

calculating your retirement benefits

What is my full retirement age?¹

Full retirement age is the age at which you can begin to collect full Social Security retirement benefits without any reductions. This age is determined by the year you were born.

YEAR BORN	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 after	67

Can I start taking my Social Security retirement benefits before I reach my full retirement age?²

Yes, you can receive Social Security retirement benefits as early as age 62.

- If you begin to receive benefits before you reach full retirement age, your benefits will be permanently reduced. The amount of the reduction depends on the age when you begin receiving benefits and your full retirement age.
- The amount you receive when you first begin taking benefits sets the base for the retirement benefits you will receive for the rest of your life. You will also receive any annual cost-of-living adjustments, and depending on your work history, you may receive higher benefits if you continue to work.

**YOU CAN RECEIVE
SOCIAL SECURITY
RETIREMENT BENEFITS
AS EARLY AS AGE 62.**

EARLY SOCIAL SECURITY BENEFITS (assuming a full retirement age of 66 and a \$24,000 annual benefit)

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT	ANNUAL BENEFIT
62	75.00%	\$18,000
63	80.00%	\$19,200
64	86.66%	\$20,798
65	93.33%	\$22,399
66	100.00%	\$24,000

EARLY SOCIAL SECURITY BENEFITS (assuming a full retirement age of 67 and a \$24,000 annual benefit)

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT	ANNUAL BENEFIT
62	70.00%	\$16,800
63	75.00%	\$18,000
64	80.00%	\$19,200
65	86.66%	\$20,798
66	93.33%	\$22,399
67	100.00%	\$24,000

¹ "Retirement Benefits," SSA Publication No. 05-10035, ICN457500; January 2015

² Social Security Program Operations Manual RS 00615.101(2)

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EXAMPLE:

Phillip, age 62, is still working and is weighing his Social Security options. At his full retirement age of 66, his retirement benefit will be \$24,000.

He decides to begin Social Security at age 62, with a reduced benefit of \$18,000 (a 25% reduction). Phillip also continues to work and earns \$25,000 annually. His earnings put him \$9,280 over the earnings threshold, which will cause him to lose \$4,640 of his benefits. His annual benefit becomes \$13,360.

$\$18,000 \text{ benefit} - \$4,640 \text{ reduction} = \$13,360$

When Phillip reaches his full retirement age at 66, the reduction to his benefit as a result of his wages will end, even if he is still working.

This is a hypothetical example for illustrative purposes only

What happens if I take my Social Security benefits while I am still working?¹

It depends on your age.

- If you are at or above your full retirement age, working will not reduce your Social Security benefit.
- If you are under your full retirement age, \$1 of your benefit is reduced for every \$2 of wages you earn above an annual limit of \$15,720 in 2016.
- In the year in which you reach your full retirement age, from January 1st until the last day of the month prior to the month of your birthday, \$1 of your benefit is reduced for every \$3 you earn above an annual limit of \$41,880 in 2016.
- Benefit reductions do not continue past full retirement age. Your benefit will be recalculated so that you recover the previously withheld amounts over your remaining life expectancy.

These limits do not include withdrawals from retirement accounts, dividends, interest, or other unearned income. The reduction of your retirement benefit is based only on your wages – it does not include your spouse's wages. If your spouse is under full retirement age and working, any benefits he or she is receiving will be reduced.

What happens if I delay benefits until after I reach full retirement age?²

From your full retirement age until you reach age 70, for every year you delay taking your Social Security benefits, your benefits will increase by 8%.

After age 70, the 8% increase does not continue. As a result, there is no incentive to delay taking benefits after age 70.

Assuming a full retirement age of 66 and a \$24,000 annual benefit

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT	ANNUAL BENEFIT
66	100%	\$24,000
67	108%	\$25,920
68	116%	\$27,840
69	124%	\$29,760
70	132%	\$31,680

Assuming a full retirement age of 67 and a \$24,000 annual benefit

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT	ANNUAL BENEFIT
67	100%	\$24,000
68	108%	\$25,920
69	116%	\$27,840
70	124%	\$29,760

¹ "How Work Affects Your Benefits," SSA Publication No. 05-10069, ICN 467005; January 2016

² Social Security Program Operations Manual RS 00615.693(B)

Medicare and Social Security

At what age will I become eligible for Medicare?²

Most Americans will become eligible for Medicare at age 65. (There are some exceptions for people who are disabled or who have certain conditions.) If you are already receiving Social Security benefits at age 65, you will automatically be enrolled in Medicare. To enroll in Medicare, you must sign up during a seven-month period that spans the three months prior to the month of your 65th birthday, the month of your birthday, and the three months following your birthday month.

- If you sign up for Medicare during this period, you will generally pay no premium for Medicare Part A and the standard premium for Medicare Part B.
- If you sign up for Medicare Part B after this period, you will pay the standard premium and potentially a 10% penalty for life.

If you are covered by a group health plan based on current employment when you reach the Medicare eligibility period, you are not required to enroll in Medicare. When the employment ends or the group health coverage ends, you will have eight months to enroll in Medicare without any premium penalties.

Do my Medicare premiums reduce my Social Security benefit?³

It is possible that your Social Security benefits check will be lower than you had expected because of the deductions for Medicare premiums.

- When you sign up for Medicare and you have already started to receive Social Security benefits, the premiums for Medicare Part B will automatically be deducted from your monthly Social Security check.
- You may also elect to have your Part D premiums deducted from your monthly Social Security check.

Other Medicare premiums, or if you have enrolled in Medicare but have not yet begun to receive Social Security, will be paid out of pocket.

How is my Medicare Part B premium calculated?²

Your Medicare Part B premium for a given year is determined based on your reported income from two years prior. If your income exceeds a defined threshold, your premium will be increased. If your income in 2014 is less than the threshold of \$85,000 for a single filer or \$170,000 for a married couple filing jointly, the monthly premium per person in 2016 will be \$121.80.*

See the table below for the 2016 premiums for those with higher income levels in 2014.

INDIVIDUAL TAX RETURN	JOINT TAX RETURN	MONTHLY PREMIUM
\$85,000 or less	\$170,000 or less	\$121.80*
\$85,001 up to \$107,000	\$170,001 up to \$214,000	\$170.50
\$107,001 up to \$160,000	\$214,001 up to \$320,000	\$243.60
\$160,001 up to \$214,000	\$320,001 up to \$428,000	\$316.70
above \$214,000	above \$428,000	\$389.80

¹ "What Every Woman Should Know," SSA Publication No. 05-10127 ICN 480067, September 2015

² U.S. Department of Health and Human Services, Notice CMS-8061-N, November 10, 2015

³ "Medicare and You 2016," page 36 "How can I pay my Part B premium?" CMS Product No. 10050, September 2015

* Those protected under the "hold harmless" provision of Social Security prior to January 1, 2016 will continue to pay \$104.90 per month

THE FOUR PARTS OF MEDICARE

- Medicare Part A provides hospital insurance coverage
- Medicare Part B covers doctors' services, outpatient hospital care, and other medical services
- Medicare Part C, also known as Medicare Advantage, covers the same services as Parts A and B through private health insurance plans
- Medicare Part D provides prescription drug coverage