

Social Security Analyzer

At the Social Security seminar all attendees were reminded to obtain a current copy of their Retirement Estimate from the Social Security website and bring it to your initial consultation. This document used to be mailed prior to your birthdate each year, but automatic mailings have been eliminated. It is very important to understand just what your statement is telling you.

FIRST PAGE

This page is your basic SSA introduction, explaining some of the current details of the Social Security system – for example, they are now explaining that SSA system will, if no changes are made, have to reduce all benefits to 75% of scheduled benefits as of 2033, due to exhaustion of the trust fund.

SECOND PAGE

Now we're into the meat of the report. At the top of the page is the detail of your estimated benefits. These estimates assume your current earnings rates continue until the projected ages in the list. First are your retirement benefits – at full retirement age (your FRA will be listed), at age 70, and at your early retirement age of 62. These figures are especially critical when meeting with your Financial Professional to implement strategies, assuming you expect to continue earning at your current income level until the protected age(s) and you further expect the Social Security system will continue to pay out to folks at your particular level of income in the future.

Next comes the section on disability benefits for you. This shows the amount of Social Security Disability Benefit you are currently eligible to receive.

The next section is for family and survivor's benefits – indicating the amount of benefits your child and/or your surviving spouse caring for your child under age 16 or who has reached full retirement age would receive upon your death. Your spouse's Spousal Retirement Benefit is listed third – this is the amount payable to your Spouse when he or she reaches Full Retirement Age. Lastly, your Family Maximum Benefit amount will be listed here as well.

The last portion in this top section is the information about whether you have enough credits to qualify for Medicare at age 65, followed by your birthdate and the income estimate Social Security is basing their projected estimates of your benefit upon.

The bottom portion of the second phase details how the benefits are estimated, including information about the WEP and GPO calculations, and where they might apply.

THIRD PAGE

The Third Page of the statement lists out the details of your earnings record. This section is important to review carefully. You should review the earnings listed for each year against your tax records or W2 statement, to make sure the information the SSA has is correct. In addition to reviewing for correctness, you should look over your record and note the "zero" earning years, as well as years when you earn considerably less than what you earn (or are earning) in later years.

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THIRD PAGE – continued

As you learn early in the seminar, your benefits are based upon your 35 highest earning years and so if you have some “zero” years in the past or some very low earning years, you can expect for your estimated benefit to reflect any increases the current years income represents over your earlier low earnings or zero years. This only becomes significant once you have a full 35 year record in the system.

Another key here is your projected benefits listed on page 2 are based upon your earnings *remaining the same as your last reported year until your projected retirement age(s)*.

If you choose, for example, to retire at age 55 and have no earnings subject to Social Security withholding, your projected benefit will be reduced since those years projected at your current earning level will actually be “zero” years. This reduction is in addition to any actuarial reductions you would experience by beginning to take retirement benefits before FRA.

In addition, if you have gaps showing in your earnings history, you may have had a job which was not covered by Social Security, so you will be interested in knowing how the Windfall Elimination Provision (WEP) and/or the Government Pension Offset (GPO) may affect your benefits.

The middle portion of the Third Page shows how much you have paid into the system over the years – both the Social Security system and Medicare system and it can be an eye-opener. Quite often we don’t realize how the money we paid in can stack up!

Lastly on the Third Page, there are details on how to report any inaccuracies you might happen to find in your statement. It’s much easier to resolve things early in the process rather than later – when you’re possibly “under the gun” about applying for your benefits.

THE BACK PAGE

The Back Page of the statement is full of additional information about the Security System, benefit calculations and other fun facts about your benefits. There are also details of how to find more information about your benefits as well.

Please remember to get this statement from time to time, suggested annually, especially as you near retirement age, to ensure the records the SSA has for your past earnings are accurate and complete.