

Your Personal Earnings and Benefit Estimate Statement from the SOCIAL SECURITY ADMINISTRATION

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A Message from the Commissioner of Social Security

We are pleased to send you the Personal Earnings and Benefit Estimate Statement that you requested. It shows the estimated amount of benefits, under current law, that you and your family may be eligible for now and in the future. The statement also lists the earnings your employers (or you, if you're self-employed) have reported to Social Security. If your records don't agree, please let us know right away.

Social Security is not intended to meet all your financial needs. When you retire, you will need other income, such as savings and a pension if you wish to maintain your current lifestyle.

Social Security provides more than retirement benefits. Social Security disability insurance coverage protects you from loss of income if you become too disabled to work. And your family can get Social Security survivor benefits if you should die.

Social Security has worked for all of us for over 60 years. The Social Security Board of Trustees projects that the system has enough money to pay full benefits for the next 32 years. This means there is time for the Congress to make changes to safeguard the program's financial future. Over the years, Social Security has changed to meet workers' and beneficiaries' needs. It will undoubtedly change to meet those needs in the 21st century.

John J. Callahan
Acting Commissioner of Social Security

The Facts You Gave Us

Your Name	Jane Q. Public
Your Social Security Number	999-99-9999
Your Date of Birth	11 /16/1941
1996 Earnings	\$35.000
1997 Earnings	\$36.000
Your Estimated Future Average Yearly Earnings	\$37.000
Age You Plan To Stop Working 62
Other Social Security Numbers You've Used	None

Your Social Security Earnings

On page 4, we explain more about covered earnings and Social Security and Medicare taxes. The following chart shows your reported earnings. It may not show some or all of your earnings from last year because they are not yet recorded. This year's earnings will not be reported to us until next year.

If your own records do not agree with the earnings amounts shown, please contact us right away.

Years Paid	Social Security			Medicare		
	Maximum Taxable Earnings	Your Reported Earnings	Estimated Taxes You Paid	Maximum Taxable Earnings	Your Reported Earnings	Estimated Taxes You Paid
1 937-50	\$3,000	\$ 0	\$ 0			
1951	3,600	0	0			
1952	3,600	0	0			
1953	3,600	0	0			
1954	3,600	0	0			
1955	4,200	0	0			
1956	4,200	0	0			
1957	4,200	0	0			
1958	4,200	0	0			
1959	4,800	0	0			
1960	4,800	1 65	4			
1961	4,800	0	0			
1962	4,800	0	0			
1963	4,800	0	0			
1964	4,800	1,520	55			
1965	4,800	4,000	1 45			
1966	6,600	4,500	1 73	6,600	\$ 4,500	\$ 15
1967	6,600	4,530	176	6,600	4,530	22
1968	7,800	5,710	2 1 6	7,800	5,710	34
1969	7,800	6,350	266	7,800	6,350	38
1970	7,800	4,825	202	7,800	4,825	28
1971	7,800	1,584	72	7,800	1,584	9
1972	9,000	7,544	347	9,000	7,544	45
1973	10,800	8,095	392	10,800	8,095	80
1974	13,200	8,693	430	13,200	8,693	78
1975	14,100	9,589	474	14,100	9,389	86
1976	15,300	10,265	508	15,300	10,265	92
1977	16,500	10,899	539	16,500	10,899	98
1978	17,700	11,844	598	17,700	11,844	118
1979	22,900	13,843	703	22,900	13,843	145
1980	25,900	15,318	778	25,900	15,318	160
1981	29,700	17,113	915	29,700	17,113	222
1982	32,400	18,462	996	32,400	18,462	240
1983	35,700	19,830	1,070	35,700	19,830	257
1984	37,800	20,361	1,099	37,800	20,361	264
1985	39,600	21,338	1,216	39,600	21,338	288
1986	42,000	23,513	1,340	42,000	23,513	340
1987	43,800	26,091	1,487	43,800	26,091	378
1988	45,000	26,163	1,585	45,000	26,163	379
1989	48,000	27,984	1,695	48,000	27,984	405
1990	51,300	29,352	1,819	51,300	29,352	425
1991	53,400	30,109	1,866	125,000	30,109	436
1992	55,500	30,528	1,892	130,200	30,528	442
1993	57,600	31,761	1,969	135,000	31,761	460
1994	60,600	33,136	2,053	No Limit	33,156	480
1995	61,200	36,193	2,243	No Limit	36,193	524
1996	62,700	Not Yet Recorded		No Limit	Not Yet Recorded	
1997	65,400	Not Yet Recorded		No Limit	Not Yet Recorded	
Total estimated Social Security taxes paid			\$ 29,325	Total estimated Medicare taxes paid		\$ 6,588

Medicare did not start until 1966.

Your Estimated Social Security Benefits

Your work under Social Security helps you and your family to qualify for benefit payments. The kinds of benefits you might get are described below. For each benefit, you need a certain number of work credits (see page 5). Once you have enough credits, your benefit amount depends on your average earnings over your working lifetime. We used the earnings in the chart on page 2 to figure your credits and estimate your benefits. We included any 1996 and 1997 earnings and any estimated future earnings you told us about.

Retirement Benefits

To get Social Security retirement benefits, you need 40 credits of work. That is also how many you need for Medicare at age 65. Your record shows that you have enough credits.

On page 5, we explain about different ages when you can retire. If you worked at your present rate up to each retirement age, your monthly amount would be about:

- At age 62 (reduced benefit)\$ 845
- At full-retirement age (65 and 8 months)\$ 1,140
- At age 70\$ 1,530

Disability Benefits

On page 6, we tell you about disability benefits. If you become disabled right now, you need 34 credits to qualify for disability benefits. You had to earn 20 of these credits in the last 10 years. Your record shows that you have earned enough credits within the right time.

Right now your monthly disability amount would be about\$ 1,070

Family Benefits

If you get retirement or disability benefits, your spouse and young children may also qualify for benefits. See page 6 for more information about family benefits.

Survivor Benefits

If you die, certain members of your family may qualify for survivor benefits on your record. See page 6 for an explanation of who may qualify.

If you die right now, you need 34 credits for your survivors to get benefits. Your record shows you have enough. If they met all other requirements, monthly benefit amounts would be about:

- For your child.....\$ 810
- For your spouse who is caring for your child\$ 810
- When your spouse reaches full-retirement age\$ 1,085
- For all your family members, if others also qualify (more children, For example).....\$ 1,900

We may also be able to pay your spouse or children a one-time death benefit of \$255.

Medicare

Medicare hospital and medical insurance is a two-part benefit program that helps protect you from the high costs of medical care. Hospital insurance benefits (Part A) help pay the cost when you are in the hospital and for certain kinds of follow-up care. Medical insurance benefits (Part B) help pay the costs of doctors' services.

If you have enough work credits, you may qualify for Medicare hospital insurance at age 65, even if you are still working. You may qualify before age 65 if you are disabled or have permanent kidney failure. Your spouse may also qualify for hospital insurance at 65 on your record.

Almost anyone who is 65 or older or who qualifies for Medicare hospital insurance can enroll for medical insurance. You must pay a monthly premium for it.

For More Information or To Correct Your Record

After you read this statement, please call 1-800-537-7005* if you have any questions, if you need to report any missing or wrong earnings on your record, or if you want to apply for benefits. Be sure to have your Social Security number available. And remember, this statement is not a decision on a claim for Social Security or Medicare Benefits. You do not qualify for any of these benefits unless you apply for them and meet all the requirements. This statement is just an estimate of what you may get. In the meantime, your record is updated every year. You can request a new statement to make sure it stays correct.

*Social Security treats all calls confidentially--whether they are made to our toll-free number or to one of our local offices. But we also want to be sure that you receive accurate and courteous service. That is why we have a second Social Security representative listen to some incoming and outgoing telephone calls.

Your Earnings Record

Why does Social Security keep a record of my earnings?

We keep a record of the amount of earnings reported each year under your name and Social Security number. When you apply for benefits, we check your record to see if you worked enough over the years to qualify. Then we base the amount of your payments on your average earnings over your working lifetime.

What kinds of earnings may be on my record?

Almost all kinds of employment and self-employment earnings are covered for Social Security and Medicare:

- Most wages have been covered by Social Security taxes since 1937 and most kinds of self-employment since 1951.
- Medicare taxes on both kinds of earnings started in 1966.
- Some Federal, State and local government workers do not pay Social Security taxes, but most of them do pay Medicare taxes on their "Medicare-qualified government earnings."

If you work for wages, your employer reports the amount of your earnings to Social Security after the end of each year. If you are self-employed, you report your net earnings on your yearly income tax return. The chart on page 2 shows the amounts of earnings reported to us. If you had more than one employer during the year, your earnings from all of them have been combined.

If my work is covered for Social Security and Medicare, do all my earnings go on record?

Not necessarily. There are limits each year on how much earnings are taxable for Social Security and for Medicare. If you earn more than the maximum amount, the extra earnings will not be shown.

The chart on page 2 shows the maximum amount that was taxable for each year so far. The amount was the same for both Social Security and Medicare from 1966 through 1990. The Medicare maximum amount was higher from 1991 through 1993. Beginning in 1994, there is no maximum for Medicare. You now pay the Medicare tax on *all* your wages and self-employment earnings. There is still a limit on taxable Social Security earnings, however.

Are my military service earnings on record?

Your statement shows basic military pay you earned from active duty or active duty for training since 1957 and from inactive duty for training since 1988.

In some cases, you may also qualify for free earnings credits for military service from September 1940 through December 1956. We do not show these free credits on this statement. We decide if you qualify for them when you apply for benefits.

What about railroad work?

If you worked in the railroad industry for less than 10 years, your railroad earnings are included on the chart. We considered these earnings when we counted your credits and estimated your benefits. (If you have 1Q or more years of railroad work, you should contact a Railroad Retirement Board office for information about railroad pension benefits.)

Your Social Security Taxes

Why does the chart on page 2 say "Estimated Taxes You Paid"?

The Internal Revenue Service collects your Social Security and Medicare taxes. We do not keep that record. To estimate the Social Security and Medicare taxes you paid, we multiplied your reported earnings by the tax rate for each year. The amounts are shown in separate columns on the chart. If you had both wages and self-employment earnings in the same year, we estimated the taxes as if the total amount was wages. If you had both Social Security earnings and government earnings that qualified for Medicare in the same year, we estimated the combined Medicare taxes you paid.

What are the tax rates this year?

You and your employer each pay Social Security taxes of 6.2 percent on the first \$65,400 of covered wages. You each also pay Medicare taxes of 1.45 percent on *all* your covered wages. If you are self-employed, your Social Security tax is 12.4 percent and your Medicare tax is 2.9 percent on the same amounts of earnings. Form

SSA-7005-SM-OR (1-97)

Earning Social Security and Medicare Credits

What are "credits" and how do I earn them?

As you work and pay Social Security taxes, you earn Social Security credits:

- Before 1978, when your employer reported your earnings every 3 months, they were called "quarters of coverage." Back then, you earned a quarter or credit if you earned at least \$50 in a 3-month quarter.
- Starting with 1978, your employer reports your earnings just once a year and credits are based on how much you earn during the year. The amount it takes to earn a credit changes each year.
- In 1997, you get one credit for each \$670 of your covered annual earnings, up to a maximum of 4 credits for the year, no matter when you work during the year.

How many credits do I need for benefits?

On page 3, we tell you how many credits you need **for each kind of benefit** and whether you have enough. Most people need 40 credits (10 years of work) to qualify for benefits. Younger people need fewer credits for disability or for their family members to get survivors benefits if they should die.

What if I do not have enough credits yet?

The credits you already earned remain on your record, and you add to them as you continue to work and pay Social Security taxes. Under certain conditions, we may also use credits you earned under a foreign social security system to help you qualify for benefits.

What about credits for Medicare Benefits?

When you earn credits for Social Security benefits, they also count for Medicare. However, if you have government earnings on which you pay Medicare taxes but not Social Security taxes, those are considered "Medicare-qualified government earnings." Those earnings give you credits for Medicare but do not count for Social Security benefits.

Estimating Your Benefits

How do you figure out the amount of my Social Security benefits?

It is the earnings on your record, not the amount of taxes you paid or the number of credits you have, that we use to figure how much you will get each month. The Social Security law has a special formula for figuring benefits. The formula uses your average earnings over your entire working life. For most retirement benefit estimates, we will be averaging your 35 best years of earnings. If you become disabled or die before retirement, we may use fewer years to figure those benefits.

For the first retirement amount shown, we assumed you would work up to the expected retirement age you gave us. For later retirement ages, we assumed you would keep on working up to those ages and earn the "Estimated Future Average Yearly Earnings" shown on page 1.

When I requested a statement like this several years ago, my retirement benefit was higher. What happened?

We now show benefit estimates in current dollars. If you requested a statement like this before September 1993, we had increased your retirement estimate amount on that statement by 1 percent for each remaining year up to age 62. This reflected expected economic growth. We stopped doing this to make your estimate more consistent with estimates prepared in other pension planning programs.

If my spouse or I get another pension, will that affect our Social Security benefits?

If your pension is based on work not covered by Social Security, the amount of your Social Security benefits may be lower than shown on this statement. This could include pensions from Federal, State or local governments, nonprofit organizations, or foreign entities. Your spouse's benefits on your record may also be affected by his or her pension. If this applies to you, be sure to ask us for the free fact sheets "A Pension From Work Not Covered By Social Security" and "Government Pension Offset."

Retirement Benefits

When can I get retirement benefits?

You can get reduced benefits as early as age 62 or get full-retirement at age 65. (Starting in the year 2000 for people born in 1938 or later, this age will increase gradually. By 2027, full-retirement age will be 67 for people born after 1959.) Your benefits may be higher if you delay retiring until after full-retirement age.

Disability Benefits

Tell me about disability benefits.

These benefits are paid if YOU become totally disabled before you reach full retirement age. To get disability benefits, three things are necessary:

- You need a certain number of work credits and they had to be earned during a specific period of time;
- You must have a physical or mental condition that has lasted, or is expected to last, at least 12 months or to end in your death; and
- Your disability must be severe enough to keep you from doing any substantial work, not just your last job.

Benefits for Your Family

If I retire or become disabled, can my family get benefits with me?

As you work, you also build up protection for your family. Benefits may be payable to:

- Your unmarried children under age 18 (under age 19 if in high school) or 18 and older if disabled before age 22;
- Your spouse who is age 62 or older or who is any age and caring for your qualified child who is under age 16 or disabled; and
- Your divorced spouse who was married to you for at least 10 years and who is age 62 or older and unmarried.

Usually each family member qualifies for a monthly benefit that is up to 50 percent of your retirement or disability benefit, subject to the limit explained below.

What about my survivors if I die?

Your unmarried young or disabled children may qualify for monthly payments. Your widow or widower, even if divorced, may also qualify for payments starting:

- At age 60 or at age 50 if disabled (if divorced, your marriage must have lasted 10 years); or
- At any age if caring for your qualified child who is under age 16 or disabled.

Is there a limit on the benefits we can get each month?

Yes. There is a limit on the amount we can pay to you and your family altogether. This total depends on the amount of your benefit and the number of family members who also qualify. The total varies, but is generally equal to about 150 to 180 percent of your retirement benefit. (It may be less for disability benefits.) The family limit also applies to benefits for your survivors.

What if my spouse also worked long enough under Social Security to get benefits?

Your spouse cannot get both his or her own benefit plus a full benefit on your record. We can only pay an amount equal to the larger of the two benefits. Your spouse should call us and ask how to get a Personal Earnings and Benefit Estimate Statement like this. When you both have statements, we can help estimate your spouse's future benefits on the two records.

If I Continue to Work

What if I take my benefits and then want to work some more?

Even if you are still working, you may qualify for benefits. Until you reach age 70, there are limits on how much you can earn without losing some or all of your Social Security retirement benefits. These limits change every year. When you apply for benefits, we will tell you what the limits are at that time and if work would affect your monthly checks and those of your qualified family members.

What if my family members work?

Earnings limits also apply to family members who get any kind of benefits on your record. Their earnings only affect their own benefit payments, however, not yours.

Do these limits also apply if I get disability benefits?

No. Different rules apply to people who get disability benefits, because the work you do might mean you are not disabled any more. The disability program has incentives to help beneficiaries return to productive work.