



The Many Faces of Social Security

- About 160 million people contribute to Social Security through payroll taxes.
- About 53 million people receive monthly Social Security benefits, including:
 - 34 million receive retirement benefits
 - 4.3 million surviving spouses and parents
 - 9 million disabled workers and their dependants
 - 6.5 million children younger than 18 receive Social Security benefits as dependants of deceased, disabled or retired workers.

Spotlight on Social Security & Seniors

- Without Social Security, nearly half of Americans age 65 and older would live in poverty.
- For two-thirds of the elderly, Social Security provides the majority of their income. For one-third, it provides nearly all their income.

Average 2010 Monthly Social Security Benefit

- A retired worker: \$1,164
- A retired couple: \$1,892
- Disabled worker: \$1,064
- Disabled worker with spouse and child: \$1,803
- Widow or widower: \$1,123
- Young widow or widower with two children: \$2,391

Did you know? Social Security is an extremely efficient program, with administrative costs of only 0.9% of total expenditures!

2010 Social Security Contribution Amounts

- Social Security taxes are paid on earnings up to \$106,800.
- The current payroll tax rate is 6.2 percent for workers, which is matched by employers at an equal rate of 6.2 percent.

Social Security Eligibility: Earning Credits

- In 2010, workers earn one “credit” towards Social Security benefits for each \$1,120 in earnings – up to a maximum of four credits per 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.

Social Security Eligibility: Early & Normal Retirement Age

- If you were born between 1938 and 1960, your normal retirement age is somewhere on a sliding scale between 65 and 67. Anyone born in 1960 or later will now have to wait until age 67 for full benefits.
- You can begin collecting benefits as early as age 62, but they will be in a permanently reduced amount—up to a 30 percent reduction.

Social Security: Amount of Benefit & Impact of Early Retirement

- The amount of benefit is based on an average of how much a worker earned during the 35 highest earning years.
- If a worker starts receiving benefits before the normal retirement age, Social Security adjusts the annual amount to keep lifetime benefits actuarially the same. This means that annual benefits are lower if claimed at 62 and higher if claimed at the full retirement age.
- Benefit amounts are adjusted annually through cost of living adjustments to make sure that the retiree's benefit keeps up with the overall growth in wages in the economy during the employee's working years. This feature is particularly important to women, who typically earn less than men over their lifetimes.
- To get a quick and easy online benefit estimate based on your actual Social Security earnings record by visiting: www.socialsecurity.gov/estimator.

Social Security Trust Fund

- Since the mid-1980s, Social Security has been collecting more in payroll contributions each year than it pays out in retirement, survivor, and disability benefits.
- Surplus funds are invested in U.S. Treasury bonds, which represent an implicit promise by the U.S. government to repay Social Security when and if additional money is needed to cover benefits.
- According to Congressional Budget Office, the Social Security Trust Fund holds more than \$2.5 trillion in government bonds and is projected to grow to \$3.8 trillion in 2020. This money will be sufficient, along with current tax revenue, to pay all scheduled benefits through the year 2043.

Social Security: When & How to Apply for Benefits

- You should apply for Social Security benefits three months before the date you want your benefits to start. You can apply in one of the following ways:
 - Visit your local Social Security office. Call 1-800-772-1213 to find the office nearest your location.
 - Call Social Security at 1-800-772-1213. If you are deaf or hard of hearing, you can call Social Security at TTY 1-800-325-0778.
 - Go Online: <https://secure.ssa.gov/apps6z/iClaim/rib>

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