



Social Security Information: What Do You Need to Know?

Annual Delegates Meeting
November 5-6, 2023



Most People Want to Know:

- When am I eligible to collect?
- How is my benefit calculated?
- When should I start to collect?
- Is Social Security taxed?
- How do I apply for benefits?

Will Social Security be
there for me?



Why Are Americans Concerned?

- Social Security is a pay-as-you-go plan
- Retiree population is growing
- Working population is shrinking
- Taxes collected currently are not sufficient
- Reserves are being utilized to pay benefits

Trust Funds Are Running Low

Social Security in the Future



2034

The combined OASI and DI Trust Funds will be able to pay all benefits in full and on time until 2034.



Even if legislative changes are not made before 2034, we'll still be able to pay 80 percent of each benefit due.

Social Security is with you through life's journey, securing today and tomorrow.

[SSA.gov](https://www.ssa.gov)



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Depleting the Trust Funds



Possible Reform Options

- Raise the full retirement age beyond 67
- Raise the cap on wages subject to payroll taxes
- Raise the Social Security payroll tax rate
- Reduce benefits for certain income brackets
- Change the cost-of-living adjustment calculation

When Am I Eligible to Collect?



Qualify for Retirement Benefits

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

- You need 40 credits (10 years of work)
- Credits are based on your annual earnings
- You may earn up to four credits in any year

Social Security Payroll Taxes

You pay 6.2% of your gross earnings*

✓ Your employer also pays 6.2%

The self-employed pay the full 12.4% of net earnings*

*The "maximum taxable earnings" amount changes annually



Maximum Taxable Earnings

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1937-50	\$3,000	1986	\$42,000	2006	\$94,200
1951-54	3,600	1987	43,800	2007	97,500
1955-58	4,200	1988	45,000	2008	102,000
1959-65	4,800	1989	48,000	2009	106,800
1966-67	6,600	1990	51,300	2010	106,800
1968-71	7,800	1991	53,400	2011	106,800
1972	9,000	1992	55,500	2012	110,100
1973	10,800	1993	57,600	2013	113,700
1974	13,200	1994	60,600	2014	117,000
1975	14,100	1995	61,200	2015	118,500
1976	15,300	1996	62,700	2016	118,500
1977	16,500	1997	65,400	2017	127,200
1978	17,700	1998	68,400	2018	128,400
1979	22,900	1999	72,600	2019	132,900
1980	25,900	2000	76,200	2020	137,700
1981	29,700	2001	80,400	2021	142,800
1982	32,400	2002	84,900	2022	147,000
1983	35,700	2003	87,000	2023	160,200
1984	37,800	2004	87,900	2024	168,600
1985	39,600	2005	90,000		

How is My Benefit Calculated?



Social Security Retirement



Get an estimate

Check your Social Security account to see how much you'll get when you apply at different times between age 62 and 70.

[Sign in](#)

[Create account](#)

Retirement Benefit Calculation

Multi-step progressive formula to determine and replace a percentage of your average monthly earnings

Your monthly benefit is based on your:

1. Lifetime earnings, and
2. Age at the time you claim



Average Indexed Monthly Earnings

Sum of your 35 highest years of indexed earnings
divided by 420 (the number of months in 35 years)

Equals your average indexed monthly earnings (AIME)

2024 Maximum AIME: \$13,100

Primary Insurance Amount (PIA)

If you first became eligible for Social Security retirement benefits in 2024 by reaching age 62, your PIA would be the sum of:

- 90% of the first \$1,174 of AIME; plus \$ 1,056.30
 - 32% of AIME between \$1,174 and \$7,078; plus
 - 15% of any amount over \$7,078
-
- \$ 1,056.30

AIME:\$1,167 (\$14,000 annually)

Replaces 90% of pre-retirement income

Primary Insurance Amount (PIA)

If you first became eligible for Social Security retirement benefits in 2024 by reaching age 62, your PIA would be the sum of:

- 90% of the first \$1,174 of AIME; plus \$ 1,056.60
 - 32% of AIME between \$1,174 and \$7,078; plus \$ 1,889.20
 - 15% of any amount over \$7,078 \$ 363.30
-
- \$ 3,309.10

AIME:\$9,500 (\$114,000 annually)

Replaces 34% of pre-retirement income

Primary Insurance Amount (PIA)

Primary insurance amount (PIA) is the benefit you would receive if you claim the benefit at your full retirement age.

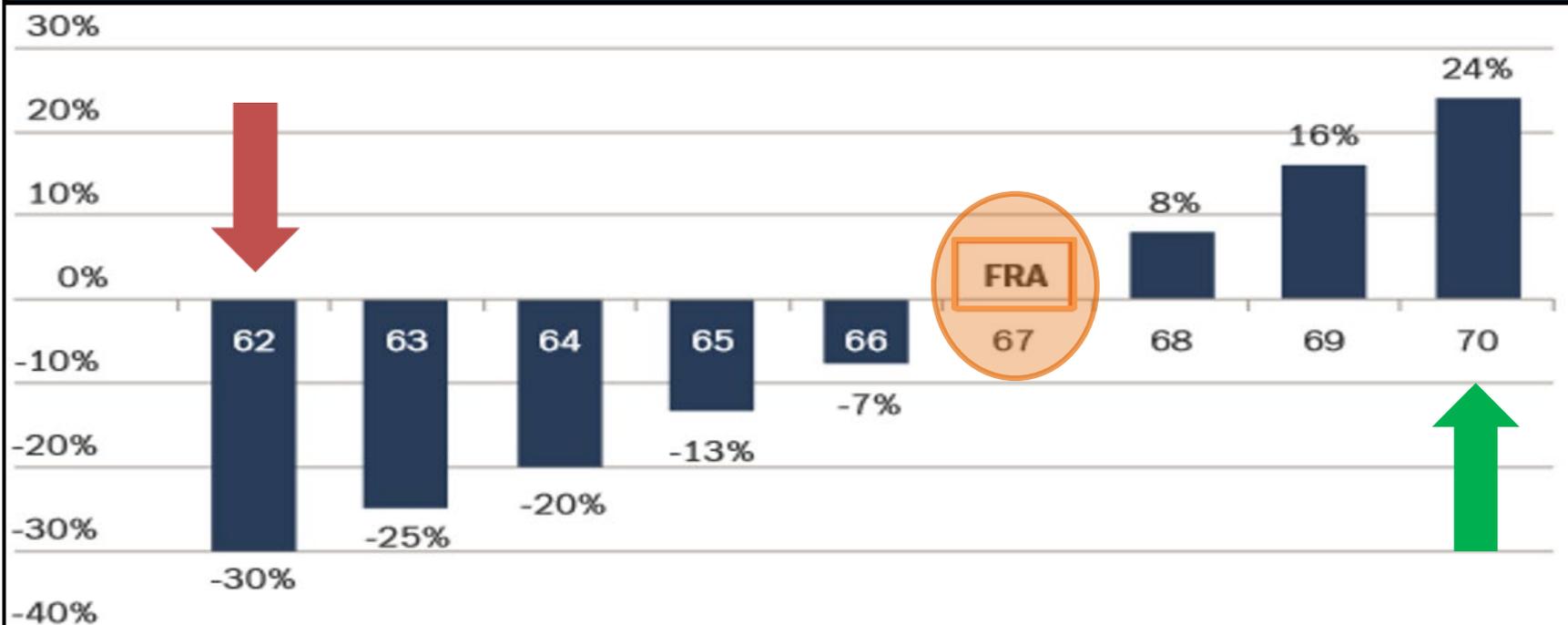
Monthly retirement benefits may be higher or lower than the PIA.



Full Retirement Age (FRA)

Age to receive full Social Security benefits	
<i>Year of birth</i>	<i>Full retirement age</i>
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 and later	67
<i>NOTE:</i> People born on January 1 of any year, refer to the previous year.	

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits



Considering “Reduced” Benefits

“Should I wait until FRA and receive a higher amount, or collect earlier at a reduced amount for a longer period?”

Age 67 (PIA/FRA)

\$ 2,700 per month

X 12 months

\$32,400 annual benefit

Age 62 (30% Reduction)

\$ 1,890 per month

X 12 months

\$ 22,680 annual benefit

The difference between the annual benefits is \$9,720 per year

Considering “Reduced” Benefits

\$113,400 Benefit possible
from 62 to 67 ($\$22,680 \times 5$ years)

\div \$ 9,720 Increase in annual benefit
if you file at age 67

= 11.66 Number of years to “break even”
once you start collecting at age 67

When Should I Collect?



Factors to Consider

- Will family members qualify for benefits on your record?

Family Benefits

If you are collecting Social Security benefits, your qualifying spouse and/or child may each receive a monthly payment of up to one-half of your PIA.



Unmarried Child

Under age 18
(under 19 if
still in high
school)

Disabled
before
age 22

Spouse

Age 62+

Any age if
caring for
your child
under age 16
or disabled

Spousal Benefits

- The maximum spousal benefit is 50% of your PIA
- The benefits for your spouse do not include any delayed retirement credits you may receive
- If your spouse qualifies for benefits on their own record, SSA will pay that amount first
- If the benefit on your record is higher, your spouse will receive an additional amount on your record so that the combination of two benefits equals that higher amount



Spousal Benefits

If spouse begins receiving benefits:

- Between age 62 and their full retirement age, the spouse's benefit will be permanently reduced
- The age factors for spousal benefits are slightly different than the age factors for individual benefits
- Deemed filing is in effect (application will include both benefits)

Survivor Benefits

After you pass, an eligible spouse and/or child can receive Social Security benefits based on your work record.



Unmarried Child

Under age 18
(under 19 if
still in high
school)

Disabled
before
age 22

Spouse

Age 60+
or 50+ if
disabled*

Any age* if
caring for a
child under
age 16 or
disabled

Factors to Consider

- Will family members qualify for benefits on your record?
- How is your health, and your family's health history?
- Do you have other retirement income to support you if you decide to delay receiving your benefits?
- Are you eligible for benefits on someone else's record?
- Are you still working?

Earnings Limitation

The 2024 limit on earnings for those collecting Social Security who have not reached the year of their Full Retirement Age (FRA):

\$22,320 (\$1,860 / mo.)

\$1 in Social Security benefits is withheld for every \$2 in earnings above this limit

Earnings Limitation

2024 Earnings		\$25,320
Earnings Limitation	-	<u>\$22,320</u>
Over the Limitation		\$ 3,000
	÷	<u>2</u>
2025 Benefit Withheld	=	\$ 1,500

Earnings Limitation

The 2024 limit on earnings for those collecting Social Security the year of their FRA, but who have not reached the month of FRA:

\$59,520 (\$4,960/mo.)

\$1 in Social Security benefits is withheld for every \$3 in earnings above this limit

Earnings Limitation

Once you reach your Full Retirement Age (65 – 67):



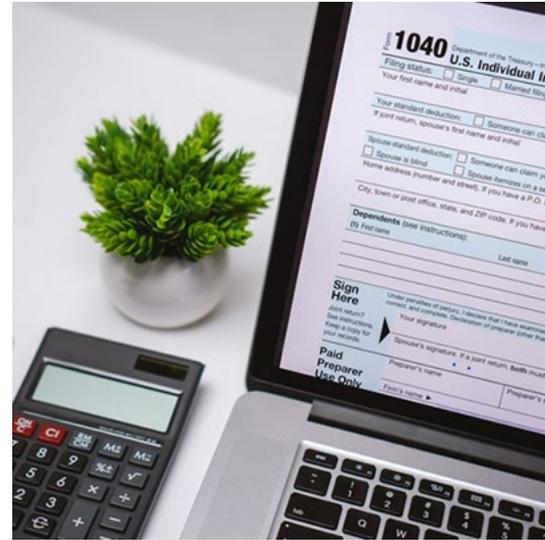
Are Social Security Benefits Taxed?



Your Benefits May Be Taxable

Most states do not tax Social Security benefits

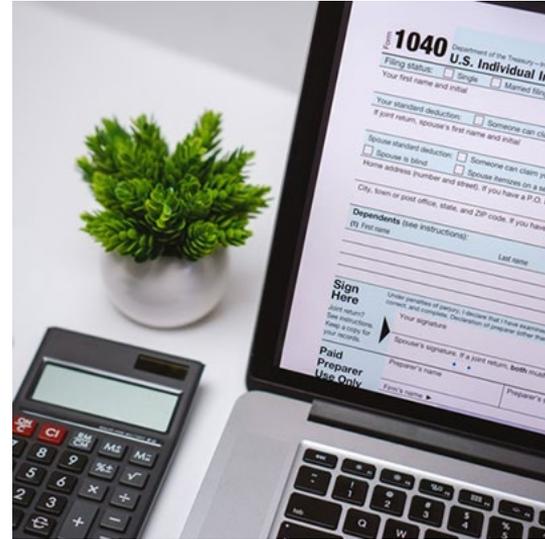
New York does not tax benefits



Your Benefits May Be Taxable

Up to 85% of your benefit may be **federally taxable**, depending on your total combined income.

“Combined income” is the sum of your adjusted gross income, plus nontaxable interest, plus half of your Social Security benefits.



Taxing Social Security

Combined income determines potential taxability

Individual Return	Joint Return	May be Taxable
Under \$25,000	Under \$32,000	0%
\$25,000 - \$34,000	\$32,000 - \$44,000	Up to 50%
Over \$34,000	Over \$44,000	Up to 85%

Inflation Protection

Social Security payments are adjusted for inflation through an annual Cost-of-Living-Adjustment (COLA)

Year	COLA increase		Year	COLA increase
2024	3.2%		2019	2.8%
2023	8.7%		2018	2.0%
2022	5.9%		2017	0.3%
2021	1.3%		2016	0%
2020	1.6%		2015	1.7%

Getting Information

Call (800) 772-1213

- You can speak to a representative or use touch tone buttons to access information
- Representatives are available weekdays (8 a.m. - 7 p.m.)

Visit a local Social Security office

- Verify ability to visit and/or book an appointment



Getting Information

Utilize the website: ssa.gov

- Download publications
- Generate calculations: ssa.gov/estimator
- Review latest COLA's, earning limitations, etc.
- Register for a *my* Social Security account



my Social Security

With an account, you may:

- Access your Social Security Statement
- Estimate future benefits
- Check your application status
- Manage benefits you already receive





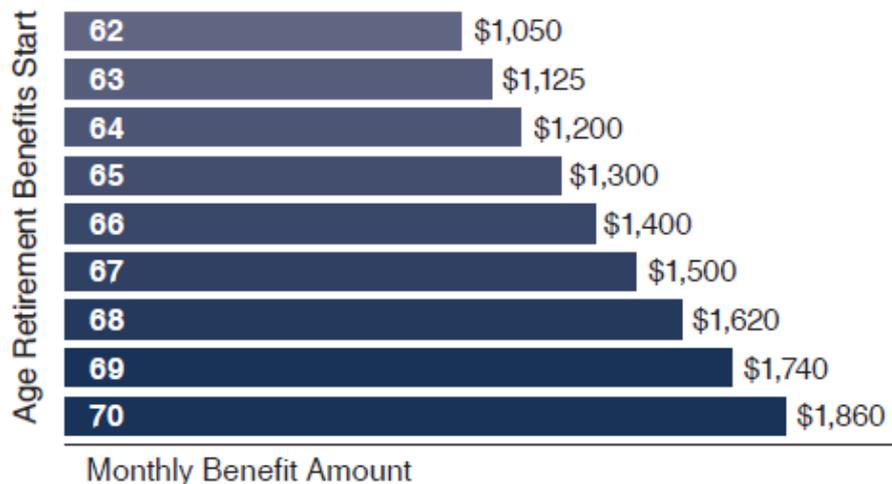
Social Security Statement

Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn “credits” through your work — up to four each year. Your full retirement age is **67**, based on your date of birth: April 10, 1960. As shown in the chart, you can start your benefits at any time between ages 62 and 70. **For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.**

These personalized estimates are based on your earnings to date and assume you continue to earn \$51,995 per year until you start your benefits. To learn more about retirement benefits, visit ssa.gov/benefits/retirement/learn.html.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)





Social Security Statement

Earnings Record

Review your earnings history below to ensure it is accurate. This is important because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings, but you can view them online with [my Social Security](#). **If you find an error** view your full earnings record online and call **1-800-772-1213**.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 20,000	\$ 20,000
1981-1990	41,250	41,250
1991-2000	257,712	257,712
2001	34,915	34,915
2002	35,591	35,591
2003	36,717	36,717
2004	38,686	38,686
2005	40,325	40,325
2006	42,315	42,315
2007	44,346	44,346
2008	45,437	45,437
2009	44,784	44,784
2010	45,847	45,847
2011	47,146	47,146
2012	48,349	48,349
2013	48,606	48,606
2014	49,860	49,860
2015	50,850	50,850
2016	50,150	50,150

How Do I Apply for Benefits?



Applying for Retirement Benefits

You can apply up to 4 months prior to benefit start date.

- Set up an appointment to file:
 - In person, or
 - By telephone (800) 772-1213
- Online: www.ssa.gov/apply

Regardless of when you claim Social Security benefits, the sign-up age for Medicare is still 65





RETIREMENT

PLAN