

## Tools to help you decide when to retire

Written by Rhonda Whitenack and Jim Czechowicz , Social Security Public Affairs Office in Minneapolis and St Paul, MN

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These days, everyone is taking a new look at their finances - and no one is looking more closely than the millions of baby boomers who are nearing retirement age. While some boomers expected to retire at one of the traditional milestones, such as age 62, the current economy is forcing many of them to re-evaluate their plans. Many are wondering if they should work longer, or how their Social Security benefit - or their spouse's benefit - would be affected if they continued working.

To help them find answers, Social Security has published a fact sheet called *When To Start Receiving Retirement Benefits*

. You can read it online at

[www.socialsecurity.gov/pubs/10147.html](http://www.socialsecurity.gov/pubs/10147.html)

As most workers know, your choice of a retirement age - from 62 to 70 - can dramatically affect your monthly Social Security benefit amount.

If you choose to start receiving benefits early, the monthly payments will be reduced based on the number of months you receive benefits before you reach your full retirement age. The rate of reduction will depend on the year you were born. The maximum reduction at age 62 will be:

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- 25 percent for people born between 1947 and 1958.
- 30 percent for people born after 1959.

If you wait until your full retirement age, your benefits will *not* be reduced. And if you should choose to delay retirement, your benefit will increase up to eight percent a year from your full retirement age until age 70. However, there is no additional benefit increase after you reach age 70, even if you continue to delay taking benefits.

Social Security also has created several retirement planners to help you make an informed decision. Social Security has an online calculator that can provide immediate retirement benefit estimates to help you plan for your retirement. The online *Retirement Estimator* uses information from your own earnings record, and lets you create "what if" scenarios. You can, for example, change your "stop work" date or expected future earnings to create and compare different retirement options.

To use the *Retirement Estimator*, visit [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator) .

## QUESTIONS AND ANSWERS

### GENERAL

#### Question:

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I lost my Social Security card and am afraid someone else could be using my number. Should I report it to Social Security?

### Answer:

If you think someone is using your number to work, call Social Security at 1-800-772-1213 (TTY 1-800-325-0778). But reporting a lost or stolen card to Social Security will not prevent its misuse. That is why you should take further action. If you think someone is using your number, there are several other actions you will want to take:

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- Contact the Federal Trade Commission online at [www.ftc.gov/bcp/edu/microsites/idtheft](http://www.ftc.gov/bcp/edu/microsites/idtheft) or call 1-877-ID-THEFT (1-877-438-4338);
- File an online complaint with the Internet Crime Complaint Center at [www.ic3.gov](http://www.ic3.gov)
- Contact the IRS Identity Theft Hotline by calling 1-800-908-4490 Monday-Friday, 8 a.m. to 8 p.m.; and
- Monitor your credit report.

## **RETIREMENT**

### Question:

How much can I earn and still get Social Security retirement benefits?

### Answer:

Starting with the month you reach your full retirement age, you will get your full benefits with no limit on your earnings. Social Security uses the formulas below, based on your age, to determine how much your benefit may be reduced:

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- **If you are under your full retirement age:** when you start getting your Social Security payments, \$1 in benefits will be deducted for each \$2 you earn above the annual limit. For 2009, that limit is \$14,160. The earliest age you can receive Social Security retirement benefits remains 62, even though the full retirement age is rising.
- **In the year you reach your full retirement age:** \$1 in benefits will be deducted for each \$3 you earn above a different limit, but only counting earnings before the month you reach full retirement age. For 2009, this limit is \$37,680.

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Keep in mind that although your benefits may be reduced due to earnings, you may receive a higher benefit later. After you reach full retirement age, we will recalculate your benefit amount to give you credit for any months in which you did not receive a benefit because of your earnings. In addition, as long as you continue to work and receive benefits, we will check your record every year to see whether the additional earnings will increase your monthly benefit.

Find out your full retirement age at [www.socialsecurity.gov/pubs/ageincrease.htm](http://www.socialsecurity.gov/pubs/ageincrease.htm) . Learn more by reading our publication,

*How Work Affects Your Benefits*

, at

[www.socialsecurity.gov/pubs/10069.html](http://www.socialsecurity.gov/pubs/10069.html)

### Question:

Do I have to pay income tax on my Social Security benefits?

### Answer:

You will have to pay federal taxes on your benefits if you file an individual federal tax return and your total income is more than \$25,000. If you file a joint return, you will 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 (IRS) toll-free at 1-800-829-3676 (TTY 1-800-829-4059) and ask for IRS Publication 915, *Social Security and Equivalent Railroad Retirement Benefits*, available online at

[www.irs.gov/publications/p915/index.html](http://www.irs.gov/publications/p915/index.html)

## DISABILITY

### Question:

I am receiving Social Security disability benefits. Will my benefits be affected if I work and earn money?

### Answer:

Social Security wants to help you go to work if that's what you'd like to do. We offer work incentives that will help you keep your cash benefits and Medicare coverage while you test your ability to work. For example, there is a trial work period during which you can receive full benefits regardless of how much you earn, as long as you report your work activity to us and continue to have a disabling impairment. For more information about work incentives, we recommend that you read [Working While Disabled-How We Can Help](http://www.socialsecurity.gov/pubs/10095.html) . You'll find it online at

[www.socialsecurity.gov/pubs/10095.html](http://www.socialsecurity.gov/pubs/10095.html)

### Question:

Is there a time limit on Social Security disability benefits?

### Answer:

No. Your disability benefits will continue as long as your medical condition has not improved

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and you cannot work. Your [case will be reviewed at regular intervals to make sure you are still disabled](#) . If you are receiving disability benefits when you [reach full retirement age](#) , they will automatically be converted to retirement benefits.

## **SUPPLEMENTAL SECURITY INCOME**

### **Question:**

How much will I receive if I qualify for SSI benefits?

### **Answer:**

The amount of your SSI benefit depends, in part, on where you live. The basic maximum SSI payment is the same nationwide. For 2009, the maximum SSI payment for an eligible individual is \$674 per month and \$1,011 per month for an eligible couple. However, some states add money to the basic payment to help you meet your living expenses. In addition, other income you have can reduce the basic SSI payment amount, and so can your living arrangements if you are receiving help from others. For more information, go to [www.socialsecurity.gov](http://www.socialsecurity.gov) .

### **Question:**

I am a noncitizen and I lost my Supplemental Security Income (SSI) because my seven-year eligibility period expired. Will I benefit from the new law, the SSI Extension for Elderly and Disabled Refugees Act (Public Law 110-328)?

### **Answer:**

It depends. This law provides for up to two years of additional benefits for certain SSI recipients who had their benefits terminated due to the seven-year time limit.

The seven-year SSI eligibility period for refugees, asylees, and certain other humanitarian immigrants (including victims of human trafficking) is extended up to two years, or three years for certain individuals during the period October 1, 2008, through September 30, 2011. To qualify, otherwise eligible noncitizens are required to sign a declaration indicating that they have made a good faith effort to pursue U.S. citizenship unless they are under age 18 or have an application for naturalization that is pending or has been approved.

If all SSI eligibility requirements are met, the two-year extension may apply retroactively to noncitizens whose SSI previously ceased due to the expiration of the seven-year period, but not earlier than October 1, 2008, even if all eligibility factors are met.

To learn more, visit our new page about the temporary SSI extension at [www.socialsecurity.gov/immigration/extension.htm](http://www.socialsecurity.gov/immigration/extension.htm)

## **MEDICARE**

### **Question:**

Is it true that if you have low income you can get help paying Medicare premiums?

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### **Answer:**

Yes. If your income and resources are limited, your state may be able to help with your Medicare Part B premium, deductibles, and coinsurance amounts. State rules vary on the income and resource limits that apply. Contact your state or local medical assistance, social services or welfare office, or call the Medicare hotline, 1-800-MEDICARE (1-800-633-4227) and ask about the Medicare Savings Programs. If you have limited income and resources, you also may be eligible for help paying for prescription drug coverage under Medicare Part D. Call Social Security at 1-800-772-1213 or visit any Social Security office and ask about extra help paying for Medicare prescription drug coverage. (TTY users should call 1-800-325-0778.) Online information is available at [www.medicare.gov](http://www.medicare.gov) and at [www.socialsecurity.gov](http://www.socialsecurity.gov) .