

Information From Sabados Perry & Company 440.238.8890

Social Security Questions & Answers

How long do I need to work to become eligible for Social Security benefits?

As long as it takes for you to earn the required 40 credits. You receive one credit for each \$1,130 in earnings (2012 amount), up to a maximum of four credits per year.

How are my Social Security benefits calculated?

It is a complex calculation involving your highest 35 years of earnings. The Social Security Administration sends you an annual Social Security Statement which includes an estimate of your future retirement benefits based on your earnings record. There is an online calculator available at www.ssa.gov.

What happens to my benefits if I retire “early” or “late”?

If you start your benefits early, when you are between age 62 and your full retirement age, your benefit amount is reduced by the number of months younger than full retirement age you are at that time. For example, if your full retirement age is 67, your benefit reduction at age 62 would be about 30%, at age 63 about 25%, at age 64 about 20%, at age 65 about 13.3%, and at age 66 about 6.7%. On the other hand, if you continue working beyond your full retirement age, your benefit amount increases because of your additional earnings and the special credits you’ll receive for delaying your retirement.

What is my full retirement age?

For people born before 1938, the full retirement age is 65. But as a result of longer life expectancies, the Social Security law was changed to gradually increase the full retirement age until it reaches age 67. Check the following table to find out your full retirement age:

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months

1941	65 and 8 months
1942	65 and 10 months
1943-1954	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 and later	67

How much can I earn and still collect Social Security benefits?

It depends upon your age. If you are under full retirement age when you start collecting benefits, \$1 in benefits will be deducted for each \$2 you earn above the annual limit (\$14,640 in 2012). In the year you reach full retirement age, you'll have \$1 deducted for every \$3 you earn above a different limit (\$38,880 in 2012) – but only counting earnings before the month you reach full retirement age. Starting with the month you reach full retirement age, there is NO limit on your earnings. Furthermore, if you continue working while you're collecting Social Security benefits, it could mean a higher benefit for you in the future.

Where can I get more information?

Call the Social Security Administration at 800.772.1213 or visit their web site, www.ssa.gov.

If you have questions or comments on this article, contact us at 440.238.8890.