



2009 Edition

SOCIAL SECURITY & MEDICARE FACT SHEET



Great Public Schools for Every Child

COMPLIMENTS OF COLLECTIVE BARGAINING & MEMBER ADVOCACY



FACT SHEET...

briefly summarizes your benefits under the Social Security and Medicare programs, which include hospital and medical insurance as well as retirement, disability, and survivors' benefits.

The material in the centerfold explains how you qualify for benefits, how your benefits are determined, and how you can obtain your own Social Security Statement. The Medicare section, page 4, provides details on eligibility, coverage, and the premium amounts for hospital and medical insurance under the original plan (Parts A and B). Other Medicare programs are beyond the scope of this fact sheet due to their complexity and variety. Briefly, you may choose

to buy a Medigap policy, which is private health insurance coverage that supplements the coverage provided in Parts A and B. Medigap policies vary by state and the costs vary by policy and insurer. Medicare Advantage Plans (sometimes called "Part C") are Medicare-approved private plans that operate like HMOs and PPOs. This plan option combines Parts A and B. A Medicare prescription drug plan (Part D) is optional coverage. These plans are run by private companies that have been approved by Medicare and cover different drugs.

To locate your nearest Social Security office, look in the telephone directory under "Social Security Administration" or "U.S. Government," or call 1-800-772-1213. For Medicare information, visit www.medicare.gov or call 1-800-MEDICARE.

WHAT YOU PAY

In 2009, you and your employer will each pay a Social Security tax of 6.2% of the first \$106,800 of your earnings, plus a Medicare tax of 1.45% of all that you earn.

If self-employed, you will pay 12.4% of the first \$106,800, plus 2.9% of all that you earn. However, when filing your tax return, you can take special deductions intended to offset your taxes.

The Social Security and Medicare taxes paid by you and your employer will continue as long as you are working, regardless of your age and even though you may be receiving Social Security benefits. If you work for more than one employer during the year, each employer will deduct these taxes on the maximum earnings base. If there is an overpayment, you may claim a refund on your income tax return for the year.

Your employer is required to give you a year-end statement showing the total amount of taxes deducted from your pay. If the Social Security Administration (SSA) does not send you a Social Security Statement automatically (see "Workers—How Your Benefits Are Estimated"), it's a good idea to check with the SSA every 3 years for the official record of wages credited to you (see "How to Get Your Benefit Estimate").

APPLYING FOR BENEFITS

You are entitled to a retirement benefit if you are fully insured, are at least age 62, and file a claim with a Social Security office. You can apply for retirement benefits on the Internet at www.socialsecurity.gov, by telephone at 1-800-772-1213, or by making an appointment to visit any Social Security office. The people at Social Security will tell you what documents you need to provide for the type of benefit you are claiming and will help you complete the application.

We suggest you talk to a Social Security representative a few months before the year in which you plan to retire. Prompt filing is important. Delay may mean fewer payments, because retirement benefits may be paid for up to only 6 months retroactively. It also may be to your advantage to start your retirement benefits before you actually stop working.

Even if you don't plan to retire, it is important to contact Social Security 3 months before you or your spouse reaches age 65 to arrange for Medicare insurance coverage. If you wait until the month you reach age 65 or later, you may delay your coverage and may have to pay a higher premium for Medical Insurance (Part B).

PAYOFF ON RETIREMENT

If you retire in 2009 at age 66 (see Table 1 for full retirement ages) and you have earned the maximum amount each year used to figure benefits, the highest monthly benefit you can receive is \$2,323 beginning in the month after the month you meet the eligibility requirements.

You can retire as early as age 62, but this will permanently reduce your benefit, even for years after you reach age 66. You will get about the same total sum over your lifetime, but in smaller amounts to account for the longer period you will receive them.

If you work past full retirement age (66 years in 2009), you can collect full Social Security benefits no matter how much you earn. Also, your benefits (and your dependent surviving spouse's benefits) may be increased according to your earnings (see "Work After Retirement"). If you choose not to receive benefits, you will receive special credits for delaying your retirement until you reach age 70. These credits are based on your year

of birth and can substantially increase your benefit amounts. Note that if you were born after 1937, your full retirement age is more than 65. You can still receive reduced benefits at age 62, but the reduction will increase (see "Notes to Table 1," footnote 1).

When you are retired, your dependents in any of the following categories may be entitled to benefits based on your work record:

- ★ Your spouse at age 62 or older, unless he or she can collect a higher Social Security benefit on his or her own work record. (If your spouse's work record produces a personal retirement benefit that is less than the benefit payable on your record, he or she will get the personal benefit plus the difference. For example, Mrs. Smith is due a \$350 retirement benefit but is also due a \$450 spouse's benefit. She will be paid her \$350 benefit plus \$100 from her husband's Social Security account.)* Note also that your spouse's eligibility for a government pension may reduce benefits he or she can receive on your record (see "Retirees—How Your Benefits Are Calculated").
- ★ Your spouse at any age, if caring for your child (under 16 or disabled) who is entitled to benefits. Your spouse is not eligible for benefits as a dependent from the time your youngest child turns age 16 until your spouse reaches age 62, even if your child continues to draw benefits.
- ★ Your dependent, unmarried children (natural or adopted) under age 18 (under 19 if still in high school), and those age 18 or older who were disabled before age 22 and who remain disabled.
- ★ Your grandchildren who live with you, if their parents are dead or disabled.
- ★ Your divorced spouse at age 62 who: (1) was married to you for 10 years, (2) has not remarried, and (3) is not eligible for an equal or higher benefit on his or her own record or on someone else's. (If divorced at least 2 years, your ex-spouse can get benefits if you are eligible to receive them, even if you have not yet retired).

You and your dependents are each entitled to a percentage of your age-66 benefit (your Primary Insurance Amount (PIA), shown in Table 1). If you have more than one dependent when you retire, benefit amounts are subject to the Family Maximum Benefit, the top amount payable to you and your dependents together, and to other limits discussed in the section entitled "Retirees—How Your Benefits Are Calculated."

However, if you owe a delinquent nontax debt to the government and are entitled to monthly Social Security benefits of \$750 or more, the Treasury Department will send you a letter telling you the federal agency you are indebted to and whom to contact at that agency. You have 2 months to pay the debt or Treasury will begin to deduct a maximum of 15% from your monthly Social Security benefit payment until you pay off the debt. For a delinquent federal tax debt, your monthly benefit may be levied regardless of the amount.

Cost of living adjustments. Social Security benefits are adjusted annually in December to keep them in line with living costs. The increase payable in January 2009 is 5.8%.

WORK AFTER RETIREMENT

If you are under full retirement age and already receiving Social Security benefits, those benefits will be reduced if you continue to work and earn more than a certain amount: a) If you are under full

*Applies to children, dependent parents, or surviving spouses (including those who are divorced).

retirement age for the entire year 2009, your benefits will be reduced by \$1 for each \$2 you earn above \$14,160 in 2009; and b) If you reach full retirement age in 2009, for all months in 2009 before you reach full retirement age your benefits will be reduced by \$1 for each \$3 you earn above \$37,680 in 2009. However, if 2009 is your first retirement year, you'll get your full benefit for each month in which you neither work as an employee for more than \$1,180 if you're under full retirement age, nor perform "substantial services in self-employment," regardless of your total earnings for the year. Beginning in the month you reach full retirement age and thereafter, you can earn any amount and still draw the full Social Security benefit to which you are entitled, with no reductions related to your earnings. The earnings test only applies to income earned from a job.

Your earnings in retirement may affect your dependents' benefits as well as your own, but not a divorced spouse's benefits. If a dependent works, those earnings affect only the dependent's benefits. If your earnings in retirement result in higher benefits, your benefits will be recomputed each year and you will receive the increase without further application.

TAX ON BENEFITS

Some people who get Social Security will have to pay taxes on their benefits. You will be affected only if you have substantial income in addition to your Social Security 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% of your benefits. If your combined income is above \$34,000, up to 85% of your benefits may be subject to income tax.

If you file a joint return, you may have to pay taxes on 50% 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% of your benefits may be subject to income tax.

If you are married and file a separate return, you probably will pay taxes on your benefits.

For more information about the taxation of your Social Security benefits, you can call the IRS at 1-800-829-3676 to ask for a copy of Publication 554, "Older Americans' Tax Guide," and Publication 915, "Social Security and Equivalent Railroad Retirement Benefits," or visit www.irs.gov.

IF YOU BECOME DISABLED

If you should become severely disabled, you and your dependents can start drawing monthly Social Security benefits (after a 5-month waiting period) just as if you reached full retirement age. However, you must be under full retirement age and insured for disability benefits, and you must apply for disability benefits. Note that your total family benefit is limited to the *smaller* of 85% of your average indexed monthly earnings or 150% of your PIA. Other provisions that may affect benefit amounts are discussed under "Retirees—How Your Benefits Are Calculated."

The time element in applying for disability benefits is very important—a delay of over 12 months beyond the waiting period in making application may result in your losing benefits.

To be eligible, you need medical proof showing that you are unable to perform any substantial work for pay because of a severe physical or mental disability, and that the disability has lasted, or is expected to last, 12 months or more or will result in death. (Generally, a job that pays more than \$980 per month is considered substantial work. However, a job that pays \$300 per month could be considered substantial work if you submit evidence that area workers who are not disabled do a similar amount and quality of work or your work is clearly worth more than \$980, based on pay scales in your community.) You must be "fully insured" and have had 5 years (20 credits) of coverage in the last 10 years before your disability. Workers who become disabled between the ages of 24 and 31 can qualify for disability benefits if they worked half the time between age 21 and the time they became disabled. Persons disabled before age 24 are eligible if they have earned 6 credits in the 3-year period ending when the disability started. Workers disabled and recovered before age 31 and again disabled after age 31 may be eligible if they worked half the time after age 21 through the calendar quarter of their second disability, excluding the first period

of disability. The minimum number of quarters generally required under this alternate test is 6. Special rules apply for disabled blind people.

When you apply for disability benefits, you will be considered for vocational rehabilitation services by an agency in your state. If your application is approved, you will not be paid disability benefits if, without good cause, you refuse counseling, training, or other services offered to you by the state vocational rehabilitation agency.

If you return to work in spite of your impairment, your benefits will continue during a trial work period of up to 9 months (not necessarily consecutive, but within a 5-year period) to test your ability to work. You must have net earnings of more than \$700 in a month to count that month in the trial work period. If you are able to do substantial work after 9 months of trial work, your benefits will continue for an adjustment period of 3 additional months. If you complete the 9-month period and again become unable to continue working within the next 36 months, your benefits can be restarted automatically.

If you become disabled within 5 years after you return to work, you can begin receiving benefits again through expedited reinstatement without serving another 5-month waiting period, provided that your second disability is expected to last 12 months or more. This also applies to individuals who were entitled to benefits as a disabled surviving spouse or as a person disabled before age 22 who becomes disabled again within 7 years after benefits end.

SURVIVOR BENEFITS

Monthly survivor benefits are available to the following beneficiaries if you are insured by Social Security when you die (regardless of your age):

- ★ Your surviving spouse at age 60 or over (50–59 if disabled), or at any age if caring for your child (under 16 or disabled before age 22) who is entitled to benefits;
- ★ Your dependent unmarried children under age 18* and those age 18 or over who became disabled before age 22 and remain disabled;
- ★ Your dependent parents age 62 or older;
- ★ Your unmarried surviving divorced spouse: (1) at age 60 or over (50–59 if disabled) who was married to you for 10 years and who is not eligible for an equal or higher personal benefit, or (2) at any age if caring for a child (under 16 or disabled) who is entitled to benefits on your record.

Each surviving dependent is entitled to a percentage of your PIA, subject to the Family Maximum Benefit (your PIA is the amount you would have received if you had lived to retire at full retirement age or, if you had already retired at that age, the amount you were receiving) (see Table 1). Note that benefits of surviving spouses (including those disabled or divorced) are reduced if begun before full retirement age. Eligibility for a government pension may also affect their benefits (see "Retirees—How Your Benefits Are Calculated").

If your surviving spouse remarries before reaching age 60 (or age 50 if disabled), she or he will not be eligible for benefits on your record unless the subsequent marriage ends. After reaching age 60 (50 if disabled), a surviving spouse or surviving divorced spouse married to an insured worker for 10 years may remarry without losing entitlement to benefits.

Children's benefits are not affected by the remarriage of their mother or father, even though their stepparent adopts them and contributes to their support. Nor will adoption of a surviving child by any other person cause the child's benefits to stop. Children's benefits stop when they marry or reach age 18.* When the last surviving child marries or reaches age 16, the mother's or father's benefits also stop, but a surviving spouse or an eligible divorced spouse of a fully insured person may begin receiving a surviving spouse's benefits again upon reaching age 60 (50 if disabled).

As with retired workers, Social Security payments to a surviving dependent are reduced if the dependent works and earns more than the earnings limit for the year (see "Work After Retirement"). However, work by a parent does not affect the benefits of surviving children under that parent's care.

Lump-sum death benefit. In addition to the monthly benefits survivors receive, the deceased worker's eligible spouse is entitled to a one-time payment of \$255. If there is no such spouse, this payment can be made only to a child entitled to survivor's benefits.

*"Combined income" means your modified adjusted gross income (as reported on Form 1040) plus nontaxable interest plus one-half of your Social Security benefits.

*Nineteen if still in high school.

MEDICARE PART A: Hospital Insurance

WHAT IT COVERS

★ *Hospice care*, for up to 90 days for each benefit period (you pay \$1,068 for the first 60 days in the hospital and an additional \$267 for each day from days 61 through 90). You also have a lifetime reserve of 60 additional days of hospital care (you pay \$534 for each of these reserve days). A benefit period begins when you enter the hospital and ends after you have been out of the hospital (or out of a skilled nursing facility) for 60 consecutive days. It also ends if you stay in a skilled nursing facility but do not receive any skilled care for 60 consecutive days. If you reenter a hospital after 60 days, a new benefit period begins. Hospital and skilled nursing facility benefits are renewed with each new benefit period. However, lifetime reserve days or psychiatric hospital benefits you used are not renewed. There is no limit to the number of benefit periods you can have for hospital or skilled nursing facility care. Care includes semiprivate room and board (private rooms only when medically necessary); use of operating and recovery rooms; regular duty nursing services; radiological services; hospital costs for anesthesia services; drugs; blood transfusions (but you pay the costs of the first three pints of blood or provide replacement); medical supplies, appliances, devices, and related services; rehabilitation services; and psychiatric hospital care for a lifetime total of 190 days. Psychiatric care provided in a general hospital, rather than in a psychiatric hospital, is not subject to the 190-day limit.

★ *Post-hospital extended care in a "skilled nursing facility"* after at least a 3-day hospital stay for up to 20 days for each benefit period, plus 80 days for which you pay \$133.50 per day. You must be admitted for the same condition for which you were treated in the hospital and have been transferred to a participating skilled nursing facility within 30 days after leaving the hospital. If you leave the facility and then need to return, you must do so within 60 days. Services include semiprivate room and board; nursing care; physical, occupational, and speech therapy; medically necessary transportation by ambulance; and drugs ordinarily furnished to inpatients.

★ *Care in your own home* for an unlimited number of medically necessary visits if you are homebound and require either skilled nursing, physical or occupational therapy, or speech language pathology. A doctor sets up a home health plan for you. The services must be supplied by a Medicare-approved home health agency and include part-time or intermittent nursing care or therapy and services of home health aides. Medicare covers the full cost of home health care except for 20% of durable medical equipment; not covered are self-administered drugs and biologicals, house-keeping, home health aid services unrelated to patient care, transportation services, and delivery of meals.

MEDICARE PART B: Medical Insurance

WHAT IT COVERS

★ *Services of physicians*, including diagnosis, therapy, surgery, consultation (including use of telecommunications systems for services covered in certain rural areas), and home, office, and institutional visits; services and supplies ordinarily furnished in a doctor's office, such as services of an office nurse and drugs that cannot be self-administered.

★ *Certain services of dental surgeons, optometrists, chiropractors, podiatrists, chiroprodists, and nurse practitioners.*

★ *Outpatient hospital services* for diagnosis and treatment, such as care in an emergency room or outpatient clinic; and outpatient services including surgery, physical and occupational therapy, speech pathology, and those furnished in a comprehensive outpatient rehabilitation facility. There may be limits (and exceptions to those limits) on physical therapy, occupational therapy, and speech pathology services.

★ *Additional medical services*, including diagnostic X-ray, laboratory, and other tests; radiation treatments; glaucoma tests and macular degeneration of the eye treatment; certain ambulance services; surgical dressings, splints, casts, and similar devices; purchase or rental of durable medical equipment; prosthetic devices (other than dental); braces and artificial legs, arms, and eyes; diabetic and colostomy supplies; kidney dialysis; pneumococcal, influenza, and hepatitis B vaccines; immunosuppressive drugs therapy and medical nutrition therapy; pap smears (includes pelvic and breast exams); mammography screening; screenings for colorectal and prostate cancer, cardiovascular disease and diabetes; bone mass measurements; hearing and balance exams; smoking cessation; and blood transfusions, but you pay for the first 3 pints or provide replacement. Medicare covers 50% of approved charges for most outpatient mental health and 100% of approved costs for medical clinical trials.

★ *Home health services* are covered under Part B only if you do not have Part A coverage and the home health agency has submitted a claim for payment of services.

WHAT IT PAYS

★ Medicare generally pays 80% of the approved amount for covered services after you pay an annual \$135 deductible. You are responsible for paying the other 20% of deductible charges and for permissible physician charges in excess of the Medicare-approved amount, plus all charges not covered by Medicare. Physicians who do not accept assignment of Medicare claims can charge the lower of the prevailing rate or 15%

★ *Hospice care* for patients certified as terminally ill who choose to receive care in a Medicare-certified hospice rather than standard benefits for the illness. Special benefit periods, daily coinsurance amounts, and coverage requirements apply.

IT DOES NOT COVER

★ Your doctor's bill (but see Part B); psychiatric hospital care over a 190-day lifetime maximum; cost of private duty nurses and outpatient drugs; long-term or custodial care; or items or services not reasonable or necessary.

WHEN YOU BECOME ELIGIBLE

★ Whether you are working or retired, you are eligible for Part A benefits at age 65 if you are entitled to monthly Social Security or railroad retirement benefits, are insured under Social Security or railroad retirement, or have worked long enough in federal, state, or local government employment to be insured for Medicare purposes. Your spouse, at age 65, is also eligible. Employers with 20 or more employees are required to offer workers age 65 or older (and spouses age 65 or older married to workers of any age) the same health benefits offered to younger workers. You may accept or reject the employer's health plan. If you accept it, Medicare will become the secondary health insurance payer. If you reject the employer plan, Medicare will be the primary health insurance payer.

★ Generally, if you are age 65 or over and filed an application and established entitlement to a monthly Social Security benefit or railroad retirement benefit, you do not need to file an additional application for Medicare Part A. Similarly, if you are under age 65 and have established entitlement to Social Security benefits or railroad retirement benefits on the basis of disability, you do not need to file a separate application for Medicare. If you are eligible for Social Security benefits but have attained age 65 without applying for those benefits, you must file an application to establish your eligibility for Medicare.

★ Individuals age 65 who are not eligible under these rules may enroll for Part A benefits by filing an application and by paying the full cost of coverage (\$244 per month for individuals with 30 or more quarters but fewer than 40 quarters of Medicare-covered employment (\$268 for late enrollees), and \$443 per month for those with fewer than 30 quarters or no quarters of Medicare-covered employment (\$487 for late enrollees)).

★ Disabled persons under age 65 who have been entitled to disability benefits for at least 24 months, people with permanent kidney failure, and certain surviving spouses are eligible for Part A benefits. Persons with permanent kidney failure and certain surviving spouses must file an application for Part A benefits.

★ Excluded are aliens who are not permanent U.S. residents for 5 years.

more than the Medicare-approved amount for a covered physician service. A dollar limit of \$1,810 applies for independent physical or occupational therapists and speech pathologists. There is no charge for a flu shot if the cost is no more than what Medicare pays.

IT DOES NOT COVER

★ Routine foot care; eye exams to determine the need for eyeglasses; eyeglasses (except following cataract surgery) or fitting expenses (except prosthetic lenses); hearing aids or fitting expenses; orthopedic shoes; cosmetic surgery (except in repair of an injury); dental services; self-administered drugs and biologicals; routine physical examinations (except for a one-time wellness exam within 6 months of enrollment); most immunizations, vaccinations, and inoculations (unless medically necessary); assisted suicide services; home delivery of meals or homemaker services; injuries covered by workers' compensation; health services provided by a member of your household or an immediate relative; and services outside the United States or its territories except in certain circumstances.

WHEN YOU BECOME ELIGIBLE

★ All persons enrolled in Part A benefits are automatically entitled to Part B benefits and must file a written request for enrollment with SSA during an enrollment period. You must also request enrollment if you are eligible to enroll in Part B but are not automatically entitled (i.e., because you are not enrolled in Part A). You can reject coverage (unless you have voluntarily enrolled in Part A) by filing a notice that you do not wish to be enrolled. If you file the notice after coverage has become effective, termination will take effect at the end of the next month.

★ If you reject coverage initially or after being enrolled, you may enroll or re-enroll in January through March of each year; coverage is effective in July of that year. However, the premiums you pay may be higher if you enroll after you rejected coverage unless you are age 65 or older (or disabled and under age 65) and covered by an employer's group health plan.

★ If you accept enrollment at your first opportunity, your 2009 monthly premium is \$96.40. However, if your income is above \$85,000 (\$170,000 for a married couple filing jointly), your monthly premium is \$134.90; if your income is above \$107,000 (\$214,000 for a married couple filing jointly), your monthly premium is \$192.70; if your income is above \$160,000 (\$320,000 for a married couple filing jointly), your monthly premium is \$250.50; and if your income is above \$213,000 (\$426,000 for a married couple filing jointly), your monthly premium is \$308.30.



How You Qualify

up to a maximum of 4 credits per year. (The dollar figure rises each year to reflect the increase in average wages.)

2001	\$830	2004	\$900	2007	\$1,000
2002	870	2005	920	2008	1,050
2003	890	2006	970	2009	1,090

Self-employed persons who have at least \$400 in self-employment income in a year before 1985 earn at least 1 credit. Beginning in 1985, the amounts of self-employment income needed to earn at least 1 credit is the same as for regular earnings. However, self-employed persons with net earnings of less than \$400 may still be given credits if their gross earnings are at least \$600 and they are eligible to use an “optional method” of reporting earnings.

Men and women in military service from 1957 through 2001 earn credits on basic pay for active duty, plus additional credits of up to \$1,200 from 1978 through 2001. Credits of \$160 a month for active military service before 1957 may also be granted in some cases.

Federal employees hired as of January 1, 1984, employees of nonprofit organizations, and most state and local government employees also earn credits for wages they are paid.

Before you can qualify for benefits, you need credit for a certain amount of work under Social Security. You earn one credit (or a “quarter of coverage”) for each dollar amount listed below,

“Fully insured” means that you and your dependents are eligible for most Social Security benefits. It does not, however, determine the *amount* of your benefits. You are fully insured if you have at least the following number of credits in the year you reach age 62, become disabled, or die:

1984	33	(8¼ yrs)	1988	37	(9¼ yrs)
1985	34	(8½ yrs)	1989	38	(9½ yrs)
1986	35	(8¾ yrs)	1990	39	(9¾ yrs)
1987	36	(9 yrs)	1991 on	40	(10 yrs)

Employees of nonprofit organizations who are 55 and older and who are mandatorily covered as of January 1, 1984, are considered *fully insured* for retirement and survivor benefits if they acquire the credits shown below:

Age on Jan. 1, 1984	Credits	Age on Jan. 1, 1984	Credits
60 or over	6	57	16
59	8	55 or 56	20
58	12		

“Currently insured” is a special coverage to ensure that dependent children and their surviving parent may receive benefits if a worker should die before becoming fully insured. You need at least 6 credits in the 3 years before your death to be currently insured. If you become disabled, you and your dependents are eligible to receive monthly benefits if you meet the requirements outlined under “If You Become Disabled.”

How Your Benefits Are Determined

become *eligible* for benefits (the year you reach age 62, become disabled, or die), the age at which your benefits begin, and your family situation.

RETIREES—HOW YOUR BENEFITS ARE CALCULATED

depends on when you become *eligible* for benefits.

When your benefits are computed, your actual earnings are adjusted (“indexed”) to reflect changes in average wage levels during the years you have worked. The indexed earnings are averaged together, and a formula is applied to the average to obtain your Primary Insurance Amount (PIA).* The PIA is increased by the cost-of-living adjustment (COLA) that occurs in the year you first become eligible for benefits and by all yearly COLAs thereafter. Increases since 1995 are as follows:

1995	2.8%	2000	2.4%	2005	2.7%
1996	2.6%	2001	3.5%	2006	4.1%
1997	2.9%	2002	2.6%	2007	3.3%
1998	2.1%	2003	1.4%	2008	2.3%
1999	1.3%	2004	2.1%	2009	5.8%

The monthly benefit you and eligible members of your family will receive is determined by the SSA. Determining this amount involves your earnings record, when you

When you apply for Social Security benefits, your earnings record is reviewed to determine whether you have worked long enough to qualify. Your *earnings average* is used to determine the *size* of your monthly benefit. The number of years used in figuring the average

You and the eligible members of your family are each entitled to a percentage of your PIA (see Table 1). Note that the amounts are reduced:

- ★ If you (or your spouse, unless caring for an eligible child) begin receiving benefits before reaching full retirement age; or
- ★ If the combined amount of family benefits exceeds the Family Maximum Benefit. In this situation, you receive your full benefits, but the benefits of each family member who is entitled to benefits on another earning record will be reduced proportionately, while benefits paid to other family members may be increased by a comparable amount. Benefits paid to a divorced spouse do not affect the total amount payable to other family members. (The amount of the Family Maximum Benefit is determined by applying a formula to your PIA).

In addition, benefit amounts may be reduced in the following situations (contact Social Security if you need further information):

- ★ If you become eligible both for Social Security retirement or disability benefits and for a pension based on noncovered employment after 1985, a modified formula will be used to figure your benefits, which will result in a lower PIA to take account of the years spent in noncovered employment.
- ★ If you receive workers’ compensation or a public disability benefit, payments from such programs plus Social Security payments may not exceed 80% of your average current Social Security earnings before you became disabled.
- ★ If your spouse or surviving spouse (including a divorced or disabled spouse) is eligible for spouse’s benefits based on your record and also receives a pension from a government job not covered by Social Security, your spouse’s Social Security benefits will be reduced by two-thirds of the government pension amount.

Your monthly benefit and the benefit of your surviving spouse will be increased, however, if you work past your full retirement age. (For a list of the monthly and yearly benefit increases you can receive, see Table 2.)

*This indexing method is used to calculate benefits for people becoming eligible for benefits in 1984 and later. People who were eligible before 1979 receive benefits calculated under an “old” method using actual earnings rather than indexed earnings to obtain the PIA. People who became eligible in 1979–1983 receive benefits calculated two ways—by the indexing method and by a modified version of the old method—and they receive the higher of the two resulting benefit amounts.

Table 1.

Percentage of Primary Insurance Amount (PIA) Payable to Workers, Dependents, and Survivors*

RETIREMENT/DISABILITY BENEFITS

Category	Worker		Spouse (Divorced spouse)		Spouse any age caring for child under 16 or disabled	Child under 18 or disabled
	Full ret. age** or disabled	62 ¹	Full retirement age**	62 ²		
% of PIA	100	75	29.98	37.5	50	50

SURVIVORS' BENEFITS

Category	Surviving Spouse (Surviving divorced spouse)				Child under 18 or disabled	Dependent parent 62 or over
	Full retirement age**	60 ³	50–59, if disabled	Any age caring for child under 16 or disabled		
% of PIA	100 ⁴	71.5	71.5	75	75	82.5 (75 if two parents)

Table 2.

Extra Credit for Each Month of Work Between Full Retirement Age and Age 70 (for Workers and Surviving Spouses)

Year Worker Reaches Full Retirement Age	Monthly Percentage	Yearly Percentage	Year Worker Reaches Full Retirement Age	Monthly Percentage	Yearly Percentage
Prior to 1982	1/12 of 1%	1%	1998–1999	11/24 of 1%	5.5%
1982–1989	1/4 of 1%	3%	2000–2001	1/2 of 1%	6%
1990–1991	7/24 of 1%	3.5%	2002–2003	13/24 of 1%	6.5%
1992–1993	1/3 of 1%	4%	2004–2005	7/12 of 1%	7%
1994–1995	3/8 of 1%	4.5%	2006–2007	5/8 of 1%	7.5%
1996–1997	5/12 of 1%	5%	2008 or later	2/3 of 1%	8%

Notes to Table 1
 *Subject to the Family Maximum Benefit (total benefit amount payable to a family together, excluding any amount payable to a divorced spouse). Spouses eligible for higher benefits on their own records receive that amount.

**Full Retirement Age by Year of Birth

Year of Birth	Full Retirement Age
1937 and earlier	65 yrs
1938	65 yrs, 2 mos
1939	65 yrs, 4 mos
1940	65 yrs, 6 mos
1941	65 yrs, 8 mos
1942	65 yrs, 10 mos
1943–1954	66 yrs
1955	66 yrs, 2 mos
1956	66 yrs, 4 mos
1957	66 yrs, 6 mos
1958	66 yrs, 8 mos
1959	66 yrs, 10 mos
1960 and later	67 yrs

Reduction Formula for Each Month of Entitlement Before Full Retirement Age

¹ 5/9 of 1%. (As the full retirement age increases, the reduction in benefits payable at age 62 will also increase. A worker retiring in the year 2027 will get about 70% of the age-67 benefit.)
² 25/36 of 1%.
³ 19/40 of 1%.
⁴ Assumes deceased worker did not receive reduced benefit.

WORKERS—HOW YOUR BENEFITS ARE ESTIMATED

The SSA provides benefit estimates in two ways. You may request a Social Security Statement or, if you are a worker age 25 and older who is not currently receiving Social Security benefits and for whom a current address is available, Social Security will send you one automatically. You should receive the automatic Statement about 3 months before your birth month, with yearly updates thereafter. The Statement lists an estimate of the monthly retirement benefit you would receive at age 62, full retirement age, and age 70, based on your average earnings over your working lifetime. It also provides an estimate in today's dollars of the benefits for which you and your family might qualify upon retirement or if you should die or become disabled. The Social Security Statement also includes an annual breakdown of your earnings to date and the total Social Security taxes paid by you and your employer over the course of your career.

Your estimated benefits are figured by the method used to calculate actual benefits, discussed under "Retirees—How Your Benefits Are Calculated," above (i.e., your PIA is computed from your average earnings, then the percentages shown in Table 1 are applied to the PIA to derive the monthly benefit amounts shown in the Statement).

Bear in mind that the Statement is not a decision on a claim for Social Security benefits. You do not qualify for any of these benefits unless you apply for them, have all the Social Security credits you need, and meet all other requirements. The actual number of Social Security credits and the benefit estimates shown on the Statement may change. The SSA will determine the exact amount of your benefits, if any, when you apply.

If you request a Statement, the estimated benefits are based on your earnings record and information you give Social Security about not-yet recorded current earnings and future earnings. For the automatic Statements, Social Security assumes you will continue to earn the posted amount shown for the previous year.

If any of the information you submitted is wrong, the Social Security credits shown and the benefits estimated in the Statement may also be wrong. Social Security bases your benefit estimate in part on your future average yearly earnings. The accuracy of your prediction of earnings will affect the accuracy of your benefit estimate. Thus, it is a good idea to check on the status of your Social Security account periodically to make sure your earnings are being properly credited. However, there is a time limit on corrections of Social Security earnings records. If you discover an error has been made, you should contact your local Social Security office immediately.

In the sample automatic Statement provided at the right, estimated benefits are shown for Jane Q. Public, born in 1965. As indicated under "Notes to Table 1," her full retirement age is 67 years.

Retirement benefits. The Statement shows the monthly benefits payable at three possible retirement ages. The Statement assumes she will continue to work at her 2007 rate up until each age. Therefore, the PIA is different for each age. If Jane retires at age 67, she will get 100% of the PIA; if she retires at age 62, she will get about 70%. If she works until age 70, she can get 100% of the PIA, plus extra credit for each month of work between ages 67 and 70 (see Table 2). If eligible on Jane's record, her spouse and other dependents can get the percentages of the PIA shown in Table 1.

Survivor's benefits. If Jane Q. Public were to die this year, her survivors could receive the amounts shown, provided they fit the descriptions under "Survivors' Benefits" in Table 1.

Disability benefits. If she became disabled now, Jane's monthly benefit would be \$1,366, equal to the PIA. Her eligible dependents could also receive a percentage of this amount.

Family maximum benefits. Note the total family amounts shown under "Survivors' Benefits." Similar dollar amounts apply to total retirement or disability benefits.

How to Get Your Benefit Estimate

To get your Social Security Statement, call Social Security at 1-800-772-1213, and ask for Form SSA-7004. You also can make your request through the Internet by using the Social Security Administration's web site at <http://www.socialsecurity.gov>.

In filling out the form, pay special attention to the instructions for question 8. Mail the completed form to the Social Security Administration, Wilkes-Barre Data Operations Center, P.O. Box 7004, Wilkes-Barre, PA 18767-7004. You should receive your Statement in 2 to 4 weeks.

Form Approved
OMB No. 0963-0446 SP

Request for Social Security Statement

Please check this box if you want to get your Statement in Spanish instead of English.

Please print or type your answers. When you have completed the form, fold it and mail it to us. If you prefer to send your request using the Internet, go to www.socialsecurity.gov.

1. Name shown on your Social Security card:

First Name _____ Middle Initial _____

Last Name Only _____

2. Your Social Security number as shown on your card:

□□□-□□-□□□□

3. Your date of birth (Mo-Day-Yr):

□□-□□-□□□□

4. Other Social Security numbers you have used:

□□□-□□-□□□□

□□□-□□-□□□□

5. Your Sex: Male Female

6. Show your actual earnings (wages and/or net self-employment income) for last year and your estimated earnings for this year.

A. Last year's actual earnings: (Dollars Only)
\$ □□□,□□□.□□

B. This year's estimated earnings: (Dollars Only)
\$ □□□,□□□.□□

7. Show the age at which you plan to stop working:
□□ (Show only one age)

8. Below, show the average yearly amount (not your total future lifetime earnings) that you think you will earn between now and when you plan to stop working. Include performance or scheduled pay increases or bonuses, but not cost-of-living increases.

If you expect to earn significantly more or less in the future due to promotions, job changes, part-time work or an absence from the work force, enter the amount that most closely reflects your future average yearly earnings.

If you don't expect any significant changes, show the same amount you are earning now (the amount in 6B).

Future average yearly earnings: (Dollars Only)
\$ □□□,□□□.□□

9. Do you want us to send the Statement:

- To you? Enter your name and mailing address.
- To someone else (your accountant, pension plan, etc.)? Enter your name with "c/o" and the name and address of that person or organization.

"C/O" or Street Address (Include Apt. No., P.O. Box, Rural Route)

Street Address

Street Address (If Foreign Address, enter City, Province, Postal Code)

U.S. City, State, ZIP code (If Foreign Address, enter Name of Country only)

NOTICE:
I am asking for information about my own Social Security record or the record of a person I am authorized to represent. I declare under penalty of perjury that I have examined all the information on this form, and on any accompanying statements or forms, and it is true and correct to the best of my knowledge. I authorize you to use a contractor to send the Social Security Statement to the person and address in item 9.

Please sign your name (Do Not Print)

Date _____ (Area Code) Daytime Telephone No. _____

Form SSA-7004-SM (06-2008) EF (06-2008)
10-2008 edition may be used

♻️ Printed on recycled paper

▼ Your Estimated Benefits

To qualify for benefits, you earn "credits" through your work—up to four each year. This year, for example, you earn one credit for each \$1,090 of wages or self-employment income. When you've earned \$4,360, you've earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. Young people need fewer credits to be eligible for disability and survivors benefits.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven't earned enough yet to qualify for any type of benefits, we can't give you an estimate now. If you continue to work, we'll give you an estimate when you do qualify.

What we assumed—If you have enough work credits, we estimated your benefit amounts using your average earnings over your working lifetime. For 2009 (and your earnings up to retirement), we assumed you'll continue to work and make about the same in future years as you did in 2007 or 2008. We also included credits we assumed you earned last year and this year.

We can't provide your actual benefit amount until you apply for benefits. **And that amount may differ from the estimates stated below because**

- Your earnings may increase or decrease over the years.
- Your benefit figures shown here are only estimates based on current law. The laws governing benefit amounts may change because, by 2041, the payroll taxes collected will be enough to pay only about 78 percent of benefits owed.
- Factors, such as a **pension for work not covered by Social Security, some military service or credit for railroad employment**, may affect your benefit amount.

Generally, estimates for older workers are more accurate than those for younger workers because they're based on a longer earnings history with fewer uncertainties, such as earnings fluctuations and future law changes.

These estimates are in today's dollars. As you receive benefits, they will be adjusted for cost-of-living increases.

- ▼ **Retirement** You have earned enough credits to qualify for benefits. At your current earnings rate if you stop working...
 - At age 62, your payment would be about... \$1,044 a month
 - At your full retirement age (67 years), your payment would be about... \$1,492 a month
 - At age 70, your payment would be about... \$1,850 a month

Note: When you continue working beyond full retirement age, your benefit **may** increase because of your additional earnings. If you delay receiving benefits until age 70, your benefit will increase because of the special credits you'll receive for delaying retirement. This increased benefit could be important to you later in life. It could also increase the future benefit amounts your family and survivors could receive.

- ▼ **Disability** You have earned enough credits to qualify for benefits. If you became severely disabled right now, Your payment would be about... \$1,366 a month
- ▼ **Family** If you get retirement or disability benefits, your spouse and children also may qualify for benefits.

- ▼ **Survivors** You have earned enough credits for your family to receive the following benefits if you die this year.
 - Total family benefits cannot be more than... \$2,623 a month
 - Your child... \$1,057 a month
 - Your spouse who is caring for your child... \$1,057 a month
 - Your spouse who reaches full retirement age... \$1,409 a month
- Your spouse or minor child may be eligible for a special one-time benefit of \$255.
- ▼ **Medicare** You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

We based your benefit estimates on these facts:

Your name...	Jane Q. Public
Your date of birth...	May 31, 1965
Your estimated taxable earnings per year after 2007...	\$40,557
Your Social Security Number...	999-99-999

▼ Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings not the amount of taxes you paid or the number of credits you've earned that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

- ▼ **Review this chart carefully** using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete.

Some or all of your earnings from **last year** may not be shown on your *Statement*. It could be that we were still processing last year's earnings reports when your *Statement* was prepared. Your complete earnings for last year will be shown on next year's *Statement*. **Note:** If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.
- ▼ **There's a limit on the amount of earnings on which you pay Social Security taxes each year.** The limit increases yearly. Only the maximum taxable amount will appear on your earnings chart. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, **all** of your earnings are taxed for Medicare.)
- ▼ **Call us right away** at 1-800-772-1213 (Monday–Friday, 7 a.m.–7 p.m.) if any of your earnings for years **before last year** are shown incorrectly. If possible, have your W-2 or tax return for those years handy.

Your Earnings Record at a Glance

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings	Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1983	550	550	1996	21,057	21,057
1984	1,299	1,299	1997	22,946	22,946
1985	2,254	2,254	1998	25,031	25,031
1986	3,704	3,704	1999	26,991	26,991
1987	4,962	4,962	2000	29,072	29,072
1988	6,252	6,252	2001	31,251	31,251
1989	7,820	7,820	2002	32,542	32,542
1990	10,041	10,041	2003	33,380	33,380
1991	12,297	12,297	2004	34,720	34,720
1992	14,278	14,278	2005	36,756	36,756
1993	16,399	16,399	2006	38,626	38,626
1994	17,772	17,772	2007	40,557	40,557
1995	19,346	19,346	2008	not yet recorded	not yet recorded

Totals over your working career:

Estimated taxes paid for Social Security:		Estimated taxes paid for Medicare:	
You paid:	\$30,374	You paid:	\$7,104
Your employers paid:	\$30,374	Your employers paid:	\$7,104

Note: If you are self-employed, you pay the total tax on your net earnings.