

7 QUESTIONS ABOUT SOCIAL SECURITY

Did you know 73 million people received benefits from programs administered by the Social Security Administration (SSA) in 2020? That means, a total of 87 percent of the American population age 65 and over receive social security benefits. Combined, this group paid more than 1 trillion dollars in social security and Supplemental Security Income (SSI) benefits. (Source: SSA.gov) Understanding Social Security may help you utilize it to your greatest benefit. Here's what you need to know:

1. How does Social Security work?

The Social Security system is based on a simple premise:

Throughout your career, you pay a portion of your earnings into a trust fund by paying Social Security or self-employment taxes. Your employer, if any, contributes an equal amount. In return, you receive certain benefits that can provide income to you when you need it most—at retirement or when you become disabled, for instance. Your family members can receive benefits based on your earnings record, too. The amount of benefits you and your family members receive depends on several factors, including your average lifetime earnings, your date of birth and the type of benefit for which you are applying.

Your earnings and the taxes you pay are reported to the SSA by your employer, or if you are self-employed, by the Internal Revenue Service (IRS). The SSA uses your Social Security number to track your earnings and your benefits.

You can estimate your retirement benefit online based on your actual earnings record using the Retirement Estimator calculator online at ssa.gov/benefits/retirement/estimator. Other benefit calculators are also available that can help you estimate disability and survivor's benefits.

2. When is someone eligible for Social Security benefits?

When you work and pay Social Security taxes, you earn credits that enable you to qualify for Social Security benefits. You can earn up to four credits per year, depending on the amount of income you have. Most people must build up 40 credits (10 years of work) to be eligible for Social Security retirement benefits, but need fewer credits to be eligible for disability benefits or for their family members to be eligible for survivor's benefits.

3. How are retirement benefits calculated?

Your Social Security retirement benefit is based on your average earnings over your working career. Your age at the time you start receiving Social Security retirement benefits also affects your benefit amount. If you were born between 1943 and 1954, your full retirement age is 66. Full retirement age increases in two-

4. What are disability benefits?

If you become disabled, you may be eligible for Social Security disability benefits. The SSA defines disability as a physical or mental condition severe enough to prevent a person from performing substantial work of any kind for at least a year. This is a strict definition of disability, so if you're only temporarily disabled, don't expect to receive Social Security disability benefits—benefits won't begin until the sixth full month after the onset of your disability. And because processing your claim may take some time, apply for disability benefits as soon as you realize that your disability will be long term.

5. How are family benefits determined?

If you begin receiving retirement or disability benefits, your family members might also be eligible to receive benefits based on your earnings record. Eligible family members may include:

- Your spouse age 62 or older, if married at least 1 year;
- Your former spouse age 62 or older, if you were married at least 10 years;
- Your spouse or former spouse at any age, if caring for your child who is under age 16 or disabled;
- Your children under age 18, if unmarried;
- Your children under age 19, if full-time students (through grade 12) or disabled;
- Your children older than 18, with a disability that began before age 22.

Each family member may receive a benefit that is as much as 50 percent of your benefit. However, the amount that can be paid each month to a family is limited. The total benefit that your family can receive based on your earnings record is about 150 to 180 percent of your full retirement benefit amount. If the total family benefit exceeds this limit, each family member's benefit will be reduced proportionately. Your benefit won't be affected.

6. What are survivor's benefits?

When you die, your family members may qualify for survivor's benefits based on your earnings record. These family members include:

- Your widow(er) or ex-spouse age 60 or older (or age 50 or older if disabled);
- Your widow(er) or ex-spouse at any age, if caring for your child who is under 16 or disabled;

- Your children under 18, if unmarried;
- Your children under age 19, if full-time students (through grade 12)
- Your children can get benefits at any age if they were disabled before age 22 (Please note disabled children whose parents have limited income and resources may be eligible for Supplemental Security Income (SSI) benefits);
- Your widow(er) or children may also receive a one-time \$255 death benefit immediately after you die.

How can you apply for Social Security benefits?

You can apply for Social Security benefits in person at your local Social Security office. You can also begin the process by calling (800) 772-1213 or by filling out an online application on the Social Security website (ssa.gov). The SSA suggests you contact its representative the year before the year you plan to retire, to determine when you should apply and begin receiving benefits. If you're applying for disability or survivor's benefits, apply as soon as you are eligible.

Depending on the type of Social Security benefits for which you are applying, you will be asked to furnish certain records, such as a birth certificate, W-2 forms and verification of your Social Security number and citizenship. The documents must be original or certified copies. If any of your family members are applying for benefits, they will be expected to submit similar documentation. The SSA representative will let you know which documents you need and help you get any documents you don't already have.