

Understanding Social Security Insurance Programs

Implications for Personal Finance

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Note to the Presenter:

This slide presentation aims to offer a detailed and comprehensive look at the SSA and its programs. Please feel free to pick and choose those slides more relevant to your topic.

Key Terms

SSA

- Social Security Administration

OASI

- Old Age and Survivor Insurance

FICA

- Federal Insurance Contribution Act

DI

- Disability Insurance

COLA

- Cost of Living Adjustment

SSI

- Supplemental Security Income

Some of the Social Security brochures also talk about the Schedule SE (self-employed) tax but it does not seem to be widely used.

Background

SSA was created by Pres. Franklin D. Roosevelt as part of his New Deal to combat poverty.

The Social Security Act of 1935 was signed into law on August 14, 1935.

The first Commissioner, Arthur J. Altmeyer from DePere, WI, drafted the original bill that later became the Social Security Act.

The first person to receive monthly checks, Ida May Fuller, lived to be 100 and received benefits for 35 years.

More people have experience with the SSA than any other federal agency (even the IRS).

Fun Fact: Germany was the first modern country to put into effect a social security retirement program in 1889. It was designed by its first chancellor, Otto Von Bismarck.

Figures

Second Highest Expenditure on Budget (20.8%)

Self-funded by payroll taxes called FICA (Federal Insurance Contribution Act)

About 160 million people work and pay FICA taxes

About 52 million receive monthly benefits (36 million are retirees and their families/survivors)

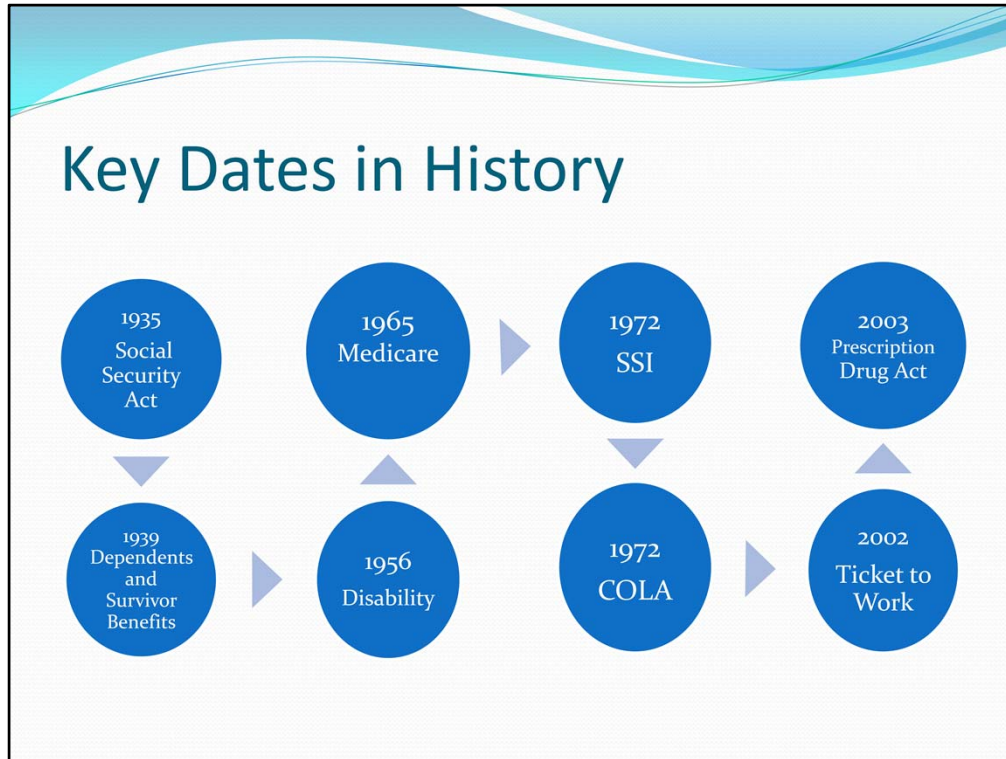
COLA (cost of living adjustment) introduced in 1975

- COLA – COLA's law is from 1972 but introduced in 1975. No automatic increases existed until COLA. Benefits were actually fixed from 1935 until 1950 when an amendment increased, for the first time, general benefits by 77 percent.
- According to many experts, COLA has outpaced inflation since it was created. Good for retirees but might be hurting the Trust Fund assets.

Initial Design

- To replace about 40% of an average worker's earnings.
- More than just a **retirement program** – it is a social insurance that pays benefits to:
 - ✓ People who have already retired
 - ✓ People who are disabled
 - ✓ Survivors of workers who have died
 - ✓ Dependents of Beneficiaries

Key Dates in History



1935 Act – provided benefits to the retired worker only

1939 – dependents (such as non-working spouse or children) were added to a retired worker benefits. Survivor benefits were also added to the program. More on those two categories later.

Medicare – 20 million people signed up for Medicare during the first three years of the program

SSI – it consolidates more than 1,000 state and federal agencies providing assistance and welfare programs.

Ticket to Work – provide disabled workers with re-training and incentives to return to work.

Social Relevance

Largest social insurance program in the world

Keeps 40% of all Americans over 65 out of poverty

More children receive benefits than any other social or welfare program in the world

Benefits are entitlement, not charity

Vulnerable population can be dually protected by Social Security and SSI

Social Insurance

Risk



Outliving
Savings



Disability



Death of
Spouse



Permanent
Disabled

Coverage



OASI



SSI



SI



SSDI

Acronyms Reminder

OASI – Old Age and Survivor Insurance

SSI – Supplemental Security Income

SI – Survivor Insurance

SSDI – Social Security Disability Insurance

Contributions

Workers	Employers	Self-Employed
<ul style="list-style-type: none">• 6.2% on their first \$106,800• Another 1.45% goes to Medicare (no income limits)	<ul style="list-style-type: none">• Match workers 6.2%• Match 1.45% to Medicare	<ul style="list-style-type: none">• Full 12.4% to SSA plus 2.9% to Medicare• Due to deductions, roughly 92% of net earnings are taxed

Only Earned Income is taxed – no FICA taxes on savings, investments or real estate income.

Self-Employed: rather confusing calculation but the 92% figure comes from the fact that half of self-employed social security taxes are deductible from federal taxes and some business expenses can also be deducted from the total payment. Our recommendation is that self-employed workers consult with their tax advisor for more detail.

Retirement benefits are calculated using your highest 35 years of income so might not be advisable for a self-employed person to push for too many deductions to lower FICA. Again, case-by-case decision.

Financial Shortfalls

The Social Security program has been a target of intense attack by media outlets and public figures.

Social Security: more going out than coming in – *CNN Money*, August 5, 2010

Save the Date: Social Security will go Broke – *Forbes*, 07/29/09

Social Security, Medicare Facing Insolvency Sooner – *The Wall Street Journal*, May 13 2009

Recession Drains Social Security, Medicare Sooner than Expected – *Bloomberg*, May 13, 2009

The importance of this slide is to recognize that there are lots of valid concerns about the Social Security financial status out there but most of the headlines do not paint the picture properly. If the SSA does not change anything on the program, 78% of each dollar in benefits will still be paid after 2037, *ceteris paribus*.

Good News

The graphic consists of four blue rectangular boxes arranged horizontally. Each box contains a white circular icon of a thumbs-up gesture. Below each icon is a short paragraph of text. A large, light blue double-headed arrow is positioned at the bottom of the four boxes, pointing both left and right.

<p>Social Security has been around for 75 years and never missed a benefit payment despite being self-funded.</p>	<p>Social Security has been running surpluses for over 25 years – The federal government has not had a surplus in 7 years.</p>	<p>The Social Security Trust is currently at over 2.5 trillion dollars.</p>	<p>Social Security is a defined-benefit program; your money is invested conservatively to guarantee payments.</p>
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Just an overview of some facts that shows that, despite valid concerns about the SSA, it has been actually a pretty solid program.
The last thumbs-up can be used in a discussion of turning the program into personal accounts and defined-contribution.

Causes for the Shortfall

DEMOGRAPHICS

- Drop in Birth Rate since the 60's
- Aging Population
- Baby Boomers Retirement

ECONOMICS

- Drop on FICA contributions due to high unemployment
- Less Workers per Beneficiary: 3 to 1 in 2010

Year 2037 – only
78 cents for each
benefit dollar

DESIGN FLAWS

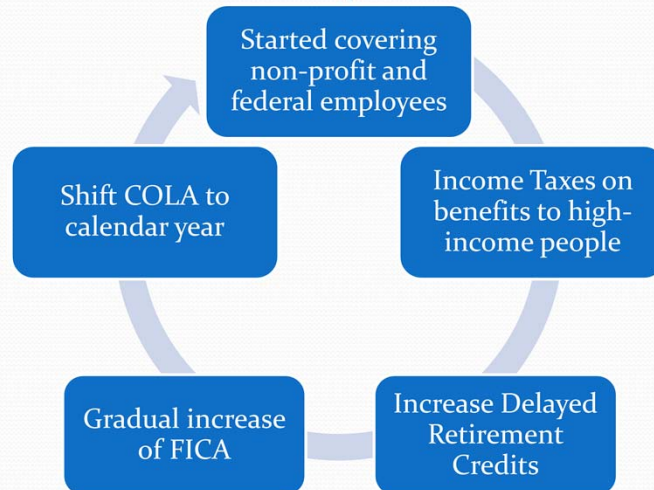
- COLA has outpaced Inflation
- Legacy Costs still hurting Budget

MEDICARE COSTS

- Raising cost of Healthcare
- Longer Life Expectancy

A quick list of some the reasons why the SSA would face this net payment challenges in 2037. Information came from many sources, including the SSA web site.

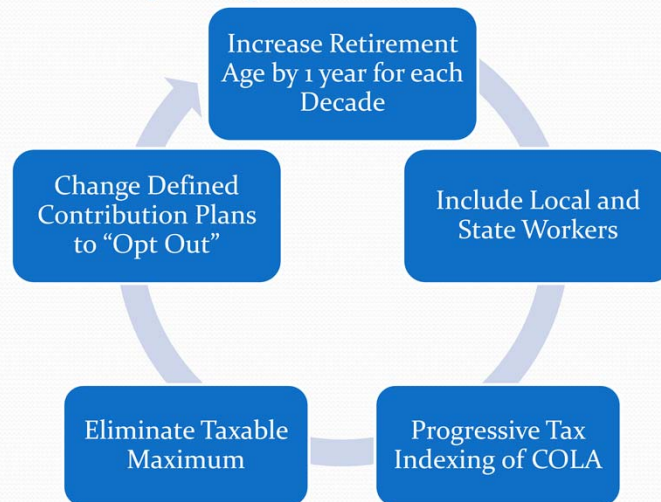
1983 Greenspan Commission



Commission used a composite approach of several tweaks to avert a 6-month shortage crisis.

It aimed to keep the program out of the red for another 75 years. However, since then two major economic shifts occurred that Greenspan's commission didn't anticipate: The growth of average U.S. wages slowed (less contributions from workers), and income inequality soared (high earners paying even less in FICA than before due to the cap of \$106,800). Despite of that, this commission is highly regarded as a very successful “fix” of the program. It is the same Greenspan that later become the Chairman of the Federal Reserve.

2005 Prof. Gramlich paper “*Social Security Reform: One More Time*”



Prof. Gramlich advocates a compromise involving several minor adjustments to fix the system.

Prof. Gramlich was a highly respected Professor of Economics at Michigan University (he passed away in 2007) and a former board member of the Federal Reserve (like Greenspan). He studied the Social Security for many decades. He defended the “opt out” option to 401(k) not necessarily as a way to help the program financially but to increase overall retirement savings. He also supported private accounts but only as an addition to the defined-benefit system already in place.

Center for Retirement Research – Boston College
“The Social Security Fix-It Book”

Cut Benefits	Increase Revenue
Across the Board Cut	Increase on Payroll Taxes
Raise Retirement Age	Raise the Earning Cap
Change COLA	Raise the Return on Assets by investing on stocks.

List of a few selected ideas from their proposal

The Boston College paper has a nice “silver bullet” type of approach, discussing all the possible solutions to the problem, and listing their pros and cons. Highly recommended read for anybody looking for a more comprehensive discussion of the issue.



Your retirement benefits are the base of the pyramid since they are our constant, defined-benefit, and pretty much every retiree will get them. Private pension could be defined-benefit or defined-contribution (401(k)). Savings and investments are all your other already taxed financial assets plus IRAs and annuities. Other income could be from continued work, rentals, etc.

The Social Security Statement

Prevent identity theft—protect your Social Security number
Your Social Security Statement
 Prepared especially for Wanda Worker www.socialsecurity.gov

January 4, 2010
 See inside for your personal information →

WANDA WORKER
 458 ANYWHERE AVENUE
 MAINTOWN, USA 11111-1111

What's inside...
 Your Estimated Benefits 2
 Your Earnings Record 3
 Some Facts About Social Security 4
 If You Need More Information 4
 To Request This Statement in Spanish 4
 (Para Solicitar Esta Declaración en Español)

What Social Security Means To You

This *Social Security Statement* can help you plan for your financial future. It provides estimates of your Social Security benefits under current law and updates your latest reported earnings. Please read this *Statement* carefully. If you see a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of your *Statement* with your financial records.

Social Security is for people of all ages...
 We're more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family after you die.

Work to build a secure future...
 Social Security is the largest source of income for most elderly Americans today, but Social Security was never intended to be your only source of income when you retire. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire. Saving and investing wisely are important not only for you and your family, but for the entire country. If you want to learn more about how and why to save, you should visit www.ourmoney.gov, a federal government website dedicated to teaching all Americans the basics of financial management.

About Social Security's future...
 Social Security is a compact between generations. Since 1935, America has kept the promise of security for its workers and their families. Now, however, the Social Security system is facing serious financial problems, and action is needed soon to make sure the system will be sound when today's younger workers are ready for retirement. In 2016 we will begin paying more in benefits than we collect in taxes. Without changes, by 2037 the Social Security Trust Fund will be exhausted and there will be enough money to pay only about 76 cents for each dollar of scheduled benefits. We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations.

Social Security on the Net...
 Visit www.socialsecurity.gov on the Internet to learn more about Social Security. You can read publications, including *When To Start Receiving Retirement Benefits*; use our Retirement Estimator to obtain immediate and personalized estimates of future benefits; and when you're ready to apply for benefits, use our improved online application—It's so easy!

Michael J. Astrue
 Michael J. Astrue
 Commissioner

* These estimates are based on the intermediate assumptions from the Social Security Trustees' Annual Report to the Congress.

(Note to speaker: This slide can serve as an introduction for the *Statement*.) According to FINRA 2009 National Financial Capability Survey only 66% of non-retired people acknowledge receiving the Statement and the vast majority of those do not use it on their retirement planning.

The SSA only sends statements to workers over the age of 25.

Annual Statement Review

Retirement

- Benefits for full retirement, early retirement and delayed retirement (70)

Disability

- Your payment amount if you become disabled.

Family

- Shows credits to qualify your family for retirement or disability

Survivors

- Your family benefits in case of your death

Medicare

- Shows if you have enough credits to qualify at age 65.

Important to review those five points of your statement for your financial planning and for any errors/omissions.

The statement has extensive and, hopefully, very useful information that should be taken into consideration within an individual overall financial planning. For instance, one could better evaluate how much life insurance they should purchase after checking survivors benefits listed here.

OASI

(Old-Age and Survivor Insurance)

- Main part of the program and most people refer to it as the “Social Security”
- Paid almost \$550 billion in 2009
- Maximum Social Security Benefit is \$2,346 per month
- Cost of Living Adjustments are applied to benefits after worker turns 62
- Benefits are reduced for earlier retirement, but increased for delayed claims – age 70
- Spouses and children can also qualify for benefits from a retired worker.

Age of Retirement

Minimum
Retirement
Age is 62

Full
Retirement
Age is 66
for those
born after
1943

Full
Retirement
Age
increases to
67 for those
born in 1960
or later

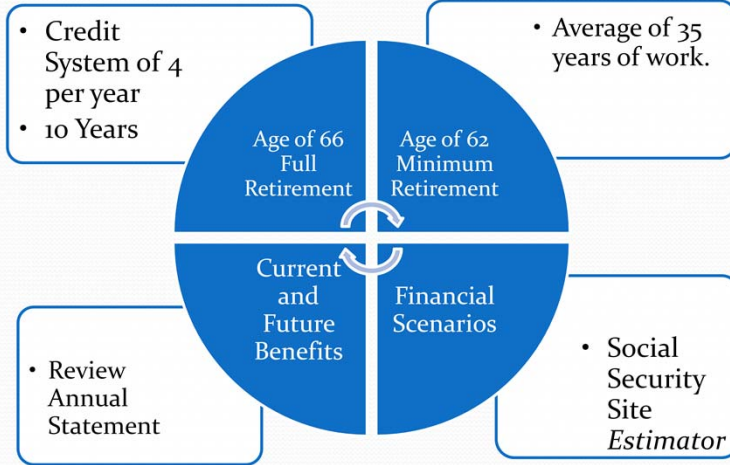
Delayed
Retirement
with
increased
benefits at
Age 70

Reminder: Medicare remains at age 65 - no changes.

Month of Election (MOE)

- For wages, income counts when it is earned
- For self-employed, income counts when you receive it
- If you retire mid-year, the income earned before the month of retirement does not affect your benefit
-

Retirement Benefits



Apply for benefits 3 months before desired start date

Retirement Benefit Example

Monthly Income of \$4,500

Age of Retirement

- 90% on the first \$761

\$685

- Age 62 - 75% of Benefit

\$1,410

- 32% on Earnings over \$761

\$1,196

- Age 66 - 100% of Benefit

\$1,881

- Monthly Benefit

\$1,881

- Age 70 - 132 % of Benefit

\$2,482

Benefit Reduction at Age 62 remains for the Life of the Retiree

Benefit Calculation, using monthly income, \$4,500, on slide

90% on the first \$761 in earnings ($761 \times .90 = \685)

32% on earnings over \$761 through \$4,586 ($4500 - 761 = 3739$, $3739 \times .32 = \$1,196$)

$685 + 1196 = 1881$ (for example on slide)

15% on earning over \$4,586

Maximum Benefit Payment = \$2,346

No COLA in 2010 and 2011

Right side of slide percentage based on age.

$1881 \times .75 = \$1,410$

$1881 \times 1 = \$1,881$

$1881 \times 1.32 = \$2,482$

Retirement Benefit Estimator

www.socialsecurity.gov/estimator

Average Earnings of
\$45,000

Average Earnings of
\$65,000

Age 62
\$1,126

Age 67
\$1,707

Age 62
\$1,352

Age 67
\$2,013

Assumptions: worker born in 1970, 40 credits contribution.
Results taken directly from SSA estimator.
Taxes were not included – potentially up to 85% of your benefit

Social Security Estimator

Social Security Online
www.socialsecurity.gov

Benefit Calculators

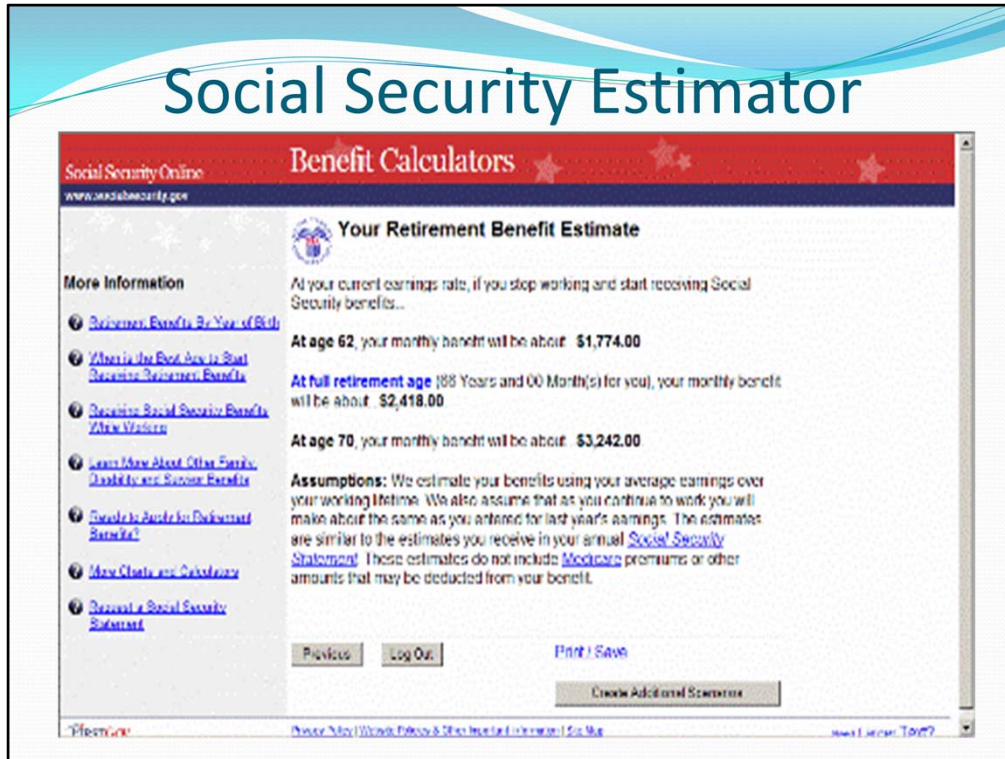
Home Questions? Contact Us Search GO

About the Retirement Estimator

How the Retirement Estimator Works	<p>The Retirement Estimator produces estimates that are based on your actual Social Security earnings record. Retirement estimates are just that, estimates. They will vary slightly from the actual benefit you may receive in the future because:</p> <ul style="list-style-type: none">Your Social Security earnings record is constantly being updated;Our calculators use different parameters and assumptions (e.g., different stop work ages, future earnings projections, etc.); andYour actual future benefit will be adjusted for inflation.	Caution: You cannot use the Estimator if you block access to your personal information.
Who Can Use the Retirement Estimator	<p>You can use the Retirement Estimator if:</p> <ul style="list-style-type: none">You have enough Social Security credits at this time to qualify for benefits andYou are not:<ul style="list-style-type: none">Currently receiving benefits on your own Social Security record;A Medicare beneficiary;Age 62 or older and receiving benefits on another Social Security record; orEligible for a Pension Based on Work Not Covered By Social Security.	Estimate Your Retirement Benefits
How Long Can You Stay On Each Page?	<p>For security reasons, there are time limits for viewing each page. You will receive a warning after 25 minutes without doing anything, and you will be able to extend your time on the page. After the third warning on a page, you must move to another page or your time will run out and your work on that page will be lost.</p> <p>Note: If you turned JavaScript off in your browser, you will not receive these warnings. After you spend 30 minutes on a page, you must move to another page or you will be logged out.</p>	What is the best age to start receiving retirement benefits?

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Last reviewed or modified Wednesday, Apr 01, 2009 [Need Larger Text?](#)



This slide is just to give your audience a brief sketch of the estimator. We should advise them to go online and give it a try. The Choose to Save website listed in the end of this presentation is also a very powerful planning tool. Estimator does not include any deductions for Medicare premium payments. And assumes that your last year salary would remain unchanged until retirement age.

COLA – Cost of Living Adjustment

Created on the 1972 Amendment, but implemented in 1975.

It ties monthly payments to inflation to protect the purchasing power of your benefits.

Index starts after retirement; pre-retirement benefits are computed using wages only.

Retirement Claiming – Option 1

Claim and Suspend

Best Choice in
Most Case

Voluntary
Option

Earns delayed
retirement
benefits (DRCs)

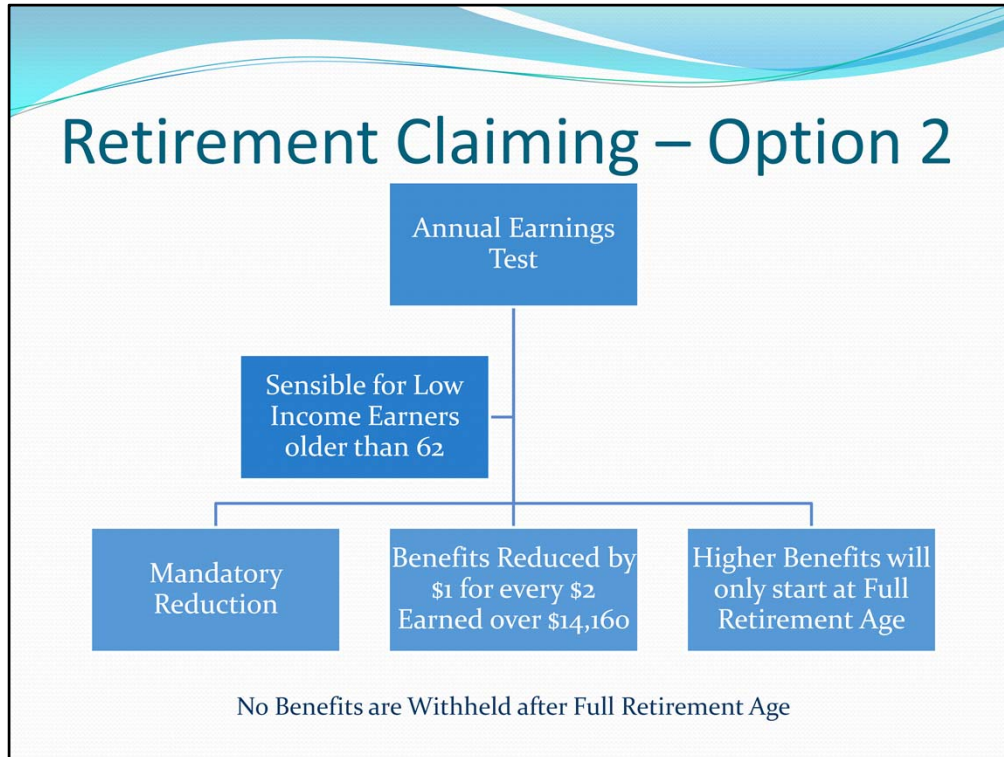
Higher Benefits
after Re-Claim

Married Couples should consult with a SSA representative about this option.

Good option for those still working and earning a high income.

- To maximize your benefits dollars, the ideal is to wait until age 70 to start collecting payments again.
- This option offers lots of flexibility for married couples. For instance, a husband claim and suspend at 65 to continue working. His wife, if a lower income earner, can do a spouse claim to start receiving based on his retirement. Later, he can re-claim higher benefits at age 70. She can also switch to her own retirement benefit at age 70 if it pays more than the spousal amount. As a result, both can get the higher delayed retirement credit.

Retirement Claiming – Option 2



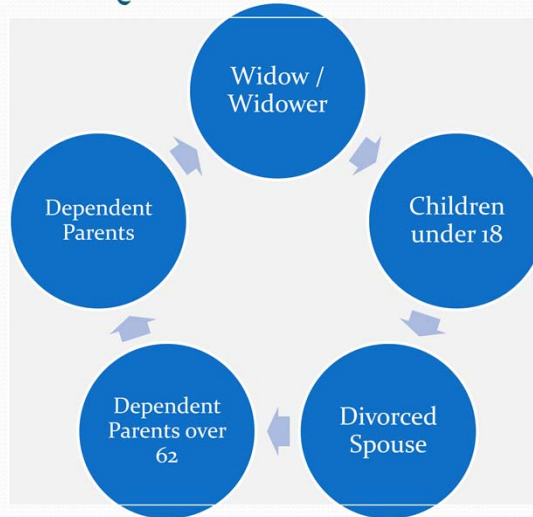
- The Rule of \$1 of benefit reduction applies to retirees that claim benefits before their full retirement age.
- During the year of full retirement age (used to be 65, now it is 66, and 67 in the future), \$1 of benefit is only reduced for \$3 of income earned. No benefit reductions after full retirement age is reached.
- The benefit amount withheld will be added back to your payments at your full retirement age – it is not lost.
- The Boston College link gives us more details on claiming strategies.

Survivors Insurance

Basics

- Benefits are estimated using average earnings
- Also uses credit system – 10 years for full benefit
- Exception: only 3 years of work for full benefit payment to children

Who Qualifies for Benefit



- More detail on the next slide.

Survivor Benefits Details

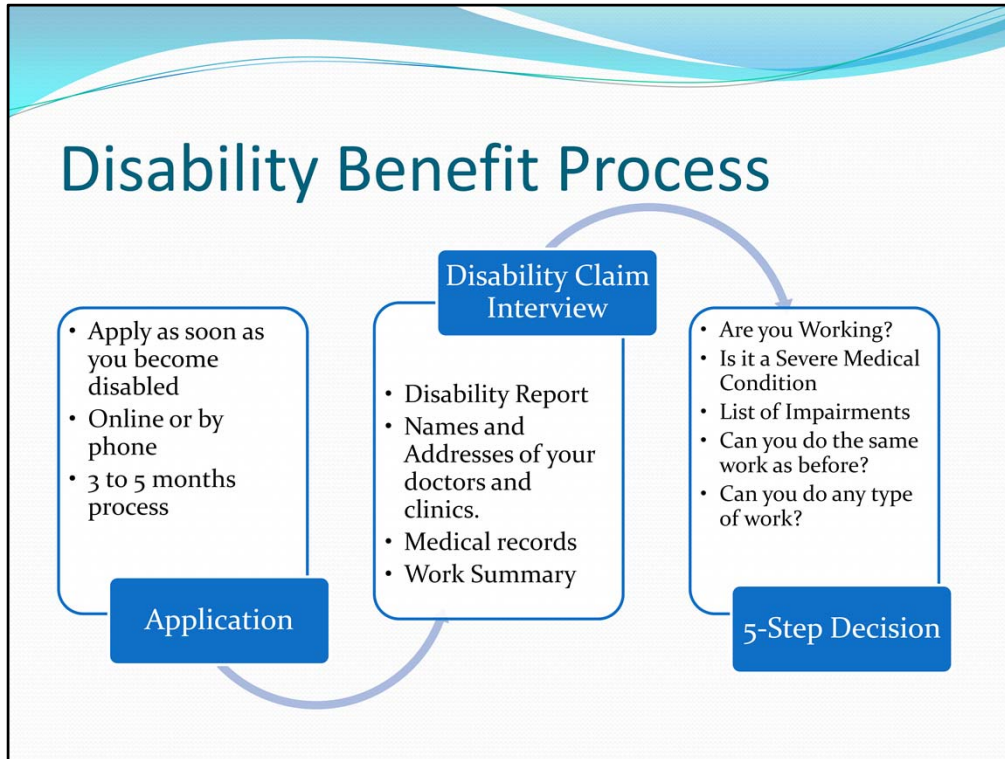
- **Widow/widower:** full benefits at retirement age or reduced as early as 60.
- **Unmarried Children:** younger than 18 (or 19 if still in secondary school)
- **Stepchildren, adopted children, grandchildren, step grandchildren:** special circumstances
- **Widow/widower:** caring for children younger than 16 with disabilities
- **Dependent Parents:** age 62 or older and receiving one-half support from deceased worker
- **Divorced Spouse:** age 60 or older and marriage lasted at least 10 years.

Benefits stop for widow or widower that remarries before the age of 60 but may be started again if the marriage ends.

Disability Insurance

- Protection for workers in the event they become disabled.
- Studies show that a 20-year old worker has a 3-in-10 chance of becoming disabled before retirement age.
- Disability Benefit is estimated on your annual Social Security Statement.
- Benefits start on the sixth full month after becoming disabled.
- Benefit is based on work history and earnings.
- To qualify, a worker must be currently insured.

Disability is a complicated process.



Workers can disagree on a claims decision and start an appeal process. Depending on the complexity of the issue, the claimant might want to get an attorney involved. A person always has the right to be represented by an attorney or another representative when dealing with the Social Security.

The SSA has two publications giving more information on the appeal process: *The Appeals Process* and *Your Right to Representation*. Both can be obtained online or at a SSA office.

Disability Insurance

Social Security Definition

Unable to do the work you did before and cannot adjust to other work due to medical condition

Disability must last or expect to last at least one year

Requirement Test

Recent Work Based on the Age of Disability

Duration of Work under Social Security

Disability Eligibility Test

Age you become disabled

• Requirement

Before the quarter you turn 24

- 1.5 years of work during the 3-year period before disability began

Between 24 and the quarter you turn 31

- Work during half the time for the period after you turn 21 until 31

In the quarter you turn 31

- 5 years out of the 10 year period until disability began.

Table does not cover all scenarios, for general purpose only

- The best way to start a disability claim is online at <http://www.ssa.gov/pgm/disability.htm>.
- A disabled person might have difficulties leaving their house so the SSA encourages using their online claim.
- The SSA will mail you all the necessary forms including medical history disclosures.

Supplemental Security Income

- Managed by the SSA but funded by the Treasury
- Not based on Work History, it is an assistance program
- Nearly 7.7 million of beneficiaries in 2009
- Must live in the US or an American territory.

Who is Eligible?

- Low-Income over 65
- Blind
- People with Disabilities

Resources Limits

- \$ 2,000 individual
- \$ 3,000 couple

Benefit Rate

- \$ 674 individual
- \$ 1,011 couple

Medicare

- Health Insurance Program primarily for people over **65 years old**
- Designed to help with the costs of health care
- You pay the premium for the Medicare Part elected
- Low income people might qualify for state help
- Younger people with disabilities and certain medical conditions can also qualify.
- Not the same as Medicaid; which is state-run for low income population
- Social Security representatives can help your decision regarding the different plans offered

Medicare Plans

Part A: Hospital Insurance
enroll 3 months before turning 65
no extra coverage cost
includes some in-home assistance and hospice care

Part B: Medical Insurance
doctor services
monthly premium by income level
7 months to enroll after Part A – late enrollment triggers premium increases

Choice of Plans

Part C: Advantage Plans
supplemental health to cover expenses not paid by Part A
monthly premium in most cases
annual election

Part D: Prescription Drugs
available when enrolled in A, B or C
annual election and monthly premiums
important : people with frequent drug needs should enroll immediately

Medicare Plans follow similar rules as retirement benefits – need 40 quarters of coverage for free Part A

Medicare Part A

Eligible at Age 65 if:

- Eligible for Social Security Benefits
- Dependent parent of a deceased and fully insured child
- Worked at a government job covered by Medicare

Eligible before 65 if:

- Entitled for Disability Benefit for 24 months
- A disabled child, or widow/widower age 50 or older of a government worker fully insured by Medicare

Part A (Hospital Insurance) available for somebody age 65 or older that does not qualify for free coverage. Premium is up to \$461/monthly

Apply for Part A regardless of your work or retirement status

Medicare Part B - Enrollment

If you enroll on this month	Coverage starts
- 3 months	The month you become eligible for Medicare
- 2 months	The month you become eligible for Medicare
- 1 month	The month you become eligible for Medicare
Month you turn 65	One month after enrollment
+ 1 month	Two months after enrollment
+ 2 months	Three months after enrollment
+ 3 months	Three months after enrollment

Important: enroll up to 3 months before age 65 for immediate coverage.
Standard Premium on 2010 = \$ 110.50.

Medicare Part B – Special Cases

General Enrollment Period

- If you miss the initial enrollment period, you can still enroll every year from **January 1 to through March 31**
- Monthly Premiums are **permanently increased by 10% for each 12-month delay** after your initial eligibility period

Age 65 & Still covered by a Group Health Plan

- Yours or your spouse **current employment**
- Enroll at anytime while you are covered by the group health plan, **or** on the month that employment ends **or** up to 8 months after the month your group coverage ends
- No late enrollment penalty

Important: if covered by a group health plan with less than 20 employees, **must apply for Part B** since your employer is not required by law to provide you with coverage after age 65.

Medicare Optional Plans

Part C – Medicare Advantage

Need to have Parts A and B to qualify

Plans include plans like PPO (preferred provider organization) and HMO

Monthly premium varies for each plan

Part D – Prescription Drug Coverage

Need to have Parts A, B or C to qualify -

You can wait to enroll if you have an existing prescription plan that is, on average, as good as Medicare

Late enrollment w/o a pre-existing drug plan would incur a lifelong penalty of 1% per month of delay

For both Parts, apply during initial Medicare enrollment or at annual election period from November 15 to December 31

Dual Entitlement

Retired Beneficiaries

A beneficiary eligible for a Primary Insurance Amount and a higher spouse survivor benefit would get a pro-rated payment from those two.

A child from a divorced couple might be entitled to the highest of benefits from parents and stepparents

Workers and SSI

A worker can qualify for both DI and SSI in the event of a disability

A worker collecting small retirement benefits might also qualify for SSI

A worker with disabilities might qualify for SSI but still keep a low-paid job and pay FICA to future benefits.

When to Contact the Social Security

Age 50 – if
Disabled
Widow/Widower

Age 60 – if
Widow/Widower

Age 62 – for Early
Retirement

Age 65 -
Medicare

Age 66/67 – Full
Retirement

Those are just a few key dates to contact the SSA – our recommendation is to also check with a local office in case of any major life event: death, retirement, disability, financial hardship, etc.

Those are just a few key dates/events when contacting the SSA is truly mandatory. However, the SSA actually strives to be a source of information to workers and retirees – people should actually contact them more often either online, by phone or in-person whenever necessary.

Benefits are paid in the beginning of the month, which makes this their busier time. For non-urgent questions I would recommend contact the SSA after the 10th of the month.

Social Assistance

The SSA offers a variety of resources and programs to those in need

SSI
assistance
payments

Food Stamps
and other
Nutrition
Programs

Medicare
Savings
Program:
help with
premiums
and
deductibles

Extra Help:
help with
prescription
drug plan
costs

Ticket to
Work:
employment
support for
people with
disabilities

Families suffering financial hardship should contact their local Social Security office to review their options and receive advice.

Bigfoot, mermaids and Yetis

Myth

- Trust Fund was taken to the general fund and spent
- Immigrants receive Social Security
- Clinton started taxing Social Security benefits
- Roosevelt promised:
 - Participation is Voluntary
 - Pay only 1% of your income
 - Income Tax Deduction

Fact

- It was unified in the budget, later it was separated again
- Yes, legal immigrants that made FICA contributions do
- Reagan did in 1983, Clinton raised the potential taxation
- Act of 1935 signed by him:
 - FICA is a tax, not voluntary
 - Future tax increases
 - Rejected Tax Deductions

Second myth:

The immigrant myth is probably more relatable to SSI since, in some cases, a legal immigrant might receive this assistance. Normal benefits are only paid to legal immigrants if they qualify for it as any other worker.

Hot Topic Alert: illegal immigrants are a positive contribution to the system since they pay FICA (maybe under a fake social security number) but will never be eligible to benefits.

Third myth:

Reagan signed the 1983 Amendment from Greenspan Commission. He made up to one half of benefits potentially taxable. Clinton raised the potential taxable amount to 85% of benefits.

To-Do List

Review Your Benefits from Annual Statement

Create File for Annual Statement and other SSA mailings

Consider the Age you Want to Retire – run Estimations

Plan when you Want to Claim and/or Take Payments

Review Your Retirement Strategy – consult an Advisor

- No statements are automatically sent until age 25 but a younger person can request it online too.

www.socialsecurity.gov

- Online Applications for Various Programs
- Check Status of Claims or Applications
- Request Your Earnings Statement
- Forms and Publications also available
- 1-800-772-1213: 24-hour automated services or a representative on weekdays from 7 a.m. to 7 p.m.

Since benefits are paid in the beginning of the month, the SSA phone lines and offices get really busy at this time. For non-urgent questions I would recommend contacting the SSA after the 10th of the month, either by phone or in-person.

Useful Websites

www.choosetosave.org/calculators

comprehensive list of financial calculators

<http://crr.bc.edu/>

Boston College: step-by-step advice on claiming strategies

www.Medicare.gov

detailed information about Medicare plans and programs

www.Benefits.gov

check if you qualify for a variety of government benefits

- Boston college link is sometimes a bit trick to work. If does not link properly, we can go to their website at www.bc.edu and search on top for “Center for Retirement Research”
- The benefits.gov