Social Security

Understanding The Benefits

2015

www.socialsecurity.gov

Contacting Social Security

Visit our website

At our website, ***www.socialsecurity.gov***, you can:

- Create a ***my* Social Security** account to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement 1099/1042S, and more;
- Apply for Extra Help with Medicare prescription drug plan costs;
- Apply for retirement, disability, and Medicare benefits;
- Get the address of your local Social Security office;
- Find copies of our publications; and
- Get answers to frequently asked questions.

Call us

Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you are deaf or hard of hearing.

We provide general information by automated phone service 24 hours a day. You can also use this automated response system to tell us a new address or request a replacement Medicare card. We can answer your case-specific questions from 7 a.m. to 7 p.m., Monday through Friday. You'll generally have a shorter wait time if you call after Tuesday.

We treat all calls confidentially, and a second Social Security representative monitors some telephone calls, because we want to make sure you receive accurate and courteous service.

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Social Security: a simple concept

Social Security reaches almost every family, and at some point, touches the lives of nearly all Americans.

Social Security helps older Americans, workers who become disabled, and families in which a spouse or parent dies. Today, about 167 million people work and pay Social Security taxes and about 59 million people receive monthly Social Security benefits.

Most of our beneficiaries are retirees and their families—about 42 million people.

But Social Security was never meant to be the only source of income for people when they retire. Social Security replaces about 40 percent of an average wage earner's income after retiring, and most financial advisors say retirees will need 70 percent or more of pre-retirement earnings to live comfortably. To have a comfortable retirement, Americans need more than Social Security. They also need private pensions, savings, and investments.

The Social Security Administration wants you to understand what Social Security can mean to you and your family's financial future. This publication, *Understanding The Benefits,* explains the basics of the Social Security retirement, disability, and survivors insurance programs.

The current Social Security system works like this: when you work, you pay taxes into Social Security. We use the tax money to pay benefits to:

- People who already have retired;
- People who are disabled;
- Survivors of workers who have died; and
- Dependents of beneficiaries.

The money you pay in taxes isn't held in a personal account for you to use when you get benefits. We use your taxes to pay people who are getting benefits right now. Any unused money goes to the Social Security trust funds, not a personal account with your name on it.

Social Security is more than retirement

Many people think of Social Security as just a retirement program. Most of the people receiving Social Security do get retirement benefits, but others get Social Security because they're:

- Disabled; or
- A spouse or child of someone getting Social Security; or
- A spouse or child of a worker who died; or
- A dependent parent of a worker who died.

Depending on your circumstances, you may be eligible for Social Security at any age. In fact, Social Security pays more benefits to children than any other government program.

Your Social Security taxes

We use the Social Security taxes you and other workers pay into the system to pay Social Security benefits.

You pay Social Security taxes based on your earnings, up to a certain amount. In 2015, that amount is $118,500.

Medicare taxes

You pay Medicare taxes on all of your wages or net earnings from self-employment. These taxes are for Medicare coverage.

If you work for someone else	Social Security tax	Medicare tax
You pay	6.2%	1.45%
Your employer pays	6.2%	1.45%
If you're self-employed		
You pay	12.4%	2.9%

Additional Medicare tax

Workers pay an additional 0.9 percent Medicare tax on income exceeding certain thresholds. The following chart shows the threshold amounts based on tax filing status:

Filing Status	Threshold Amount
Married filing jointly	$250,000
Married filing separately	$125,000
Single	$200,000
Head of household (with qualifying person)	$200,000
Qualifying widow(er) with dependent child	$200,000

Where your Social Security tax dollars go

When you work, 85 cents of every Social Security tax dollar you pay goes to a trust fund that pays monthly benefits to current retirees and their families and to surviving spouses and children of workers who have died. The other 15 cents goes to a trust fund that pays benefits to people with disabilities and their families.

From these trust funds, Social Security also pays the costs of managing the Social Security programs. The Social Security Administration is one of the most efficient agencies in the federal government, and we're working to make it better every day. Of each Social Security tax dollar you pay, we spend less than one penny to manage the program.

The entire amount of taxes you pay for Medicare goes to a trust fund that pays for some of the costs of hospital and related care of all Medicare beneficiaries. The Centers for Medicare & Medicaid Services, not the Social Security Administration, manages Medicare.

What you need to know about Social Security while you're working

Your Social Security number

Your link with Social Security is your Social Security number. You need it to get a job and pay taxes. We use your Social Security number to track your earnings while you're working and to track your benefits after you're getting Social Security.

Don't carry your Social Security card. You should be careful about giving someone your Social Security number. Identity theft is one of the fastest growing crimes today. Most of the time identity thieves use your Social Security number and your good credit to apply for more credit in your name. Then, they use the credit cards and don't pay the bills.

Your Social Security number and our records are confidential. If someone else asks us for information we have about you, we won't give any information without your written consent, unless the law requires or permits it.

Contact us if you need a Social Security number, if you lose your card and need another one, or if you need to change your name on your current card. We will ask you to complete a simple application and ask to see certain documents. We need to see originals or copies certified by the issuing office. We can't accept photocopies or notarized copies of documents.

To get a Social Security number or a replacement card, you must prove your U.S. citizenship or immigration status, age, and identity. We don't need proof of your U.S. citizenship and age for a replacement card if they're already in our records. We only accept certain documents as proof of U.S. citizenship. These include your U.S. birth certificate, U.S. passport, Certificate of Naturalization, or Certificate of Citizenship. If you aren't a U.S. citizen,

we must see your immigration document proving work authorization. If you don't have work authorization, different rules apply.

For proof of identity, we accept current documents showing your name, identifying information and preferably, a recent photograph, such as a driver's license or other state-issued identification card, or a U.S. passport.

To apply for a change of name on your Social Security card, you must show a recently issued document that proves your name has been legally changed.

Be sure to safeguard your Social Security card. We limit the number of replacement cards you can get to three in a year and 10 during your lifetime. Legal name changes and other exceptions don't count toward these limits. For example, changes in noncitizen status that require card updates may not count toward these limits. These limits may not apply if you can prove you need the card to prevent a significant hardship.

For more information, read *Your Social Security Number And Card* (Publication No. 05-10002). If you aren't a citizen, read *Social Security Numbers For Noncitizens* (Publication No. 05-10096).

All of our card services are free. Social Security never charges for the card services we provide.

How you become eligible for Social Security

As you work and pay taxes, you earn Social Security "credits." In 2015, you earn one credit for each $1,220 in earnings—up to a maximum of four credits a year. The amount of money needed to earn one credit usually goes up every year.

Most people need 40 credits (10 years of work) to qualify for benefits. Younger people need fewer credits to be eligible for disability benefits or for their family members to be eligible for survivors benefits when the worker dies.

What you need to know about benefits

Social Security benefits only replace some of your earnings when you retire, become disabled, or die. We base your benefit payment on how much you earned during your working career. Higher lifetime earnings result in higher benefits. If there were some years when you didn't work, or had low earnings, your benefit amount may be lower than if you worked steadily.

Retirement benefits

Choosing when to retire is one of the most important decisions you'll make in your lifetime. If you choose to retire when you reach your full retirement age, you'll receive your full benefit amount. We will reduce your benefit amount if you retire before reaching full retirement age.

Full retirement age

If you were born from 1943 to 1960, the age at which full retirement benefits are payable increases gradually to age 67. If your birth year is 1948 or earlier, you already are eligible for your full Social Security benefit. Use the following chart to find out your full retirement age.

Year of birth	Full retirement age
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

NOTE: *Although the full retirement age is rising, you should still apply for Medicare benefits three months before your 65th birthday. If you wait longer, your Medicare medical insurance (Part B) and prescription drug coverage (Part D) may cost you more money.*

Delayed retirement

If you choose to delay receiving benefits beyond your full retirement age, we'll increase your benefit a certain percentage, depending on the year of your birth. We'll add the increase automatically each month from the time you reach full retirement age, until you start taking benefits or reach age 70, whichever comes first. For more information on delayed retirement credits, go to ***www.socialsecurity.gov/retire2/delayret.htm***.

Early retirement

You may start receiving benefits as early as age 62. We reduce your benefits if you start early. We reduce your benefit about one-half of 1 percent for each month you start your Social Security before your full retirement age. For example, if your full retirement age is 66, and you sign up for Social Security when you're 62, you would only get 75 percent of your full benefit.

NOTE: *The reduction will be greater in future years as the full retirement age increases.*

If you work and get benefits

You can continue to work and still receive retirement benefits. Your earnings in (or after) the month you reach full retirement age won't reduce your Social Security benefits. In fact, working beyond full retirement age can increase your benefits. We'll have to reduce your benefits, however, if your earnings exceed certain limits for the months before you reach your full retirement age.

If you work, but start receiving benefits before full retirement age, we deduct $1 in benefits for each $2 in earnings you have above the annual limit. In 2015, the limit is $15,720.

In the year you reach your full retirement age, we reduce your benefits $1 for every $3 you earn over a different annual limit ($41,880 in 2015) until the month you reach full retirement age.

Once you reach full retirement age, you can keep working, and we won't reduce your Social Security benefit, no matter how much you earn.

For more information about how work affects your benefits, read *How Work Affects Your Benefits* (Publication No. 05-10069).

NOTE: *People who work and receive disability or Supplemental Security Income payments have different earnings rules. They immediately must report all of their earnings to Social Security no matter how much they earn.*

Retirement benefits for widows and widowers

If you're receiving widow's or widower's benefits, you can switch to your own retirement benefits as early as age 62, assuming your retirement benefit is more than the amount you receive on your deceased spouse's earnings. Often, you can begin receiving one benefit at a reduced rate and then switch to the other benefit at the full rate when you reach full retirement age. The rules are complicated and vary depending on your situation, so talk to a Social Security representative about the choices available to you.

For more information about retirement benefits, read *Retirement Benefits* (Publication No. 05-10035).

Disability benefits

If you can't work because of a physical or mental condition that is expected to last at least one year or result in death, you may be eligible for Social Security disability benefits.

Our disability rules are different from those of private plans or other government agencies. Qualifying for disability from another agency or program doesn't mean you will be eligible for disability benefits from us. Having a statement from your doctor saying you're disabled doesn't mean you'll automatically be eligible for Social Security disability benefits. For more information about Social Security disability benefits, read *Disability Benefits* (Publication No. 05-10029). You can apply for Social Security disability benefits on our website at ***www.socialsecurity.gov/applyfordisability***.

People, including children, who have little income and few resources, and who have a disability, may be eligible for disability payments through the Supplemental Security Income (SSI) program. For more information about SSI, read *Supplemental Security Income (SSI)* (Publication No. 05-11000).

If you become disabled, file for disability benefits as soon as possible, because it usually takes several months to process a disability claim. We may be able to process your claim more quickly if you have the following when you apply:

- Medical records and treatment dates from your doctors, therapists, hospitals, clinics, and caseworkers;
- Your laboratory and other test results;
- The names, addresses, phone and fax numbers of your doctors, clinics, and hospitals;
- The names of all medications you're taking; and
- The names of your employers and job duties for the last 15 years.

Your benefits may be taxable

Some people who get Social Security will have to pay taxes on their benefits. About 40 percent of our current beneficiaries pay taxes on their benefits.

You'll have to pay taxes on your benefits if you file a federal tax return as an "individual" and your total income is more than $25,000. If you file a joint return, you'll have to pay taxes if you and your spouse have a total income that is more than $32,000. For more information, call the Internal Revenue Service's toll-free number, **1-800-829-3676**.

Benefits for your family

When you start receiving Social Security retirement or disability benefits, other family members also may be eligible for payments. For example, benefits can be paid to your husband or wife:

- If he or she is age 62 or older; or
- At any age if he or she is caring for your child (the child must be younger than 16 or disabled and entitled to Social Security benefits on your record).

Benefits can also be paid to your unmarried children if they're:

- Younger than 18;
- Between 18 and 19 years old, but in elementary or secondary school as full-time students; or
- Age 18 or older and severely disabled (the disability must have started before age 22).

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

How much can family members get?

Each family member may be eligible for a monthly benefit that is up to half of your retirement or disability benefit amount. However, there is a limit to the total

amount of money that can be paid to you and your family. The limit varies, but is generally equal to about 150 to 180 percent of your retirement or disability benefit.

If you're divorced

If you're divorced, your ex-spouse may qualify for benefits on your earnings. In some situations, he or she may get benefits even if you aren't receiving them. To qualify, a divorced spouse must:

- Have been married to you for at least 10 years;
- Have been divorced at least two years;
- Be at least 62 years old;
- Be unmarried; and
- Not be eligible for an equal or higher benefit based on his or her own work or someone else's work.

Survivors benefits

When you die, your family may be eligible for benefits based on your work.

Family members who can collect benefits include a widow or widower who is:

- 60 or older; or
- 50 or older and disabled; or
- Any age if he or she is caring for your child who is younger than 16 or disabled and entitled to Social Security benefits on your record.

Your children can receive benefits, too, if they're unmarried and:

- Younger than 18 years old; or
- Between 18 and 19 years old, but in an elementary or secondary school as full-time students; or
- Age 18 or older and severely disabled (the disability must have started before age 22).

Additionally, your parents can receive benefits on your earnings if they were dependent on you for at least half of their support.

One-time payment after death

If you have enough credits, a one-time payment of $255 also may be made after your death. This benefit may be paid to your spouse or minor children if they meet certain requirements.

If you're divorced and have a surviving ex-spouse

If you're divorced, your ex-spouse may be eligible for survivors benefits based on your earnings when you die. He or she must:

- Be at least age 60 years old (or 50 if disabled) and have been married to you for at least 10 years; or
- Be any age if he or she is caring for a child who is eligible for benefits based on your earnings; and
- Not be eligible for an equal or higher benefit based on his or her own work; and
- Not be currently married, unless the remarriage occurred after age 60 or after age 50 if disabled.

Benefits paid to an ex-spouse won't affect the benefit rates for other survivors receiving benefits on your earnings record.

NOTE: *If you're deceased and your ex-spouse remarries after age 60, he or she may be eligible for Social Security benefits based on both, your work and the new spouse's work, whichever is higher.*

How much will your survivors get?

Your survivors receive a percentage of your basic Social Security benefit—usually in a range from 75 to 100 percent each. However, there is a limit to the amount of money that can be paid each month to a family. The limit varies, but is generally equal to about 150 to 180 percent of your benefit rate.

When you're ready to apply for benefits

You should apply for benefits about three months before the date you want your benefits to start. If you aren't ready to retire, but are thinking about doing so later, you should visit our website to use our informative retirement planner at ***www.socialsecurity.gov/retire***. To file for disability or survivors benefits, you should apply as soon as you're eligible.

You can apply for benefits on our website at ***www.socialsecurity.gov/applyforbenefits***.

You can get a quick and easy benefit estimate based on your Social Security earnings record at ***www.socialsecurity.gov/estimator***. You also can get more detailed benefit calculations at ***www.socialsecurity.gov/planners.***

What you will need to apply

When you apply for benefits, we will ask you to provide certain documents. The documents you'll need depend on the type of benefits you file for. Providing these documents to us quickly will help us pay your benefits faster. You must present original documents or copies certified by the issuing office—we can't accept photocopies.

Don't delay filing an application just because you don't have all the documents you need. We'll help you get them.

Some documents you may need when you sign up for Social Security are:

- Your Social Security card (or a record of your number);
- Your birth certificate;
- Your children's birth certificates and Social Security numbers (if you're applying for them);
- Proof of U.S. citizenship or lawful immigration status if you (or a child) weren't born in the United States;
- Your spouse's birth certificate and Social Security number if he or she is applying for benefits based on your earnings;

- Your marriage certificate (if signing up on a spouse's earnings or if your spouse is signing up on your earnings);
- Your military discharge papers if you had military service; and
- Your most recent W-2 form, or your tax return, if you're self-employed.

We will let you know if you need other documents when you apply.

How we pay benefits

You must receive your Social Security payments electronically. One of the ways you can choose to receive your benefits is through direct deposit. Direct deposit is a simple and secure way to receive your payments. Be sure to have your checkbook or account statement with you when you apply. We will need that information, as well as your financial institution's routing number, to make sure your monthly benefit deposit goes into the right account.

If you don't have an account with a financial institution, or if you prefer to receive your benefits on a prepaid debit card, you can sign up for the Direct Express® card program. With Direct Express®, payments go straight to the card account. Another payment choice you can consider is an Electronic Transfer Account. This low-cost federally insured account lets you enjoy the security and convenience of automatic payments.

Supplemental Security Income (SSI) program

If you get Social Security benefits, but have limited income and resources (things you own), SSI may be able to help. SSI financing comes from general revenues, not Social Security taxes.

SSI makes monthly payments to people who are age 65 or older or who are blind or disabled. We don't count some of your income and some of your resources when we decide whether you're eligible for SSI. Your house and your car, for example, usually don't count as resources.

Call us for more information or to apply for SSI.

Right to appeal

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

You can handle your own appeal with free help from Social Security, or you can choose to have a representative help you. We can give you information about organizations that can help you find a representative. For more information about selecting a representative, read *Your Right To Representation* (Publication No. 05-10075).

Online "*my* Social Security" account

Set up a secure ***my* Social Security** account online. Access your *Social Security Statement* to check your earnings and get your benefit estimates. If you currently receive benefits, you can also:

- Get your benefit verification letter;
- Change your address and phone number;
- Request a replacement Medicare card; or
- Start or change your direct deposit.

You can create a ***my* Social Security** account if you're age 18 or older, have a Social Security number, valid email, and U.S. mail addresses. To create an account, go to ***www.socialsecurity.gov/myaccount***. You will need to provide some personal information to confirm your identity, and then choose a username and password.

Medicare

Medicare is our country's basic health insurance program for people age 65 or older and for many people with disabilities.

You shouldn't confuse Medicare and Medicaid. Medicaid is a health care program for people with low income and limited resources. State welfare or social

services agencies run the Medicaid program. Some people qualify for just one program, while others qualify for both Medicare and Medicaid.

Medicare has four parts

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

Who is eligible for hospital insurance (Part A)?

Most people get hospital insurance when they turn 65. You qualify for it automatically if you're eligible for Social Security or Railroad Retirement benefits. Or you may qualify based on a spouse's (including a divorced spouse's) work. Others qualify because they're government employees not covered by Social Security, who paid the Medicare tax.

If you get Social Security disability benefits for 24 months, you'll qualify for hospital insurance.

If you get Social Security disability benefits because you have amyotrophic lateral sclerosis (Lou Gehrig's disease), you don't have to wait 24 months to qualify.

Also, someone with permanent kidney failure requiring dialysis or kidney replacement qualifies for hospital insurance if he or she has worked long enough, or is the spouse or child of a worker who qualifies.

If you don't meet these requirements, you may be able to get Medicare hospital insurance by paying a monthly premium. For more information, call our toll-free number or visit our website.

Certain people who were exposed to environmental health hazards are entitled to Medicare hospital insurance (Part A) and can enroll in medical insurance (Part B) and prescription drug coverage (Part D). These people have an asbestos-related disease and were present for at least 6 months in Lincoln County, Montana 10 years or more before diagnosis.

Who can get medical insurance (Part B)?

Almost every person eligible for hospital insurance can sign up for medical insurance. Part B is an optional program. It isn't free. In 2015, the standard monthly premium is $104.90. Some people with higher incomes pay higher premiums.

Who can get Medicare Advantage plans (Part C)?

Anyone who has Medicare hospital insurance (Part A) and medical insurance (Part B) can join a Medicare Advantage plan. Medicare Advantage plans include:

- Medicare managed care plans;
- Medicare preferred provider organization (PPO) plans;
- Medicare private fee-for-service plans; and
- Medicare specialty plans.

In addition to your Part B premium, you might have to pay another monthly premium because of the extra benefits the Medicare Advantage plan offers.

Who can get Medicare prescription drug coverage (Part D)?

Anyone with Medicare hospital insurance (Part A), medical insurance (Part B), or a Medicare Advantage plan (Part C) is eligible for prescription drug coverage (Part D). Medicare Part D is optional, and you pay another monthly premium for the coverage. Some people with higher incomes pay higher premiums.

For more information, read *Medicare* (Publication No. 05-10043).

Help with Medicare expenses for people with low income

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

Only your state can decide whether you qualify for help under this program. If you think you qualify, contact your state or local medical assistance (Medicaid) agency, social services or welfare office. Visit ***www.medicare.gov/contacts*** or call **1-800-MEDICARE** (**1-800-633-4227**; TTY **1-877-486-2048**) to get their number.

"Extra Help" with Medicare prescription costs

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

Some facts about Social Security

2015 Social Security taxes

- You pay 6.2 percent and your employer pays 6.2 percent.
- If you're self-employed, you pay 12.4 percent.
- You don't pay Social Security taxes on earnings greater than $118,500.

2015 Medicare taxes

- You and your employer each pay 1.45 percent.
- If you're self-employed, you pay 2.9 percent.
- Medicare taxes are paid on all of your earnings; there is no limit.
- There are additional Medicare taxes for higher-income workers.

Work credits in 2015

- For each $1,220 you earn, you receive one Social Security "credit," up to four per year.
- Most people need 40 credits to be eligible for retirement benefits.
- Younger people need fewer credits to qualify for disability benefits or for their family members to be eligible for survivors benefits.

Average 2015 monthly Social Security benefits

- Retired worker: $1,328
- Retired couple: $2,176
- Disabled worker: $1,165
- Disabled worker with a spouse and child: $1,976
- Widow or widower: $1,274
- Young widow or widower with two children: $2,680

2015 monthly SSI payment rates

(doesn't include state supplement, if any)

- $733 for an individual
- $1,100 for a couple

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