

Chapter 11

Social Security and Medicare



www.socialsecurity.gov
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We gratefully acknowledge the cooperation of the Social Security Administration who provided the information contained in this chapter and who are entirely responsible for its contents.

Overview

This chapter will:

- *describe benefit eligibility*
- *explain the benefit application process*
- *describe estimation of benefits*
- *explain Medicare benefits*

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

When you work, you pay taxes into Social Security. We use the tax money to pay benefits to:

- People who have already retired;
- People who are disabled;
- Survivors of workers who have died; and
- Dependents of beneficiaries.

The money you pay in taxes isn't held in a personal account for you to use when you get benefits. We use your taxes to pay people who are getting benefits now. 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. Most of the people receiving benefits are retired, but others receive benefits because they're:

- Disabled;
- A spouse or child of someone getting benefits;
- A divorced spouse of someone getting or eligible for Social Security;
- A spouse or child of a worker who died;
- A divorced spouse of a worker who died; or
- A dependent parent of a worker who died.

How you become eligible for Social Security

As you work and pay taxes, you earn Social Security "credits." In 2019, you earn one credit for each \$1,360 in earnings — up to a maximum of four credits a 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 their family members to be eligible for survivor's benefits when the worker dies.

What you need to know about benefits

Social Security benefits only replace some of your earnings when you retire, become disabled, or die. We base your benefit payment on how much you earned during your working career. Higher lifetime earnings result in higher benefits. If there were some years when you didn't work, or had low earnings, your benefit amount may be lower than if you worked steadily.

Retirement benefits

Choosing when to retire is one of the most important decisions you'll make in your lifetime. If you choose to retire when you reach your full retirement age, you'll receive your full benefit amount. We will reduce your benefit amount if you retire before reaching full retirement age.

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. In 2019, if your birth year is 1951 or earlier, you're already eligible for your full Social Security benefit. Use the following chart to find out 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, we'll increase your benefit a certain percentage, depending on the year of your birth. We'll add the increase automatically each month from the time you reach full retirement age, until you start taking benefits or reach age 70, whichever comes first. For more information on delayed retirement credits, go to www.socialsecurity.gov/planners/retire/delayret.html.

Early retirement

You may start receiving benefits as early as age 62. We reduce your benefits if you start early by about one-half of one percent for each month you start receiving benefits before your full retirement age. For example, if your full retirement age is 66 and two months, and you sign up for Social Security when you're 62, you would only get 74.2 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 won't reduce your Social Security benefits. In fact, working beyond full retirement age can increase your benefits. We'll have to reduce your benefits, however, 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, we deduct one dollar in benefits for each two dollars in earnings you have above the annual limit. In 2019, the limit is \$17,640.

In the year you reach your full retirement age, we reduce your benefits by one dollar for every three dollars you earn over a different annual limit (\$46,920 in 2019) until the month you reach full retirement age.

Once you reach full retirement age, you can keep working, and we won't reduce your Social Security benefit, no matter how much you earn.

For more information about how work affects your benefits, read *How Work Affects Your Benefits* www.ssa.gov/pubs/EN-05-10069.pdf.

NOTE: *People who work and receive disability or Supplemental Security Income payments have different earnings rules. They must immediately report all their earnings to Social Security no matter how much they earn.*

Retirement benefits for widows and widowers

If you're 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. Often, 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 choices available to you.

For more information about retirement benefits, read *Retirement Benefits* www.ssa.gov/pubs/EN-05-10035.pdf.

Disability benefits

If you can't work because of a physical or mental condition that's 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 private or other government agency plans. Qualifying for disability from another agency or program doesn't mean you will be eligible for disability benefits from us. Having a statement from your doctor saying you're disabled doesn't mean you'll automatically be eligible for Social Security disability benefits.

For more information about Social Security disability benefits, read *Disability Benefits* www.ssa.gov/pubs/EN-05-10029.pdf.

You can apply for Social Security disability benefits on our website at www.socialsecurity.gov/disabilityssi.

If you become disabled, 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're 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. About 40 percent of our current beneficiaries pay taxes on their benefits.

You may 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 may 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 spouse:

- If they're age 62 or older; or
- At any age if they're caring for your child
(the child must be younger than 16 or disabled and entitled to Social Security benefits on your record).
- Benefits can also be paid to your unmarried children if they're:
 - 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 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're divorced

If you're divorced, your ex-spouse may qualify for benefits on your earnings. In some situations, he or she may get benefits even if you aren't 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 in cases where you have not filed for benefits;
- Be at least 62 years old;
- Be unmarried; and
- Not be entitled to or eligible for a benefit on his or her own work that is equal to or higher than half the full amount on your record.

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're 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 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.

One-time payment after death

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

If you're divorced and have a surviving ex-spouse

If you're divorced, your ex-spouse may be eligible for survivor's benefits based on your earnings when you die. They 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 they're caring for a child who is eligible for benefits based on your earnings; and
- Not be entitled to a benefit based on their own work that is equal or higher than the full insurance amount on your record; and
- Not be currently married, unless the remarriage occurred after age 60 or after age 50 if disabled.

Benefits paid to an ex-spouse won't affect the benefit rates for other survivors receiving benefits on your earnings record.

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

You should apply for benefits about three months before the date you want your benefits to start. If you aren't ready to retire, but are thinking about doing so later, you should visit our website to use our informative retirement planner at www.socialsecurity.gov/retire. To file for disability or survivor's benefits, you should apply as soon as you're 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 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 you'll need depend on the type of benefits you file for. Providing these documents to us quickly will help us pay your benefits faster. You must present original documents or copies certified by the issuing office — we can't accept photocopies.

Don't delay filing an application just because you don't have all the documents you need. We'll help you get them.

Some documents you may need when you sign up for Social Security are:

- Your Social Security card (or a record of your number);
- Your birth certificate;
- Your children's birth certificates and Social Security numbers (if you're applying for them);
- Proof of U.S. citizenship or lawful immigration status if you (or a child) weren't 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;
- Your 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're self-employed.

We will let you know if you need other documents when you apply.

How we pay benefits

You must receive your Social Security payments electronically. One of the ways you can choose to receive your benefits is through direct deposit to your account at a financial institution. Direct deposit is a simple 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 deposit goes into the right account.

Online "my Social Security" account

You can now easily set up a secure online *my* Social Security account to access your *Social Security Statement* to check your earnings and get your benefit estimates. If you currently receive benefits, you can also:

- Get your benefit verification letter;
- Change your address and phone number;
- Request a replacement Medicare card;
- Request a replacement SSA-1099 or SSA- 1042S for tax season; or
- Start or change your direct deposit.

You can create a *my* Social Security account if you're age 18 or older, have a Social Security number, valid email, and U.S. mail addresses. To create an account, go to www.socialsecurity.gov/myaccount. You will need to provide some personal information to confirm your identity, and then choose a username and password.

Contacting Social Security

There are several ways to contact Social Security, including online, by phone, and in person. We're here to answer your questions and to serve you. For more than 80 years, Social Security has helped secure today and tomorrow by providing benefits and financial protection for millions of people throughout their life's journey.

Visit our website

The most convenient way to conduct Social Security business from anywhere at any time, is to visit www.socialsecurity.gov. There, you can:

- Create a *my* Social Security *account* to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement SSA-1099/1042S, and more;
- Apply for Extra Help with Medicare prescription drug plan costs;
- Apply for retirement, disability, and Medicare benefits;
- Find copies of our publications;
- Get answers to frequently asked questions; and
- So much more!

Call us

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.

