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# Understanding Your Social Security Benefits

The first thing Vice President & Financial Planning Officer, Theresa Becker, CFP® tells her clients is to create a “my Social Security” account online at <https://www.ssa.gov>, if they haven’t already. As long as you are on a secure network, there is no problem with entering your social security number on this website. In fact, you are registering so that no other person can register in your name and file for your benefits. Once you are logged in, you can determine your possible disability benefits and survivors’ benefits. You will also be able to verify all of your earnings and calculate your benefits for a set period of time. If there is an error in your earnings statement, you can bring it to the attention of the Social Security Administration.

## What is Full Retirement Age (FRA)?

In the US, the Full Retirement Age or “normal retirement age”, generally refers to the age you must reach to be eligible to receive full benefits from Social Security. Depending on when you were born, this age can vary<sup>1</sup>. Upon registering with my Social Security, you will be able to print your statement of estimated benefits, which will display your estimated benefits at age 62, at your full retirement age (FRA), and at age 70. You must start taking benefits at age 70. As mentioned, full retirement age can vary based on when you were born but it is expected to increase by two months each year until it hits 67. The absolute earliest you can claim Social Security retirement benefits is age 62.

The FRA for those who will turn 62 in 2019 will increase to 66, and those born in 1960 or later, the FRA will be 67. FRA makes a difference in determining your benefits because they will be reduced for any amount of time you take before FRA and increased for the amount of time you take after FRA. Those with longevity in their families and enough other income streams or assets to draw on in retirement, may consider postponing Social Security until age 70 because the benefit grows at 8% compounded per year between FRA and age 70.

## What if I keep working when I’m eligible for benefits?

Another reason to delay taking Social Security once eligible is if you are still working. If you have not reached your full retirement age, you can earn Social Security benefits up to \$17,640. After that, \$1 will be taken from your payment for every \$2 in earnings above the limit. If you are working during the year you reach your FRA, the reduction is only \$1 for every \$3 in earnings above the limit. After FRA, there is no reduction in your benefits. In fact, if you are working at a high wage, your benefit may actually increase based on your new wages.

*Continues...*

<sup>1</sup>Source: Investopedia

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**How much will I receive when I start collecting?**

For 2019, the average monthly social security payment will be \$1,471. To determine if you are considered average, below average or above average depends on your earnings history. If you have been earning at or above the values in the table below (the maximum earnings that Social Security taxes you on), you will receive more toward the maximum benefit available. If that is the case and you reach your FRA in 2019, you could be receiving \$2,866 per month. If you turn 66 this year and you delay your benefit until the age of 70, you will earn 8% per year to get a monthly benefit of \$3,899 (\$2,866 compounded for four years at 8%). There are also cost of living adjustments (COLAs) each year which correspond to the Consumer Price Index. The COLA for 2018 was 2% and the COLA for 2019 is 2.8%. Most my Social Security users will be able to access this information online this year with a full rollout of the functionality complete in December 2019.

**Contribution and Benefit Bases, 1937-2019**

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1937-50	\$3,000	1980	\$25,900	1994	\$60,600	2008	\$102,000
1951-54	\$3,600	1981	\$29,700	1995	\$61,200	2009	\$106,800
1955-58	\$4,200	1982	\$32,400	1996	\$62,700	2010	\$106,800
1959-65	\$4,800	1983	\$35,700	1997	\$65,400	2011	\$106,800
1966-67	\$6,600	1984	\$37,800	1998	\$68,400	2012	\$110,100
1968-71	\$7,800	1985	\$39,600	1999	\$72,600	2013	\$113,700
1972	\$9,000	1986	\$42,000	2000	\$76,200	2014	\$117,000
1973	\$10,800	1987	\$43,800	2001	\$80,400	2015	\$118,500
1974	\$13,200	1988	\$45,000	2002	\$84,900	2016	\$118,500
1975	\$14,100	1989	\$48,000	2003	\$87,000	2017	\$127,200
1976	\$15,300	1990	\$51,300	2004	\$87,900	2018	\$128,400
1977	\$16,500	1991	\$53,400	2005	\$90,000	2019	\$132,900
1978	\$17,700	1992	\$55,500	2006	\$94,200		
1979	\$22,900	1993	\$57,600	2007	\$97,500		

Source: ssa.gov website (<https://www.ssa.gov/oact/cola/cbb.html>)

**Is Social Security going away in 2037?**

The simple answer is no - not in the next several decades anyway. There are many levers the government can use to keep Social Security funded for future retirees such as raising the FRA for younger workers and/or raising the contribution base on which social security tax is applied (see table above). Keep in mind however, that Social Security benefits are not intended to replace all of your working income, nor are they intended to cover all of your retirement expenses. Therefore, if you are still working and do not have a guaranteed pension, be sure to contribute to your personal retirement savings plan or one offered by your employer.

**Where do I get more information?**

To fully understand your benefits and how to navigate social security and prepare for a financially sound retirement, it is important to discuss these areas and more with your financial advisor. Our team of experts can walk you through the finer details of your unique situation and set you on the right path. The <https://www.ssa.gov> website is also a good resource as it is chock full of information and very easy to navigate.

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