

## Understanding Social Security

Social Security reaches almost every family at some point. It helps not only older Americans but also workers who become disabled and families in which a spouse or parent dies. Social Security is not meant to be the only source of income for people when they retire, as it only replaces about 40 percent of an average wage earner's income after retirement. Many financial experts say retirees will need 70 percent or more of pre-retirement earnings to live comfortably; therefore, private pensions, savings and investments are encouraged to help supplement the difference.

### Social Security Eligibility

To become eligible for Social Security you need 40 credits (10 years of work). However, younger people need fewer credits to be eligible for disability benefits or for family members to be eligible for survivor benefits. As you work and pay taxes, you earn Social Security credits. In 2014, you earn one credit for each \$1,200 in earnings up to a maximum of four credits per year.

### Retirement Benefits

Choosing when to retire is one of the most important decisions you will make in your lifetime. Social Security retirement benefits may be reduced, increased, or unaffected depending upon your age at retirement. You are entitled to your full retirement benefit at your full retirement age. Social Security's full retirement age depends on the year in which you were born. If you were born in 1942 or earlier, you are already eligible for your full Social Security benefit. If you were born between 1943 and 1954, your full retirement age is 66. If you were born between 1955 and 1959, your full retirement age increases gradually until it reaches age 67 for those born in 1960 or later. The below chart shows your full retirement age by the year you were born.

Year Born	Full Retirement Age (FRA) 100% Benefit
1937	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 to 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 later	67

You can retire and collect Social Security benefits any time after age 62. If you decide to start taking benefits before your full retirement age, your benefit amount will be reduced. On the other hand, if you choose to wait until age 70, your benefit amount will be more due to the delayed retirement credit you'll earn.

*Note: Although the full retirement age for social security is rising, you should still apply for Medicare benefits three months before your 65th birthday. If you wait longer, your Medicare medical insurance (Part B) and prescription drug coverage (Part D) may cost you more money.*

## Benefits May Be Taxable

You will have to pay taxes on your benefits if you file a federal tax return as an individual and your total income is more than \$25,000. If you file a joint return and you and your spouse make more than \$32,000 jointly, you will have to pay taxes on your benefits. For more information, call the Internal Revenue Service at 800-829-3676.

## When to Apply

It is recommended to apply for benefits three months before the date you want the benefits to start. You can apply for benefits on Social Security's website at [www.socialsecurity.gov](http://www.socialsecurity.gov). Benefit payments are paid electronically, either through direct deposit to your financial institution or you can receive benefits on a prepaid debit card.

## Questions Regarding Social Security

If you have questions regarding Social Security, you may want to visit the Social Security Administration's (SSA) website at [www.socialsecurity.gov](http://www.socialsecurity.gov) to find your answers. If you prefer to speak to someone directly, the SSA is available to speak with callers Monday thru Friday from 7:00 a.m. to 7:00 p.m. The toll-free number is 800-772-1213.