

CHAPTER 3: SOCIAL SECURITY RETIREMENT INSURANCE

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§ 3.1 Introduction and Overview of Social Security Retirement Benefits

The Social Security Retirement (SSR) benefit was created as a social *insurance* program designed to pay workers a continuing income after retirement. During their working years, workers pay social security taxes that are deducted automatically from their wages. These deductions are paid out as Social Security Retirement benefits. In addition to the retired worker, benefits are also payable to spouses, widow/ers and disabled adult children. These payments are based on an employee's earnings history.

The SSR benefit program is established in Chapter II of the Social Security Act and therefore is known as a Title II benefit. All social security programs that function as an *insurance* program are Title II benefits and include social security disability insurance, spouses, widow(er), dependents and disabled adult children benefits. Supplementary Security Income (SSI), however, is not an insurance program, but a means-tested benefit, and is known as Title XVI benefit. People who have worked long enough may also be able to receive retirement benefits as well as SSI.

§ 3.2 Eligibility for Social Security Retirement Benefits

Claimants ready to collect SSR benefits must meet all of the following criteria:

- Be fully insured (see § 3.3)
- Have reached at least age 62 (see § 3.4), and
- Have filed an application.

Age 62 is the earliest clients can file for SSR benefits. However, the SSR benefit will be reduced permanently for workers who file for SSR before their full retirement age (see §3.4a. below).

Clients who are receiving Social Security Disability Insurance (SSDI) benefits do not need to apply for SSR when they reach full retirement age. SSA will automatically move them from SSDI to SSR as long as they were receiving SSDI for 2 months. If clients on SSDI have been working and contributing social security taxes, they should confirm whether their SSR income will increase based on additional quarters worked while on SSDI.

§ 3.3 Fully Insured Status

To be eligible for SSR benefits, an applicant must have worked and paid enough Social Security taxes for the required amount of time.

SSA counts the amount of time an applicant has worked in “credits.” A credit is earned each time a required amount of income is earned, with a maximum of 4 credits per year. The amount of earnings required to earn a credit increases each year.

- In 2020, earnings of \$1,410 are required to earn a credit.
- Therefore, in 2020, once a client earns \$5,640, they have earned the maximum of 4 credits for that year.

As a general rule, anyone born in 1929 or later needs 40 credits (10 years of work) to be eligible for retirement benefits. SSA will not pay SSR benefits if an individual falls short, by even one credit. The 40 credits that are required to be considered “Fully Insured” do not need to be earned in consecutive years.

The amount of retirement benefits depends on how much the worker earned while working and the amount of social security taxes paid over their lifetime.

Generally, if individuals have earned the required quarters to receive retirement benefits then they have also earned the quarters needed for premium-free Medicare Part A coverage, as both of these taxes are collected together from workers’ pay checks.

§ 3.4 Full Retirement Age

Full retirement age (FRA) is the age at which unreduced benefits can be paid to claimants for (i) old-age retirement benefits; (ii) spouse's; or (iii) widow(er)'s benefits. FRA depends on the year the was born. The age to receive full retirement benefits is as follow:

Chart 6-1: Full Retirement Age (FRA) By Year Chart

Year Born	Retirement Age
1954 or earlier	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 or later	67

§ 3.4(a) Early Retirement

Age 62 is the earliest age anyone may apply for SSR benefits. When clients choose to retire early – that is, before their full retirement age - SSA will reduce their monthly SSR benefits permanently. For example, a person applying to collect SSR at age 62 will receive 28.3% less of his SSR income than if they waited and applied at their Full Retirement Age. Once clients have begun to collect early retirement benefits, their benefits will not be increased to the regular Full Retirement Age benefits when they reach their full retirement age.

Clients who plan to apply for early retirement should be referred to a local SSA office to meet with a representative to determine the difference between the amount of benefits they will receive if they apply before their full retirement age and at full retirement age, so that they may make an informed decision on their retirement date.

NOTE: Clients planning to retire early due to health reasons should be encouraged to apply for social security disability benefits instead of early retirement benefits because the disability benefit amount will be the same as the unreduced retirement benefit at full retirement age.

§ 3.4(b) Delayed Retirement

Workers have the option of not collecting retirement benefits at their full retirement age. If a worker delays retirement, the benefit amount that will be paid when they eventually retire can be increased in two ways:

- (i) for each additional year they work another year of earning is added to their social security record thereby potentially increasing their retirement benefits; and

- (ii) SSA will permanently increase the monthly SSR benefit paid for each month a person delays taking benefits past full retirement age. After age 70, the increases stop.

§ 3.5 Requirement to File an Application for Social Security Retirement Benefits

SSR benefit payments will not be paid unless a client files an application for retirement benefits. Applications can be filed either online, by calling SSA's toll free number at (800) 772-1213 or by visiting a local SSA office. Because the application can take 2-3 months to process, SSA recommends applicants apply 4 months prior to the date of retirement.

SSA recommends that persons thinking of filing for retirement benefits contact the SSA in advance so that a personalized assessment can be made on the amount of benefits that person will receive. SSA will look at an individual's lifetime earnings record and determine the amount of retirement benefits they would receive at early retirement, full retirement age, or for delayed retirement.

In addition, applicants may get information about the amount of their retirement benefits by going to <https://www.ssa.gov/benefits/retirement/estimator.html>. Additional information and the online retirement application can be found here. <https://www.ssa.gov/benefits/retirement/>

§ 3.6 Auxiliary payments

In addition to retirement payments made to wage earners, SSA also pays auxiliary payment to family members of the wage earner. The following family members are entitled to receive these payments when the wage earner starts to receive benefits or is deceased:

- Widows/widowers at age 60 (or at age 50 if disabled under Social Security's rules)
- Spouses, 62 or older
- Spouses, younger than 62 and taking care of a wage earner's child (aged 16 years or younger, or disabled) who is entitled to receive benefits on the wage earner's record.
- Ex-spouses, if they are age 62 or older

- Children up to age 18, or up to 19 if full-time students and have not graduated from high school
- Disabled children, even if they are age 18 or older, and have been found disabled prior to age 22.

§ 3.7 Social Security Retirement Benefits and Medicare

Medicare is a federal insurance program available for (i) individuals age 65 and over, (ii) for individuals less than age 65 who have been found disabled by SSA, (iii) individuals who have end stage renal disease, or (iv) individuals who have amyotrophic lateral sclerosis (Lou Gehrig’s disease). Persons eligible to receive Medicare should have paid the required Medicare taxes while working. (For more information on Medicare see Chapter 4). SSA is the agency administering Medicare and all questions regarding coverage need to be addressed to the local SSA district offices.

Individuals not receiving any kind of SSA benefits when they turn 65 **must apply** for Medicare at age 65. SSA allows people to apply for Medicare three (3) months prior to turning 65 years old. A Medicare application can be filed here <https://www.ssa.gov/benefits/medicare/>

People receiving Medicare coverage because they receive SSDI **need not reapply** for Medicare when they turn 65. Their Medicare coverage will continue without any change in their benefits. Additionally, for persons who have collected early retirement benefits before they turned 65, SSA will automatically process the Medicare enrollment and send notices three (3) months prior their 65th birthday month.

Insurance coverage through a Marketplace plan coverage under the Affordable Care Act ends when the insured turns 65. These individuals need to enroll in Medicare, when their Marketplace coverage ends when they turn 65.

§ 3.8 Social Security Retirement and Work Activity

Individuals are allowed to collect SSR benefits and continue to work. However, if clients haven’t reached their full retirement age, SSA will reduce the amount of an individual’s SSR benefits, if their earnings exceed the allowable amount for the month. If clients haven’t reached their full retirement age, SSA will deduct \$1 in benefits for each \$2 earned above the limit. In the year client reaches their full retirement age, SSA will reduce the retirement benefits \$1 for every \$3 client earns over an annual limit. The reduction will continue until the month the client reaches full retirement age. In the event

clients are overpaid, SSA will process an overpayment claim. If clients are underpaid, SSA will pay the client additional payments due to the client.

As the SSR benefit level is based on lifetime average earnings, an accurate SSA record of earnings is crucial. Missing or unreported earnings could lower the benefit level. Clients should be encouraged to get a free copy of their earnings record from the SSA at www.ssa.gov to determine its accuracy. They can also obtain free copies of earnings records and estimated benefit statements by calling SSA's toll free number, 1-800-772-1213 or from their local Social Security office.

Clients can now register for “*my* Social Security” on www.ssa.gov to access their earning history, find out future benefits based on their earnings (including social security retirement benefits), see latest statements, request a replacement Social Security card, and check the status of an application for benefits.

For immigrant eligibility for Social Security Retirement see **Chapter 9** of the Public Benefits Manual.