

# Social Security

## Making the Most of Your Retirement Income: Social Security Worker Benefits

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As you approach retirement, the decisions you make can have a big impact on your – and your spouse's – future income. But don't panic: you don't have to do this alone. Here are some things to think about as you prepare for retirement.

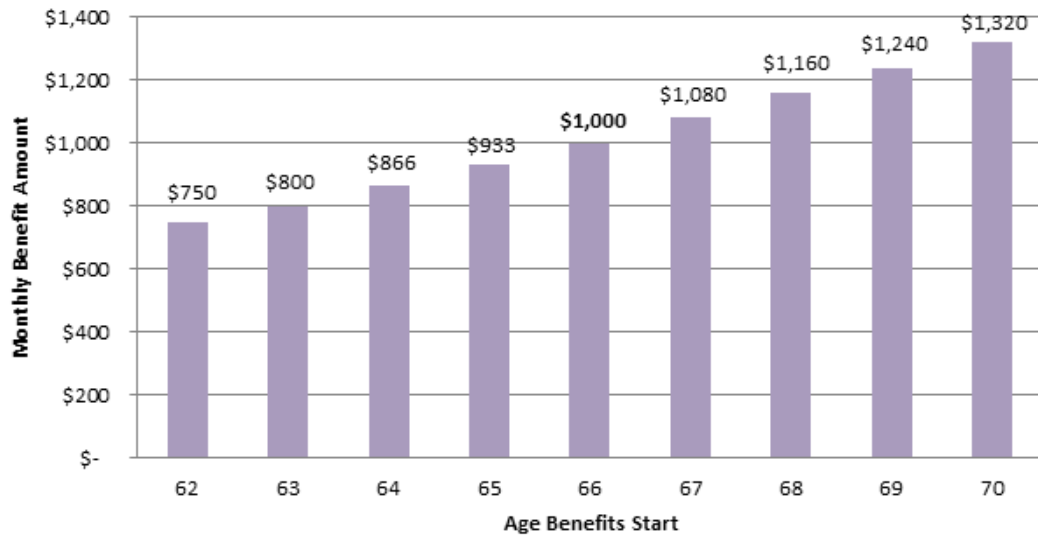
For most women, Social Security is the main source of income in retirement, with some [retirement savings as a supplement](#).<sup>1</sup> Benefits last as long as you live, are adjusted for inflation, and Social Security provides benefits for both workers and their families. Here are some things to think about as you consider how and when you will claim Social Security benefits as a worker. You can go [here](#)<sup>2</sup> to learn more about how and when to claim benefits as a spouse, widow(er), divorced spouse, or widowed divorced spouse.

### 1

#### When will you claim your benefits?

- You can claim retirement benefits as early as age 62. If you can't afford to wait, don't! You've earned it, and it's there for you when you need it. **But if you can wait, even a year or two, your monthly benefit will be higher for life.** And you may need that income even more when you get older, because other sources of income may decline and health care expenses may go up.
- If you claim your benefits before your [Full Retirement Age](#) (FRA), they will be reduced—permanently.
  - Your FRA depends on when you were born. If you were born in 1943-1954, your FRA is 66. Born in 1955-1959, your FRA increases by 2 months for each year (for example, if you were born in 1956, your FRA is 66 and 4 months). Born in 1960 or later, your FRA is 67.
  - If your FRA is 66 and you claim at 62, your benefit will be 25% less than if you waited until 66. If your FRA is 67 and you claim at 62, your benefit will be 30% less.
  - If you're still working and expect to earn more than \$15,500 in 2014, you should probably rethink your plans if you planned to claim benefits before your FRA. For every dollar you make over that amount, part of your monthly benefit will be withheld. You'll get it back later, but your lifetime benefit will still be reduced for claiming early.
- If you can wait to claim benefits until after your FRA, your monthly benefits will be increased--permanently.
  - Benefits go up 8% plus inflation every year you wait between your FRA and age 70. Many financial advisers agree: waiting to claim Social Security is the best annuity deal around.
  - There's no advantage to waiting beyond age 70.
- If you can continue to work, you may be able to increase your benefits even more.
  - Social Security benefits are based on your highest 35 years of earnings. So if you were out of the workforce for a while, or had several years of low earnings, you can increase your benefit by continuing to work.
  - You can keep track of your estimated Social Security retirement benefits at <http://ssa.gov/myaccount/> or use their benefit calculators to see how earning more or waiting to claim Social Security would affect your benefits.

**Monthly benefit amounts for a worker who earns a \$1,000 benefit at a full retirement age of 66 and claims at different ages**



- If you have to stop working before your FRA because of a disability, you can apply for disability benefits.
  - Your disability benefits are not reduced because of your age, and you will get your full retirement benefit when you reach your FRA.

## 2

### What if you have a pension from work not covered by Social Security?

- Your Social Security benefits may be reduced if you also receive a pension from employment that was not covered by Social Security.
  - The Windfall Elimination Provision (WEP) reduces the Social Security benefit of a worker who also receives a pension from a job where they did not pay into Social Security, such as some public employment. It also reduces Social Security benefits for that worker's spouse and surviving spouse.
  - The Government Pension Offset (GPO) reduces the Social Security spouse and widow's benefit of an individual who also receives a pension from a job where they did not pay into Social Security. The reduction equals 2/3 of the government pension.
  - The rules are complicated! Go to [www.ssa.gov](http://www.ssa.gov) and use Social Security's WEP and GPO calculators to find out how these special rules may affect you.

#### More information and resources:

- National Women's Law Center: [www.nwlc.org/retirement](http://www.nwlc.org/retirement)
- National Academy of Social Insurance: <http://www.nasi.org/WhenToTakeSocialSecurity>
- Social Security Administration for women: [www.ssa.gov/women](http://www.ssa.gov/women)
- AARP's Social Security Calculator: <http://www.aarp.org/work/social-security/social-security-benefits-calculator.html>
- National Committee to Preserve Social Security and Medicare: [www.ncpssm.org](http://www.ncpssm.org) (Ask Mary Jane)

1 NWLC, Pension and Savings, available at <http://www.nwlc.org/our-issues/social-security-%2526-retirement/pension-%2526-savings>.

2 NWLC, Making the Most of Your Retirement Income: Social Security For Spouses, Divorced Spouses, and Widows/Widowers (May 2014), available at <http://www.nwlc.org/resource/making-most-your-retirement-income-social-security-spouses-divorced-spouses-and-widows/widow>.