highlighted with a red box, and a red arrow points from it to a large banner. The banner features a photograph of four people in a park and the text 'Retire Online! Join millions like us retiring online. Estimate your benefits. Apply for retirement. Manage your account.' Below the banner are four service tiles: 'my Social Security' (Sign In, Create an Account), 'Online Services' (Whether you are applying for or receiving benefits, learn what you can do online.), 'Retirement Estimator' (Calculate your benefits based on your actual Social Security earnings record.), and 'FAQs' (Get answers to the questions that people most frequently ask about Social Security.).

You can apply online for Disability Benefits by visiting [www.socialsecurity.gov](http://www.socialsecurity.gov) and clicking “Benefits”

## Items of Interest

Forms	Social Media Hub
Publications	Social Security Update
Application Status	Office Closings
Baby Names	Open Government
Locate An Office	Other Languages

Have health insurance questions?



## News

- July 12, 2013**  
[Update on the Supreme Court Decision Regarding the Defense of Marriage Act](#)
- 
- May 31, 2013**  
[Social Security Board of Trustees: No Change in Projected Year of Trust Fund Reserve Depletion](#)
- 
- May 9, 2013**  
[Jacob and Sophia Repeat atop Social Security's Most Popular Baby Names List](#)
- 
- May 6, 2013**  
[Social Security Announces New Mobile Site for Smartphone Users](#)
- 
- February 19, 2013**  
[Carolyn W. Colvin Assumes Role of Acting Commissioner](#)

[More News](#)

# Three Steps to Applying Online for Disability

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- **Complete the online disability benefits application**
- **Complete the online disability report**
- **Sign and submit the Authorization to Disclose Information to SSA (Form SSA-827)**

# Why Apply Online?

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- **Step-by-step help screens guide you through questions;**
- **Apply from any computer at your own pace;**
- **Start and stop at any time—return later to finish;**
- **A relative, friend, or caregiver can help; and**
- **Online application is secure**

# Social Security's Online Services

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

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## Online Services for before or after you receive benefits

- **Social Security Statement**
- **Change of Address and Phone Number**
- **Get a Benefit Verification Letter**
- **Start or Change Direct Deposit**
- **Retirement Estimator**
- **Retirement & Disability Applications**
- **Medicare Online**
- **Retirement/Survivors/Disability Planner**
- **Medicare Card Replacements**

# Service Delivery Changes

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To protect the integrity of Social Security numbers and prevent fraud:

Effective August 1, 2014

- SSA will discontinue providing Social Security number printouts
  - You Social Security Card is proof of your number
  - If you do not have a card you must apply for one

Effective October 1, 2014

- SSA will stop providing benefit estimate letter in our offices
  - You will be able to get an instant letter online with a personal *MySocialSecurity* account or
  - You may call us toll-free to request a letter by mail.

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

# Contact SSA at

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

- **1-800-772-1213**

- **Local Office Location:**

*Suite 155*

*770 East Sunset Boulevard*

*Tiyan Guam 96913-1506*

Telephone 1-855-616-6393

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