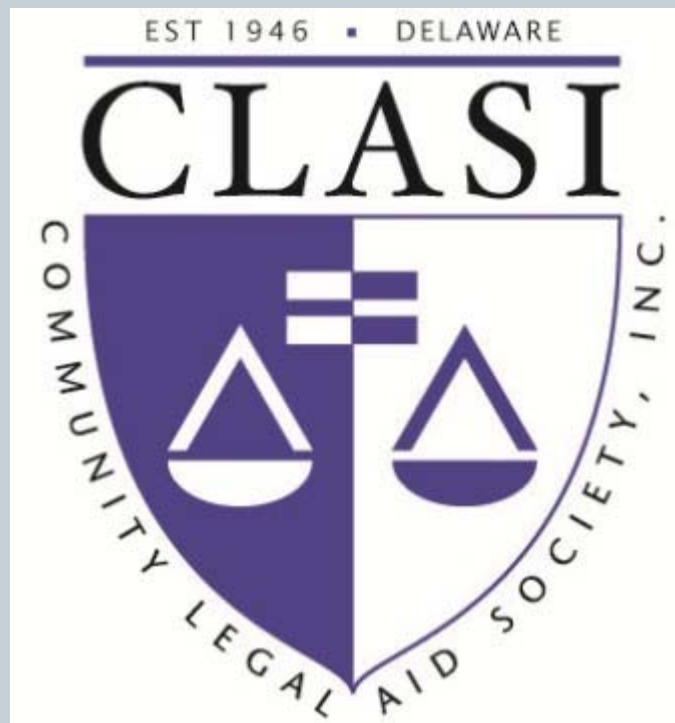


Social Security Retirement



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SOURCES of LAW

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- **Statute**
 - Title II of the Social Security Act (42 U.S.C § 401 et seq.)
 - Title XVI of the Social Security Act (42 U.S.C. § 1381 et seq.)

- **Regulations**
 - 20 C.F.R. § 401 et seq.
 - 20 C.F.R. § 416 et seq.

- **Program Operations Manual System (POMS)**

<https://secure.ssa.gov/apps10/poms.nsf/home!readform>

- **(just google “ssa poms”) (yes, it is that easy)**



Internet Resources

3

- www.ssa.gov or www.socialsecurity.gov
- www.medicare.gov
- www.justiceinaging.org formerly NSCLC
- <https://www.nosscr.org/> NOSSCR



National Statistics Snapshot December 2018

4

- **Social Security Benefits (including SSI)**
 - 67, 911,000
- **Aged 65 or older**
 - 48,071, 000
- **Disabled Workers under 65 (including disabled children)**
 - 13, 630,000

Benefit Amounts December 2018

5

- **All Beneficiaries** **\$1,342**
- **Retired Workers** **\$1,461**
- **Disabled Workers** **\$1,233**



National Statistics

SSI January 2019

6

- **Supplemental Security Income (SSI)**
 - 8,125,000
- **Over 65**
 - 2,268,000
- **SSI 18-64**
 - 4,710,000
- **SSI under 18**
 - 1,147,000

SSI Benefit Amounts

7

- **2019**
- **Individual \$771 Couple \$1,157**

- **2018**
- **Individual \$750 Couple \$1,125**

- **Plus a Pa. State Supplement of:**
- **Individual \$22.10 Couple \$33.40**



Pennsylvania Numbers— December 2017

8

• All Title II	2,795,950
• Retired Workers	1,922,759
• Disabled Workers	400,818
• Over 65	2,083, 821
• SSI recipients	361, 250
• Blind/disabled	336,861
• Aged	24,389
• Over 65	69,601
• Age 18-64	228,294
• Under 18	69,601



Attorney's Fees – Getting Paid

9

- **Need to get SSA authorization to charge for services:**

SSA considers any claim or asserted right under titles II, XVI, or XVIII of the Social Security Act that results in the following to be a proceeding before SSA for fee purposes:



Getting Paid, cont'd

10

- **Any initial, revised, or reconsidered determination or action by a field office or processing center; or**

Any decision or action by an Administrative Law Judge or an Administrative Appeals Judge



More on attorney's fees

11

- When the SSA or a Federal court authorizes a representative's fee based on an approved fee agreement or a fee petition, SSA will withhold up to 25 percent of the claimant's title II and/or title XVI past-due benefits for payment of all or part of the authorized fee, if the following criteria are met:



And yet more

12

- At least one of the claimant's representatives is an attorney or a non-attorney whom SSA has determined is eligible for direct payment of fees.
- The claimant is entitled to past-due benefits under title II and/or title XVI.
- The attorney or non-attorney who is otherwise eligible to receive direct payment has not waived his or her fee or waived the right to direct payment.

And finally

13

- An attorney or non-attorney whom the claimant appoints after December 31, 2006 to represent him or her before SSA, or an attorney for whom a Federal court approves a fee after December 31, 2006, has registered to receive direct payment by taking two steps:
 - 1. Submitting, one time, a completed [Form SSA-1699](#), Registration of Individuals and Staff for Appointed Representative Services.
 - 2. Submitting, in connection with the specific claim(s), a completed [Form SSA-1695](#), Identifying Information for Possible Direct Payment of Authorized Fees



Attorney's Fees

14

- **Average Disability claim** a little over \$3,000
25,000 – 40,000 case paid/month
- **Retirement Work**
 - Probably not unless significant part of caseload
 - Requirement to file electronically if request direct payment of fee

Why you should do this work anyway

15

- Your clients **NEED** it
- Your clients will love you
- Service to your community
- It is not time consuming or resource intensive
- IT's **FUN!**

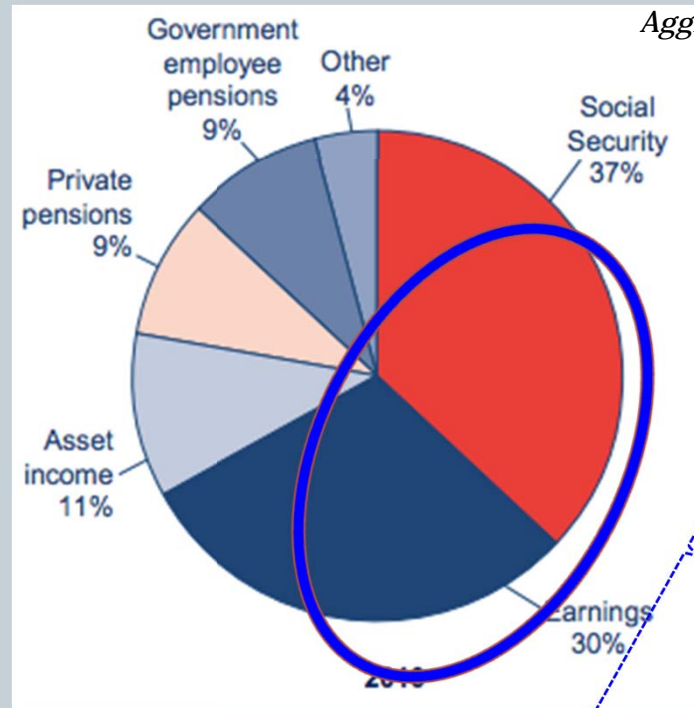


Social Security is the largest income source

16

Social Security represents 37% of all income for those over age 65; that's up 8% from 1962

*Facts and Figures on Social Security
Aggregate income by sources*



67% from SS and work!!

Over 65 million people receive Social Security....and, almost approximately 77 million Baby Boomers will rely on Social Security as an important income source

Taxes and Benefits

17

- **Maximum Earnings Taxed**
 - 2018 \$128,400
 - 2019 \$132,900
- **Maximum Taxes Paid (6.2%)**
(plus Medicare 1.45%; 0.9% higher for higher incomes \$220k; \$250k)
 - 2018 \$7,962
 - 2019 \$8,239
- **Maximum Retirement Benefit at Full Retirement Age (FRA)**
 - 2018 \$2,788
 - 2019 \$2,861



Attorney's Fees

18

- **Average Disability claim** **\$3,000**
- **Total nationally** **\$90-105 MILLION/mth**

- **Retirement Work**
 - Probably not unless significant part of caseload
 - Requirement to file electronically if request direct payment of fee



Applying for Benefits

19

- In person
- Online
- Via the Toll Free Telephone Number
 - 1-800-772-1213



Applying for Benefits Online

20

YES

Social Security

Disability

Retirement

Spouse

Medicare Only

NO

SSI*

Dependents

Survivors

Widow(er)s

RRB

* Limited test program



What are Social Security Benefits

21

- **Title II of the Social Security Act**

Insurance Program for those workers who have paid enough in Social Security taxes to be covered

- Retirement
- Survivors/Dependents
- Disability

Insured Status

22

- **General rule is 40 covered quarters**

(and 20 out of last 40 for disability)

- **Can be as little as 6 quarters!**

2016	\$1,260
2017	\$1,300
2018	\$1,320
2019	\$1,360



Primary Insurance Amount

23

- **Primary Insurance Amount (PIA) is the basis of most Social Security Benefits.**
- **PIA is derived from a worker's lifetime earnings record.**
- **It is the retirement benefit one would receive if claimed at the full retirement age.**

Full Retirement Age (FRA)

24

- The age at which you can retire and not be penalized
- Historically 65
- Moving towards 67
- Always up for grabs politically

- Two notes –
 - 65 is irrelevant for retirement purposes
 - 65 is still crucial for Medicare

What is the Family Maximum

25

- **Eek!**
- **Very complicated formula. For the truly curious --**

Family Maximum (cont'd)

26

- For the family of a worker who becomes age 62 or dies in 2012 before attaining age 62, the total amount of benefits payable will be computed so that it does not exceed:
 - (a) 150 percent of the first \$980 of the worker's PIA, plus
 - (b) 272 percent of the worker's PIA over \$980 through \$1,415, plus
 - (c) 134 percent of the worker's PIA over \$1,415 through \$1,845, plus
 - (d) 175 percent of the worker's PIA over \$1,845.

Family Maximum (cont'd)

27

Or for a disabled worker

Benefits are payable to spouses and children of disabled workers, but such benefits are limited. The family maximum for a family of a disabled worker is 85 percent of the worker's Average Indexed Monthly Earnings (AIME). However, it cannot be less than the worker's PIA nor more than 150 percent of the PIA.

Delayed Retirement Credits

28

- **Delayed Retirement Credits are earned for claiming benefits after full retirement age**
- **Workers earn $\frac{2}{3}$ of 1% of the PIA for each month a benefit is not claimed**
- **That equals 8% per year or 32% if benefits are delayed until age 70**

Disability

29

Same definition for Title II and Title XVI (SSI)

“Unable to engage in substantial gainful activity because of a medically determinable impairment which is expected to last twelve months or result in death”

Physical
Mental
Combination



Lump Sum Death Benefit

30

- **\$255**
- **Is this really worth talking about?**

What if I die before the check comes?

31

- Complicated set of rules that often lead to confusion and public relations nightmares for SSA. Also, complicated by TREASURY rules
- Generally see POMS GN 02408.650
- Note this language in the introduction
- Serious public relations problems are created when SSA employees incorrectly state that financial institutions (FI) should not have returned a Title II direct deposit payment received on the 3rd of the month or a cycled payment date, when the beneficiary died before the payment date but after the close of the month for which the payment was due; i.e., the beneficiary was entitled to the payment. This advice is incorrect because it does not take into account the Department of the Treasury (DT) “[Green Book](#)” instructions

Examples

32

- **1. Example 1**
- Ms. Jessica Smith was receiving benefits in Cycle 2 as a wife. She died on July 4, 2008. When the FO developed for the underpayment for the month of June, they discovered she had received a final divorce from the wage earner on June 3, 2008, after only 5 years of marriage. Her benefits were terminated as of June. The payment for July 9, 2008, was **not due**.
- **2. Example 2**
- Lisa Beneficiary, a widow, received benefits in Cycle 1. She died February 29, 2008. The March 3, 2008, payment for February 2008 was **not due**.
- **3. Example 3**
- Sara Tee received retirement benefits in Cycle 1. He died on August 1, 2008, the payment date for July 2008 benefits. This meets the early delivery exception, so his August 1, 2008, payment was **due**.
- **4. Example 4**
- Morgan Payman received retirement benefits in Cycle 4. He died on June 1, 2008. His June 25, 2008 payment for May 2008 was **due**.
- **5. Example 5**
- Melvin Hearty was receiving Cycle 3 disability benefits before his death on February 29, 2008. His March 19, 2008 payment for February 2008 was **not due**.



What is Supplemental Security Income (SSI)?

33

**Federal needs-based program for those:
who have insufficient work history to qualify for Social
Security disability insurance payments**

or

**who only receive a small amount of Social Security
benefits,**

and

who are elderly or disabled



SSI

34

- **Disability / Age**
 - 65
- **Financial Need**
 - Income
 - Assets/Resource
- **Other**
 - Citizenship Issues
 - Criminal Justice Issues

DEADLINES

35

- **Appeals**
 - 60 days (plus 5 for mailing)
 - 10 days (plus 5 for mailing)
- **Proposed Actions (Title II)**
 - 30 days

Good Cause for Missing Deadlines

36

Why is this slide blank?

Procedural Steps

37

- **Initial Decision**
- **Reconsideration**
- **Hearing Before Administrative Law Judge (ALJ)**
- **Appeals Council**
- **Federal Court**



Retirement

38

- **Early Retirement Benefits**
 - Age 62
 - No Medicare until 65
- **Full Retirement Age (FRA)**
 - Traditionally 65
 - Moving towards 67



Early Retirement

39

- Can take as early as 62
- Reduction in benefits
- Earnings Limitations
- What about Medicare?

Full Retirement Age

40

Age To Receive Full Social Security Benefits (Called "full retirement age" or "normal retirement age.")

<u>Year of Birth*</u>	<u>Full Retirement Age</u>
<u>1937 or earlier</u>	65
<u>1938</u>	65 and 2 months
<u>1939</u>	65 and 4 months
<u>1940</u>	65 and 6 months
<u>1941</u>	65 and 8 months
<u>1942</u>	65 and 10 months
<u>1943--1954</u>	66
<u>1955</u>	66 and 2 months
<u>1956</u>	66 and 4 months
<u>1957</u>	66 and 6 months
<u>1958</u>	66 and 8 months
<u>1959</u>	66 and 10 months
<u>1960 and later</u>	67



How Much Will I Lose?

41

- **Traditional**
 - 20% of “full” benefit amount (PIA)
- **More than 36 months early**
 - 20% plus 5/12 of 1% per month in excess of 36 months
- **Technical**
 - 5/12 of 1% per month

Can I Retire and Still Work?

42

- Yes, with limitations
- What are the rules for 2019?
 - Up to \$17,640 no effect
 - Over \$17,040, benefits reduced \$1 for every \$2 earned
- No limits after Full Retirement Age
- \$46,920 in year of full retirement age

Special rules earn \$\$\$ in retirement year

43

- Some people who retire in mid-year have already earned more than their yearly earnings limit. That is why we have a **special rule that applies to earnings for one year**, usually the first year of retirement.
- The special rule lets us pay a full Social Security check for any whole month we consider you retired, regardless of your yearly earnings. If you will
- Be under [full retirement age](#) for all of 2017, you are considered retired in any month that your earnings are \$1,410 or less **and** you did not perform substantial services in self employment.
- "Substantial services in self-employment" means that you devote more than 45 hours a month to the business or between 15 and 45 hours to a business in a highly skilled occupation.

Example

44

- **Example:** John Smith retires at age 62 on June 30, 2017. He earned \$37,000 before he retired.
- On October 5th, John starts his own business. He works at least 15 hours a week for the rest of the year and earns an additional \$3,000 after expenses. His total earnings for 2017 are \$40,000.
- Although his earnings for the year substantially exceed the 2017 annual limit (\$16,920), John will receive a Social Security payment for July, August and September. This is because he was not self-employed and his earnings in those three months are \$1,410 or less per month, the limit for people younger than full retirement age.
- John will not receive benefits for October, November or December 2017 because he worked in his business over 45 hours per month in all three months.
- Beginning in 2018, the deductions are based solely on John's [annual earnings limit](#).

Should I wait?

45

- If the client anticipates living well beyond average life expectancy, he/she should delay the start of benefits.
- But only if (s)he can afford to live without the benefits now
- Alternative view – wait to hedge against longevity risk when other money may have run out



Break Even points -- 2017

46

Monthly Social Security benefits	Retirement age	Break-even age
\$2,102	62 vs. 66	Between 77 and 78
\$2,806	62 vs. 70	Between 80 and 81
\$3,721	66 vs. 70	Between 82 and 83

Married Couples

47

- Benefits more complex than for singles
- Various combinations of own retirement and spousal benefits are possible
- **Substantial portion of families are still unaware of spousal benefits (money and Medicare)**
- Former strategies are “file and suspend” and “filing a restricted application” which took advantage of special rules are generally no longer available

Claiming Strategy

48

- Using the rules to the best advantage of a client
- A good claiming strategy balances important outcomes:
 - ✦ The need for income at a particular time
 - ✦ Maximize cumulative lifetime benefits
 - ✦ Protect against longevity risk
- Clients benefit most from comparing strategies side by-side

File and Suspend; Restricting Application

49

GONE – Eliminated by Congress DEEMED APPLICATION

If you are eligible for benefits both as a worker and as a spouse (or divorced spouse), and turned 62 after January 1, 2016, you can no longer claim one benefit and let the other grow – you are deemed to have claimed both at the same time. This “deemed filing” used to apply only if you filed for a benefit before full retirement age, currently 66. It now applies at all ages.

At or After FRA

50

- At FRA, application can no longer be restricted to spousal or worker's only
- At FRA, spouse 1 can no longer claim and suspend in order to entitle spouse 2 to receive a spousal benefit.

Exception

51

- Eligible as BOTH a spouse and a worker
- Born before January 1954
- Wait until FRA to claim any benefit
- Can collect as a spouse and delay collecting on own record to get the Delayed Retirement Credits

What to think about

52

1: Which starting date for singles or dates for couples will maximize expected cumulative lifetime benefits?

2: Which starting date for singles or starting dates for couples will minimize longevity risk, that is, the risk of outliving their portfolio.



Where do I get help

53

- Private companies that specialize in running the numbers

E.g. Social Security Solutions, Inc.

Maximize My Social Security

SSAnalyze by Bedrock Capital

AARP Social Security Benefits Calculator

Social Security Income Planner

Article – Comparison of Free Online Tools



Where do I get help?

54

National Academy of Social Insurance (NASI)

NASI “is a nonprofit, nonpartisan organization made up of the nation’s leading experts on social insurance. Its mission is to advance solutions to challenges facing the nation by increasing public understanding of how social insurance contributes to economic security.”

www.nasi.org



NASI Publications

55

- **What to Know What to Ask**

<https://www.nasi.org/research/2016/claiming-social-security-what-know-what-ask>

- **Different People, Different Choices**

<https://www.nasi.org/research/2016/claiming-social-security-different-people-different-choices>



Spousal Benefits

56

- Paid to an eligible spouse of a worker
- Up to 50% of the worker's Primary Insurance Amount
- Can be claimed if worker is **entitled** to benefits:
 - The worker has begun benefits OR
 - If divorced and meet the duration requirement is eligible (but not have to actually receive)
 - No more file and suspend
- ✦ Spousal benefits are reduced for claiming early:
 - 25/36% for each month for the first 36 mos. prior to age 66 + 5/12% for each additional month
- Spousal benefits do not earn Delayed Retirement Credits
- Do not forget about Medicare spousal benefits

Dependents & Survivors

57

Who is a Widow/Widower

Married or deemed married under laws of state where wage earner had a permanent home when he/she died; or would inherit under state law as a spouse; and:



Widows and Widowers, cont'd

58

- Relationship lasted 9 months or more
- Natural parents of child together
- Less than 9 months but:
 - Unexpected accidental death
 - Unexpected Death in line of duty
- A few other esoteric categories

Widows and Widowers, cont'd

59

- **Over 60**

Remember – No Medicare until 65

- **Over 50 and disabled (disability has to have begun within seven years of wage earners death or last receipt of mother's benefits)**

Remember – Medicare after 24 months



How much do Widow(er)s Get?

60

- If over 65 when apply, 100% of Primary Insured Amount (PIA)
- Less if 50 and disabled; or 60, generally 71.5%
- Less if decedent took early retirement (higher of amount decedent getting if alive or 82.5% of PIA)

What About Deceased Ex-Spouses?

61

Additional requirement that marriage must have lasted 10 years

Children

62

- How much? Generally 50% of PIA if wage earner is alive and 75% if deceased
- Ends at age 18, or 19 if still in high school
- Childhood Disability Benefits (CDB) continue if disabled

Disabled Adult Child (DAC)
Over Age 18
Disabled prior to age 22

Other Beneficiaries

63

- **Mothers and Fathers benefits**
- **Adopted and Equitably adopted children**
- **Stepchildren**
- **Grandchildren**

Where are these rules?

64

- **Code of Federal Regulations**
 - 20 C.F.R. §§ 404.330 -84
- **POMS**
 - RS § 202.000 et seq. (spouses)
 - RS § 203.000 et seq. (child)
 - RS § 207.000 et seq. (widow(er)s)
 - RS § 208.000 et seq. (mothers/fathers)
 - RS § 209.000 et seq. (parents)

Contact Information

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