Social Security

Understanding The Benefits

2011

www.socialsecurity.gov

Contact Social Security

Visit our website

Our website, ***www.socialsecurity.gov***, is a valuable resource for information about all of Social Security's programs. At our website you also can:

- Apply for certain kinds of benefits;
- Get the address of your local Social Security office;
- Request a *Social Security Statement*, a replacement Medicare card; and
- Find copies of our publications.

Call our toll-free number

In addition to using our website, you can call us toll-free at **1-800-772-1213**. We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. We can provide information by automated phone service 24 hours a day. (You can use our automated response system to tell us a new address or request a replacement Medicare card.) If you are deaf or hard of hearing, you may call our TTY number, **1-800-325-0778**.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

What's inside

Social Security: a simple concept 4

What you need to know about Social Security while you are working 6

What you need to know about benefits 8

Benefits for your family 13

When you are ready to apply for benefits 16

Supplemental Security Income (SSI) program 18

Right to appeal 18

Medicare 18

Some facts about Social Security 22

Social Security: a simple concept

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

Social Security helps not only older Americans, but also workers who become disabled and families in which a spouse or parent dies. Today, about 155 million people work and pay Social Security taxes and about 54 million people receive monthly Social Security benefits.

Most of our beneficiaries are retirees and their families—about 37 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 much more than just 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. The tax money is used 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 is not held in a personal account for you to use when you get benefits. Your taxes are being used right now to pay people who now are

getting benefits. 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. Although it is true that most of the people receiving Social Security receive retirement benefits, many others get Social Security because they are:

- Disabled; or
- A spouse or child of someone who gets 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

The Social Security taxes you and other workers pay into the system are used to pay for Social Security benefits.

You pay Social Security taxes on your earnings up to a certain amount. In 2011, that amount is $106,800.

Medicare taxes

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

If you work for someone else	2011 Social Security tax	Medicare tax
You pay	4.2%	1.45%
Your employer pays	6.2%	1.45%
If you are self-employed		
You pay	10.4%	2.9%

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 are 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. Medicare is managed by the Centers for Medicare & Medicaid Services, not Social Security.

What you need to know about Social Security while you are working

Your Social Security number

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

Do not 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 to buy things for themselves, and they do not pay the bills.

Your Social Security number and our records are confidential. If someone else asks us for information we have about you, we will not 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 fill out a simple one-page form and ask to see certain documents. We need to see originals or copies certified by the issuing office. We cannot 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. For a replacement card, proof of your U.S. citizenship and age are not required if they are already in our records. Only certain documents can be accepted as proof of U.S. citizenship. These include your U.S. birth certificate, U.S. passport, U.S. consular report of birth, Certificate of Naturalization or Certificate of Citizenship. If you are not a U.S. citizen, different rules apply for proving your immigration status. Acceptable proofs of identity would include current documents showing your name, identifying information and, preferably, a recent photograph, such as a driver's license, a state-issued nondriver 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. You are limited to three replacement cards in a year and 10 during your lifetime. Legal name changes and other exceptions do not count toward these limits. For example, changes in noncitizen status that require card updates may not count toward these limits. Also, you may not be affected by these limits if you can prove you need the card to prevent a significant hardship.

For more information, ask for *Your Social Security Number And Card* (Publication No. 05-10002). If you are not a citizen, you also can ask for *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 2011, you earn one credit for each $1,120 in earnings—up to a maximum of four credits per 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 family members to be eligible for survivors benefits when the worker dies.

What you need to know about benefits

Social Security benefits replace a percentage of your earnings when you retire, become disabled or die. Each year, we will send you a *Social Security Statement* showing your earnings history and an estimate of the retirement, disability and survivors benefits you and your family may receive based on those earnings.

When you receive your *Statement*, check your earnings history carefully. Make sure all of your earnings are accurate. Be sure to report any errors to us. That is important because your benefits will be based on your lifetime earnings. Your *Statement* also is useful in helping you plan your financial future.

Retirement benefits

Choosing when to retire is one of the most important decisions you will make in your lifetime. If you choose to retire when you reach full retirement age (see below), you will receive your full benefit amount. But if you retire before reaching full retirement age, you will receive reduced benefits.

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 you were born in 1944 or earlier, you already are eligible for your full Social Security benefit. The following chart will guide you in determining 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, your benefit will be increased by a certain percentage, depending on the year you were born. The increase will be added in automatically each month from the time you reach full retirement age until you start taking benefits or reach age 70, whichever comes first. The percentage of the increase is based on when you were born. 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. However, if you start your benefits early, your benefits are reduced. Your benefit is reduced 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 are 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 will not reduce your Social Security benefits. In fact, working beyond full retirement age can increase your benefits. However, your benefits will be reduced 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, $1 in benefits will be deducted for each $2 in earnings you have above the annual limit. In 2011, the limit is $14,160.

In the year you reach your full retirement age, your benefits will be reduced $1 for every $3 you earn over a different annual limit ($37,680 in 2011) until the month you reach full retirement age.

Once you reach full retirement age, you can keep working, and your Social Security benefit will not be reduced, no matter how much you earn.

For more information about how work affects your benefits, ask for *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 are 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. In many cases, 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 options available to you.

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

Disability benefits

If you cannot 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. The fact that you qualify for disability from another agency or program does not mean you will be eligible for disability benefits from us. And having a statement from your doctor indicating you are disabled does not mean you will automatically be eligible for Social Security disability benefits. For more information about Social Security disability benefits, ask for *Disability Benefits* (Publication No. 05-10029). You can apply for Social Security disability benefits on our website at ***www.socialsecurity.gov/applyfordisability***.

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

If you become disabled, you should 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 are 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. Less than one-third of our current beneficiaries pay taxes on their benefits.

You will 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 will 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 also can be paid to your unmarried children if they are:

- 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 are divorced

If you are divorced, your ex-spouse may qualify for benefits on your earnings. In some situations, he or she may get benefits even if you are not 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 are 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.

Payment after death

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

If you are divorced

If you are 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 will not affect the benefit rates for other survivors receiving benefits on your earnings record.

NOTE: *If you are deceased and your ex-spouse remarries after age 60, he or she may be eligible for Social Security benefits based both on 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 are ready to apply for benefits

You should apply for benefits about three months before the date you want your benefits to start. If you are not quite ready to retire, but are thinking about doing so in the near future, you may want to visit Social Security's website to use our convenient and informative retirement planner at ***www.socialsecurity.gov/retire***. To file for disability or survivors benefits, you should apply as soon as you are 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 actual 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 we will ask for depend on the type of benefits you are filing for. Providing these documents to us quickly will help us pay your benefits faster. You must submit original documents or copies certified by the issuing office—we cannot accept photocopies.

Do not delay filing an application just because you do not have all of the documents you need. We will help you get them.

Here is a list of some documents you may need when you sign up for Social Security:

- Your Social Security card (or a record of your number);
- Your birth certificate;
- Your children's birth certificates and Social Security numbers (if you are applying for them);

- Proof of U.S. citizenship or lawful immigration status if you (or a child) were not 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;
- 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 are self-employed.

We will let you know if other documents are needed when you apply.

How we pay benefits

If you apply for Social Security benefits on or after May 1, 2011, you must receive your payments electronically. One of the ways you can choose to receive your benefits is through direct deposit. Direct deposit is a simple, safe 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 is deposited into the right account.

If you do not have an account with a financial institution or prefer to receive your benefits on a prepaid debit card, you can sign up for the Direct Express® card program. With Direct Express®, payments are made directly to the card. Another payment option you may want to consider is an Electronic Transfer Account. This low-cost federally insured account lets you enjoy the safety, 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 is financed 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 do not count some of your income and some of your resources when we decide whether you are eligible for SSI. Your house and your car, for example, usually are not counted 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, ask for *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, ask for *Your Right To Representation* (Publication No. 05-10075).

Medicare

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

You should not confuse Medicare and Medicaid. Medicaid is a health care program for people with low income and limited resources. It is usually run by state welfare or social services agencies. Some people qualify for one or the other, while some people 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 are 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 are government employees not covered by Social Security who paid the Medicare tax.

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

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

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

Who can get medical insurance (Part B)?

Almost anyone who is eligible for hospital insurance can sign up for medical insurance. Part B is an optional program. It is not free. In 2011, the standard monthly premium is $115.40. 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.

You might have to pay a monthly premium because of the extra benefits the Medicare Advantage plan offers.

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

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

For more information, ask for *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.

"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

2011 Social Security taxes

- You pay 4.2 percent and your employer pays 6.2 percent
- If you are self-employed, you pay 10.4 percent
- You do not pay Social Security taxes on any earnings above $106,800

2011 Medicare taxes

- You and your employer each pay 1.45 percent
- If you are self-employed, you pay 2.9 percent
- Medicare taxes are paid on all of your earnings; there is no limit

Work credits in 2011

- For each $1,120 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 and survivors benefits

Average 2011 monthly Social Security benefits

- Retired worker: $1,174
- Retired couple: $1,907
- Disabled worker: $1,067
- Disabled worker with a spouse and child: $1,813
- Widow or widower: $1,133
- Young widow or widower with two children: $2,409

2011 monthly SSI payment rates

(does not include state supplement, if any)

- $674 for an individual
- $1,011 for a couple

www.socialsecurity.gov

Social Security Administration
SSA Publication No. 05-10024
ICN 454930
Unit of Issue - Package of 25
January 2011 (Recycle prior editions)