

Social Security

Social Security - Old-Age, Survivors, and Disability Insurance (OASDI) program

1. **Retirement**
2. **Survivors**
3. **Disability**
4. **Supplemental Security Income**

Retirement Benefits - primary insurance amount (PIA)

Funding: Employers and employees each fund through payroll taxes (6.2% each) up to maximum of \$168,600 (in 2024). Self-employed pay the full 12.4% since they are both employer/employee.

Eligibility:

- Must have minimum 40 credits
- Max of 4 credits per year (generally takes minimum of 10-years)
- In 2024, 1 credit for each \$1,730 of earnings (\$6,920 for all 4)

Calculations:

- The average of your earnings over your working years, not the total number of credits you earn, determines how much your monthly payment will be when you receive benefits
 - Average Indexed Monthly Earnings (AIME) – uses up to 35 years of work history
 - If less than 35 yrs. of earnings, then zeros used for years without earnings
 - Consumer Price Index for All Urban Consumers aka CPI-U (i.e., COLA)
- Maximum benefit at Full Retirement Age (FRA) in 2024 is \$3,822/mo

Claiming:

- Must be between the ages 62 – 70 & completed the 40 credits
- FRA is based on your Year of Birth for example anyone born 1960 and later FRA is 67 (see below chart on left)
- Reduction for claiming early or increase for deferring later (see below chart on right)

Age to receive full Social Security benefits	
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 and later	67
NOTE: People born on January 1 of any year, refer to the previous year.	

Social Security Benefit by Filing Age	
62	70%
63	75%
64	80%
65	86%
66	93%
FRA @ 67	100%
68	108%
69	116%
70	124%

Spousal benefits (including non-working): (requires 1-year of marriage)

- A spouse is eligible to receive maximum of 50% of their working spouse (claimed) PIA benefit
- Can claim as early as age 62 (reduced benefit) or the max of 50% at their FRA
- Ex-spouses are eligible if **were married 10-yrs and they do not remarry**
- Surviving spouse receives the higher earners PIA benefit **but loses their lower PIA benefit**

Survivors Benefit

1. Surviving spouse (widows' benefit)*
 - Full retirement age or older = 100% of your benefit amount.
 - **Early as age 60** to full retirement age = 71½ to 99% of your basic amount.
 - any age, caring for a **child under age 16** = 75%
 - Surviving spouse with **a disability** aged 50 through 59 = 71½%
2. A child under age 18 (19 if still in elementary or secondary school) or has a disability (before the age 22)—75%.
3. Your dependent parent(s), age 62 or older:
 - One surviving parent—82½%.
 - Two surviving parents—75% to each parent.

*Percentages for a surviving divorced spouse would be the same as above.

- Lump Sum Death benefit = \$255 (survivors listed above must apply within 2yr of death)

Disability (SSDI)

Eligibility:

- Disability or blindness affects ability to work for a year or more, or will result in death
- Generally, you must have worked for at least 5 of the last 10 years to qualify for Disability.
 - People under the age of 24 may not need to have worked as long
- May also receive Medicare coverage for 2 years

Limits:

- Must report work status, income changes, or if big improvement in medical condition
- Ends by age 65, benefits convert into Retirement benefits

Supplemental Security Income (SSI)

Eligibility: Adults and children might be eligible for SSI if they have:

- Little or no income, and
- Little or no resources, and
- A disability, blindness, or are age 65 or older.
 - Can qualify to receive in addition to SSDI, up to \$943/mo

Your monthly payment depends on your income, living situation, things you own, and other factors.

- Other programs like Supplemental Nutrition Assistance Program (SNAP) and **Medicaid**, that help you save money and take care of basic needs while on SSI

Added Resources:

<https://www.ssa.gov/> (sign-in/up for your own benefit)

<https://www.aarp.org/retirement/social-security/questions-answers/benefits/>

<https://faq.ssa.gov/en-US/>

<https://www.ssa.gov/oact/cola/colaseries.html>

Book: *Getting Paid to Wait* by Brian Doherty