

SOCIAL SECURITY: THE BASICS

Ida May Fuller received the first-ever monthly Social Security check in 1940. Social Security has been paying monthly benefits to our nation's retirees ever since. Ida May's checks lasted as long as she did. She died in 1975 at the age of 100.

Social Security retirement benefits are critical to our nation's retirees. We pay into the system during our working lives. In return, we receive inflation-adjusted retirement benefits that don't run out.

Keep in mind that Social Security was never intended to be a person's sole retirement income. But it does replace about 40% of preretirement income on average; for many American workers, it is critical to keeping them out of poverty later in life. Plus, Social Security isn't just a retirement system. It also provides benefits for spouses, widows, disabled individuals and certain people with very low income.

RETIREMENT BENEFIT

You generally have to work at least 10 years to be eligible for retirement benefits. Social Security bases your benefit on your highest 35 years of earnings. The average benefit is about \$1,400 a month.

You can begin to receive your full retirement benefit between ages 66 and 67, depending on when you were born.

YEAR OF BIRTH	FULL RETIREMENT AGE
1943 - 1954	66
1955 - 1959	66 + 2 months each year until 1960
1960+	67

You can begin collecting a reduced benefit at age 62. Or you can delay retirement up to age 70 to increase your monthly payment. Here's how your decision could affect a \$1,000 benefit:

AGE OF RETIREMENT	MONTHLY BENEFITS
62 (early retirement)	\$750
66 (full retirement age)	\$1,000
70 (latest)	\$1,320

SPOUSAL BENEFITS

Social Security provides spousal benefits, too. If you're married (or were for at least 10 years), you may be eligible. If your retirement benefit would equal less than half of your spouse's retirement benefit, then you get the larger amount. Here's an example:

- Your spouse's retirement benefit: **\$1,500/month**
- Your own retirement benefit: **\$600/month**
- Spousal benefit: **\$750/month (half of your spouse's benefit)**

In this case, Social Security would pay you \$750, since it's larger than your own retired worker benefit.

You may be eligible for the spousal benefit if you're divorced. If your marriage lasted at least 10 years and you haven't remarried, you can claim the spousal benefit as long as your ex-spouse is 62 or older.

SURVIVOR BENEFIT

Social Security also pays survivor benefits. A survivor can begin collecting her deceased spouse's full retirement benefit at age 60. The benefits kick in immediately if the survivor is caring for children under age 16.

Disabled survivors can collect survivor benefits beginning at age 50.

DISABILITY BENEFIT

Social Security pays disability benefits, too. The program is for people who can't work for medical reasons. The definition of disability is very strict. For example, the condition must be expected to last one year or result in death. Generally, your disability must prevent you from working at all to be eligible for benefits.

SUPPLEMENTAL INCOME

Social Security Supplemental Income pays benefits to disabled adults and children with limited income and resources. The benefits provide cash to meet basic needs for food, clothing and shelter.

TAKE ACTION!

- Plan for your retirement, estimate your benefits and more with a *my* Social Security account, available online at www.ssa.gov.
- Use AARP's Social Security Benefits Calculator at www.aarp.org/socialsecuritybenefits for guidance on when to claim benefits.
- Ask your employer for our other tip sheets on Social Security: Social Security for Married Couples; Social Security for Divorcees; The Taxation of Social Security Benefits; Social Security and Work; and When to Claim Social Security.

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