

NORTHEASTERN REGION PSEA RETIREMENT SEMINAR

Social Security offices are not currently open, but representatives are available for consultation via telephone or online using the contact information provided below.

SOCIAL SECURITY

BEST ADVICE: At the very latest, three months prior to the year that you retire, speak to a social security representative. **Call: 1-800-772-1213.** You should become very familiar with the www.SSA.gov website. The “***My Social Security***” link and the informational FAQs located on this site will be very helpful. Please make sure you are on the official social security administration website otherwise you may be directed to a commercial site. At www.SSA.gov or by calling the toll free telephone number, you can obtain your social security benefit estimate.

Be prepared to PROVIDE:

1. Estimated month of retirement
2. Estimated earned income through that month
3. Estimated earned income (sick/vacation) payable after that month

F.R.A. (Full Retirement Age) and BENEFIT REDUCTION FOR EARLY RETIREMENT

We sometimes call a retired worker the *primary* beneficiary, because it is upon his/her primary insurance amount that all dependent and survivor benefits are based. If the primary begins to receive benefits at his/her normal (or full) retirement age, the primary will receive 100 percent of the primary insurance amount. If the spouse of a primary begins to receive benefits at his/her normal retirement age, the spouse will receive 50 percent of the primary's primary insurance amount.

The table below illustrates the effect of early retirement, for both a retired worker and his/her spouse. For our illustration, we have used a \$1,000 primary insurance amount. With this primary insurance amount and both primary and spouse retiring at their respective normal retirement ages, the primary would receive \$1,000 per month and his/her spouse would receive \$500 per month. The table shows that retirement at age 62 results in substantial reductions in monthly benefits. Please note that relatively few people can begin receiving a benefit at *exact* age 62 because a person must be 62 throughout the first month of retirement. Thus, most early retirees begin at age 62 and 1 month.

| Primary and spousal benefits at age 62 (benefits based on a \$1,000 primary insurance amount) | | | | | | |
|--|---------------------------------|---|---------|--------------------------------|--------|--------------------------------|
| Year of birth ^a | Normal (or full) retirement age | Number of reduction months ^b | Primary | | Spouse | |
| | | | Amount | Percent reduction ^c | Amount | Percent reduction ^d |
| 1943-1954 | 66 | 48 | 750 | 25.00% | 350 | 30.00% |
| 1955 | 66 and 2 months | 50 | 741 | 25.83% | 345 | 30.83% |
| 1956 | 66 and 4 months | 52 | 733 | 26.67% | 341 | 31.67% |
| 1957 | 66 and 6 months | 54 | 725 | 27.50% | 337 | 32.50% |
| 1958 | 66 and 8 months | 56 | 716 | 28.33% | 333 | 33.33% |
| 1959 | 66 and 10 months | 58 | 708 | 29.17% | 329 | 34.17% |
| 1960 and later | 67 | 60 | 700 | 30.00% | 325 | 35.00% |

INCOME: Prior to your **FULL RETIREMENT AGE (F.R.A.)** your benefit payments may be affected by wages, self-employment, and certain government pensions. Other unearned income will not affect your benefit payments (i.e. Rents, dividends, annuities, gambling winnings). Payments for **ACCRUED** sick/vacation pay **may not** affect your benefit payments, but you must be able to document these types of payments.

Retirement to SSA means the end of earnings. However, you may be able to work to a limited extent and still get benefits.

Currently, prior to full retirement age, you can earn \$18,240 per year without benefit reduction. Any amount over that results in benefits withheld (\$1 for every \$2 earned).

However, the first year of retirement can be an exception, in that a monthly test is applied. If in any month you earn less than \$1,520.00 you can still receive your full benefit.

In your first year of retirement you may be able to earn \$48,600.00 through the month of attaining full retirement age. Income earned at or after F.R.A. will not affect benefit payments.

Please check with Social Security for information specific to your personal situation.

DANGER – MEDICARE – DANGER

BY THE NUMBERS

60 - Many widows and widowers may qualify for a reduced benefit based on a spouse's earnings record. Divorced persons, at any age, should always check on the possibility of receiving on an ex's record.

62 - NO MATTER what your **F. R. A.**, you may still take early (reduced) retirement benefits at age 62 + one month.

IMPORTANT MEDICARE INFORMATION

65 - **THREE** months prior to age 65 you should be discussing **MEDICARE** with social security **AND** your **Health Insurance Plan** representative. **Expect to enroll in MEDICARE**. Medicare Parts A & B are handled through SSA. Supplemental plans and prescription plans (Part D) are not. There can be penalties (and delays for eligibility) due to late filing for Medicare, supplemental plans and Part D. Please be aware of the H.O.P. (Health Option Program) as offered through PSERS.

Exceptions to filing for MEDICARE include receiving health insurance through **active** employment or a spouse's **active** employment, **but** not through a continuation of benefits. Be careful, late filing penalties continue through your lifetime. You should probably file for Part A, which is free, at the very least.

Your local Area Agency on Aging may assist you in selecting Medicare supplemental insurance or Part D prescription plans if you do not select H.O.P.

MEDICARE HAS FOUR PARTS COVERING DIFFERENT HEALTHCARE SERVICES

| | | | |
|--------|----------------------------|---|---|
| Part A | Hospital insurance | Covers inpatient care, home healthcare and hospice | Free for people who are 65+ and eligible for Social Security |
| Part B | Medical insurance | Covers outpatient care, doctor's visits, durable medical equipment and more | You pay a monthly premium for this plan. Visit medicare.gov to see the 2020 monthly premium |
| Part C | Medicare Advantage | Private health insurance that helps cover things Part A and B don't cover | Benefits and premiums vary based on the plan you choose. |
| Part D | Prescription drug coverage | Covers prescriptions which aren't included in Part A and B coverage | Benefits and premiums vary based on the plan you choose |

66 - 67 - F. R. A. no reduction unless you have **PREVIOUSLY RECEIVED BENEFITS**.

70 - POSSIBLE "BONUS POINTS" - If you choose to delay receiving benefits, past F.R.A. and up to age 70, you may receive additional credits over your earned benefit amount. Search for this as 'Delayed Retirement Credits' on SSA.gov.

AUXILIARIES -- Spouses, minor children, and disabled adult children MAY be eligible for benefits on your record.

TAXES: If you have any income other than social security, those benefits will affect your tax liability. Have your estimate ready to discuss this situation with your tax advisor.

DISABILITY – If you have a severe disability that prevents you from doing any type of work prior to F.R.A., you MAY qualify for Disability Benefits. This would be more beneficial than taking early retirement. You can file for both at the same time.

For information specific to your personal situation, please contact the Social Security Administration directly either online at www.SSA.gov or by calling: 1-800-772-1213.