Retirement Benefits—Workers

Tab 2 Topics

Quick Facts

Full retirement age (FRA). The age at which a worker can begin receiving the normal amount of benefits.

- A worker's FRA depends on the year in which he was born. For workers born in 1943–1954, FRA is 66 years.
- For workers born after 1954, FRA rises gradually, until it reaches 67 years for those born after 1959.
- The maximum monthly retirement benefit for a worker retiring at FRA in 2020 is $3,011.

Early retirement. Retirement benefits can be received as early as age 62, but they are reduced by a percentage for each month the worker is under FRA when benefits begin.

Delayed retirement. If a worker delays receiving benefits past his FRA, he will receive a benefit increase for each month delayed until age 70.

Filing an application. An application must be filed to receive social security benefits. Information needed:

- Social security number.
- Birth certificate.
- Form W-2 or self-employment tax return for the prior year.
- Military discharge papers (if applicant had military service).
- Proof of U.S. citizenship or lawful alien status if applicant was not born in the U.S.
- Bank account information, so benefits can be deposited directly into his account.

Earnings test. Individuals who work and receive social security benefits before their FRA are subject to this test. Their benefits are reduced if their earnings exceed the annual exempt amount. The test does not apply in the month the individual reaches FRA or in any months thereafter.

Social security direct deposit. Benefit payments must be received electronically. The U.S. Department of Treasury can grant exceptions in rare circumstances.

Retirement Benefits Overview

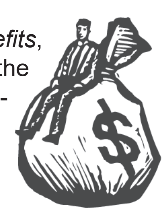
The earliest a retiree can receive cash retirement benefits is at age 62. If a retiree elects to receive the retirement benefit before his full retirement age (FRA) (see *Full Retirement Age* on Page 2-2), his benefit will be reduced for each month he retires early. The reduction is a permanent reduction and is also applied to all auxiliary benefits paid to members of the individual's family. This reduced benefit continues to be paid even after the individual reaches FRA. In addition to the benefit reduction, the early retiree is subjected to an earnings test under which benefits can be further reduced if he earns more than the exempt amount. See *Earnings Test* on Page 2-19.

An individual who starts receiving the retirement benefit at FRA receives the full retirement insurance benefit rate. As originally designed, full retirement age was age 65. However, under the 1983 amendments to social security, the FRA has been slowly increasing for those born after 1937.

Note: While the age for social security retirement has been raised, the age to start receiving Medicare remains age 65.

Individuals who choose to delay receiving benefits beyond FRA may be eligible for delayed retirement credits, which increase a retiree's benefits.

The retirement insurance benefit is equal to the primary insurance amount. In some cases, a special minimum benefit is provided. These amounts normally increase annually based on the cost-of-living benefit increase.



Additional monthly benefits, called *auxiliary benefits*, may be payable to other individuals, such as the spouse or children, based on the worker's earnings record. These auxiliary benefits may also be payable on the worker's earnings record if he is entitled to a disability insurance benefit. See Tab 3.

Full Retirement Age

Full Retirement Age—Workers and Spouses	
Birth Date	**Full Retirement Age**
Before 1/2/38	65 years
1/2/38–1/1/39	65 years and 2 months
1/2/39–1/1/40	65 years and 4 months
1/2/40–1/1/41	65 years and 6 months
1/2/41–1/1/42	65 years and 8 months
1/2/42–1/1/43	65 years and 10 months
1/2/43–1/1/55	66 years
1/2/55–1/1/56	66 years and 2 months
1/2/56–1/1/57	66 years and 4 months
1/2/57–1/1/58	66 years and 6 months
1/2/58–1/1/59	66 years and 8 months
1/2/59–1/1/60	66 years and 10 months
1/2/60 and later	67 years

Full Retirement Age—Widow(er)s	
Birth Date	**Full Retirement Age**
Before 1/2/40	65 years
1/2/40–1/1/41	65 years and 2 months
1/2/41–1/1/42	65 years and 4 months
1/2/42–1/1/43	65 years and 6 months
1/2/43–1/1/44	65 years and 8 months
1/2/44–1/1/45	65 years and 10 months
1/2/45–1/1/57	66 years
1/2/57–1/1/58	66 years and 2 months
1/2/58–1/1/59	66 years and 4 months
1/2/59–1/1/60	66 years and 6 months
1/2/60–1/1/61	66 years and 8 months
1/2/61–1/1/62	66 years and 10 months
1/2/62 and later	67 years

Early Retirement

Beneficiaries are eligible for monthly cash retirement insurance benefits (also called *old-age insurance benefits*) when they are age 62 or older, are fully insured, and have filed an application for those benefits.

Beginning with the year 2000 [workers and spouses born 1938 or later, widow(er)s born 1940 or later], the full retirement age increases gradually from age 65 until it reaches age 67 in the year 2022.

If the worker waits until his full retirement age, he will receive the full retirement insurance benefit rate. If a worker age 62 or older chooses to receive retirement benefits for one or more months prior to his retirement age:

1) The benefit rate ordinarily received at full retirement age is reduced by a certain percentage for each month the worker is under retirement age when the benefit began and
2) A reduced benefit rate will continue to be paid after the worker reaches retirement age.

Reductions. A reduction is made by first determining the full benefit. This benefit rate is then reduced by a specified percentage for each month entitled before FRA. The reduced rate is payable as of the first month of entitlement to benefits. For retirement and spouse's benefits, an individual must be at least age 62 throughout the month before entitlement to reduced benefits begins.

These reduced benefits continue at a reduced rate even after FRA. The reduced disability insurance benefit is converted at FRA to a reduced retirement insurance benefit.

The reduced benefit rate may be recomputed to include additional earnings. An increase in benefits, either resulting from additional earnings or from a cost-of-living increase, is reduced in proportion to the reduction in effect in the first month the benefits were elected. A benefit rate may also be increased to give credit for certain months before FRA in which the reduced benefit was not paid.

An additional reduction applies to primary insurance benefits and spouse's benefits based on the additional reduction period. The modification for widow(er)'s benefits is slightly different. The reduction amount at age 60 remains at 28.5% of the full benefit even as retirement age increases.

Basic Reduction Formulas

Retirement insurance benefits. No matter what the full retirement age is, an individual may start receiving benefits as early as age 62. If he starts the benefits early, they are reduced a fraction of a percent for each month before his FRA. This reduction is permanent.

Spouse's insurance benefits. A spouse can choose to retire as early as age 62, but doing so may result in a benefit as little as 32.5% of the worker's primary insurance amount (PIA).

Widow(er)'s insurance benefits. An individual can start receiving aged reduced widow(er)'s benefits at age 60. The most the widow(er)'s benefits can be reduced is 28.5% of the wage earner's PIA. Also, if he starts receiving his widow(er)'s benefits at full retirement age, and his deceased spouse received reduced benefits, that individual's widow(er)'s benefits will always be reduced.

Early Retirement—Benefit Reductions	
Individual	**Reduction Formula**
Worker	The reduction is 5/9 of 1% (or 0.0056) for each month of entitlement before FRA for up to 36 months. For individuals whose FRA is after age 65, the reduction is 5/12 of 1% (or 0.0042) for each month of reduction in excess of 36 months.
Spouse	The spouse's insurance benefits are reduced by 25/36 of 1% (or 0.0069) for each month of entitlement before FRA for the first 36 months. For those individuals whose FRA is after age 65, the reduction is 5/12 of 1% (or 0.0042) for each month in excess of the 36 months.
Widow(er)	Widow(er)'s insurance benefits are reduced for each month of entitlement between ages 60 and FRA. The amount of the reduction for each month is derived from dividing 28.5% by the number of possible months of early retirement. A person whose FRA is age 65 could be entitled up to 60 months before FRA. Each month is, therefore, 28.5% divided by 60 (or 0.00475). A person whose FRA is age 66 could be entitled up to 72 months before FRA. Each month is therefore 28.5% divided by 72 (or 0.00396). Widow(er)'s insurance benefits payable before age 60 based on disability are not further reduced for months before age 60.

Computing reduction months. To compute the number of reduction months, the SSA counts all months, beginning with the first month of entitlement to reduced benefits, up to the month in which FRA is reached.

For widow(er)'s insurance benefits that begin before age 60, the reduction formula requires using only months between age 60 and FRA.

Note: Relatively few people can begin receiving a benefit at *exactly* age 62 because a person must be 62 throughout the first month of retirement. Thus, most early retirees begin at age 62 and one month.

Disability benefits. A disability insurance benefit reduced for age may be payable if an individual is already entitled to either retirement insurance benefits or reduced widow(er)'s insurance benefits. This is true whether or not the benefit is based on disability.

If a disability benefit becomes payable after an individual becomes entitled to retirement benefits, the disability benefit is reduced by the amount the retirement benefit is reduced for the months before the month of entitlement to the disability benefit in which the individual received retirement benefits.

Delaying Benefits

The delayed retirement credit increases the benefit amount if a worker did not receive benefits for months after reaching FRA. Delayed retirement credit increases apply for benefits beginning January of the year following the year FRA was reached. It does not apply to the special minimum PIA. (See *Special Minimum PIA* on Page 2-8.)

Each month in which a worker is at least FRA, but not yet age 70, is an increment month. An increment month is also any month he is eligible but did not receive a benefit.

The delayed retirement credit is based on increment months, which may increase an individual's benefits by varying amounts, depending on when he reaches FRA:

1) If a worker is a retirement insurance beneficiary and reaches age 65 before 1982, then he receives an increase equal to $\frac{1}{12}$ of 1% of the benefit for each increment month.
2) If worker is a retirement insurance beneficiary and reaches age 65 after 1981 and before 1990, then he receives an increase equal to $\frac{1}{4}$ of 1% of the benefit for each increment month.
3) If worker is a retirement insurance beneficiary who reaches FRA after 1989, then his benefit amount is increased for each increment month at $\frac{1}{4}$ of 1%, plus $\frac{1}{24}$ of 1% for each even-numbered year from 1990 through 2008 in which he is FRA or older.

Note: Workers who reach FRA in 2009 or later and delay receiving their benefits receive an 8% increase per year (up to age 70).

Delayed Retirement Credit Rates		
Full retirement age reached . . .	**Monthly percentage is . . .**	**Yearly percentage is . . .**
Prior to 1982	$\frac{1}{12}$ of 1%	1.0%
1982–1989	$\frac{1}{4}$ of 1%	3.0%
1990–1991	$\frac{7}{24}$ of 1%	3.5%
1992–1993	$\frac{1}{3}$ of 1%	4.0%
1994–1995	$\frac{3}{8}$ of 1%	4.5%
1996–1997	$\frac{5}{12}$ of 1%	5.0%
1998–1999	$\frac{11}{24}$ of 1%	5.5%
2000–2001	$\frac{1}{2}$ of 1%	6.0%
2002–2003	$\frac{13}{24}$ of 1%	6.5%
2004–2005	$\frac{7}{12}$ of 1%	7.0%
2006–2008	$\frac{5}{8}$ of 1%	7.5%
2009 or later	$\frac{2}{3}$ of 1%	8.0%

4) If an individual is a widow(er) of a worker who had received or was eligible for delayed retirement credits, then he is entitled to the same increase that had been applied to the benefit of the deceased spouse or for which the deceased was eligible as of the time of death. A surviving (including divorced) spouse receiving widow(er)'s benefits is also entitled to this increase.

Effect of Early or Delayed Retirement Benefits on Amount of Benefits

Year of Birth	Full Retirement Age (FRA)	Benefit, as a percentage of Primary Insurance Amount (PIA), beginning at age—						
		62	63	64	65	66	67	70
1924	65	80%	$86\frac{2}{3}$%	$93\frac{1}{3}$%	100%	103%	106%	115%
1925–26	65	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	$103\frac{1}{2}$	107	$117\frac{1}{2}$
1927–28	65	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	104	108	120
1929–30	65	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	$104\frac{1}{2}$	109	$122\frac{1}{2}$
1931–32	65	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	105	110	125
1933–34	65	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	$105\frac{1}{2}$	111	$127\frac{1}{2}$
1935–36	65	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	106	112	130
1937	65	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	$106\frac{1}{2}$	113	$132\frac{1}{2}$
1938	65, 2 mo.	$79\frac{1}{6}$	$85\frac{5}{9}$	$92\frac{2}{9}$	$98\frac{8}{9}$	$105\frac{5}{12}$	$111\frac{11}{12}$	$131\frac{5}{12}$
1939	65, 4 mo.	$78\frac{1}{3}$	$84\frac{4}{9}$	$91\frac{1}{9}$	$97\frac{7}{9}$	$104\frac{2}{3}$	$111\frac{2}{3}$	$132\frac{2}{3}$
1940	65, 6 mo.	$77\frac{1}{2}$	$83\frac{1}{3}$	90	$96\frac{2}{3}$	$103\frac{1}{2}$	$110\frac{1}{2}$	$131\frac{1}{2}$
1941	65, 8 mo.	$76\frac{2}{3}$	$82\frac{2}{9}$	$88\frac{8}{9}$	$95\frac{5}{9}$	$102\frac{1}{2}$	110	$132\frac{1}{2}$
1942	65, 10 mo.	$75\frac{5}{6}$	$81\frac{1}{9}$	$87\frac{7}{9}$	$94\frac{4}{9}$	$101\frac{1}{4}$	$108\frac{3}{4}$	$131\frac{1}{4}$
1943–54	66	75	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	108	132
1955	66, 2 mo.	$74\frac{1}{6}$	$79\frac{1}{6}$	$85\frac{5}{9}$	$92\frac{2}{9}$	$98\frac{8}{9}$	$106\frac{2}{3}$	$130\frac{2}{3}$
1956	66, 4 mo.	$73\frac{1}{3}$	$78\frac{1}{3}$	$84\frac{4}{9}$	$91\frac{1}{9}$	$97\frac{7}{9}$	$105\frac{1}{3}$	$129\frac{1}{3}$
1957	66, 6 mo.	$72\frac{1}{2}$	$77\frac{1}{2}$	$83\frac{1}{3}$	90	$96\frac{2}{3}$	104	128
1958	66, 8 mo.	$71\frac{2}{3}$	$76\frac{2}{3}$	$82\frac{2}{9}$	$88\frac{8}{9}$	$95\frac{5}{9}$	$102\frac{2}{3}$	$126\frac{2}{3}$
1959	66, 10 mo.	$70\frac{5}{6}$	$75\frac{5}{6}$	$81\frac{1}{9}$	$87\frac{7}{9}$	$94\frac{4}{9}$	$101\frac{1}{3}$	$125\frac{1}{3}$
1960 and later	67	70	75	80	$86\frac{2}{3}$	$93\frac{1}{3}$	100	124

When Benefits Are Not Payable

Retirement benefits may not be payable or may be payable only in part if the worker:

1) Is under FRA and earns more than the exempt amount (see the table *Annual Exempt Amount* on Page 2-20).
2) Is under FRA and works outside the U.S. for more than 45 hours in a month.
3) Is in the U.S. and is neither a citizen nor an alien lawfully present.
4) Has been deported or removed from the U.S.
5) Is an alien who is outside the U.S. for more than six full calendar months in a row and does not meet an exception to the alien nonpayment provisions.
6) Is in a U.S. Treasury-restricted country where it is not permitted to mail U.S. government payments.
7) Is in an SSA-restricted country and does not meet an exception.
8) Has waived the right to benefits because he is a member of a recognized religious group that is opposed to insurance. In this situation, he must have been granted exemption from paying the self-employment tax.
9) Is confined within the U.S. in a jail, prison or other penal institution or correctional facility because he has been convicted of a felony.

Benefits End With Death

Reporting the death. Social security should be notified as soon as possible when a person dies. In most cases, the funeral director will report the person's death to social security. The funeral director should be furnished with the deceased's social security number so that he can make the report.

Payments received after death. No retirement insurance benefit is paid for the month of death. If the deceased was receiving social security benefits, the benefit received for the month of death or any later months must be returned. For example, if the person dies in July, the benefit paid in August must be returned. If benefits were paid by direct deposit, contact the bank or other financial institution to request that any funds received for the month of death or later be returned to social security. If the benefits are paid by check, any checks received for the month in which the person dies or later should not be cashed but returned to social security as soon as possible.

Beginning survivor benefits. Survivor benefits may be payable to the worker's survivors beginning with the month of death, unless:

1) The worker or the survivor waived the right to benefits because of religious conviction or
2) The worker or the survivor has been convicted of certain crimes and sentenced accordingly.

Receiving Social Security When Outside the U.S.

Outside the U.S. means not in one of the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands or American Samoa. Once an individual has been out of the U.S. for at least 30 days in a row, he is considered to be outside the country until he returns and stays in the U.S. for at least 30 days in a row. If he is not a U.S. citizen, he may also have to prove that he was lawfully present in the U.S. for that 30-day period.

U.S. Citizens

Citizens may receive their social security payments outside the U.S. as long as they are eligible for them.

Exception: The SSA cannot send payments to certain countries. See *Countries to Which Payments Cannot Be Sent* on Page 2-5.

Citizens of Other Countries

Citizens of countries other than the U.S. may or may not receive benefits, depending on the country of their citizenship.

Countries Whose Citizens Receive Social Security Payments[1]

Austria	Hungary	Portugal
Belgium	Ireland	Slovak Republic
Brazil	Israel	Slovenia
Canada	Italy	Spain
Chile	Japan	Sweden
Czech Republic	Korea (South)	Switzerland
Finland	Luxembourg	United Kingdom
France	Netherlands	Uruguay
Germany	Norway	
Greece	Poland	

[1] Citizens of these countries will receive social security payments no matter how long they stay outside the U.S., as long as they are eligible for the payments.

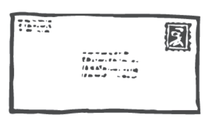
Note: This list is subject to change. For the most current information, see **www.ssa.gov/international/countrylist1.htm.**

Countries Whose Citizens Receive Social Security Payments—Special Rules for Dependents and Survivors[1]

Albania	Dominican Republic	Montenegro
Antigua and Barbuda	Ecuador	Nicaragua
Argentina	El Salvador	North Macedonia
Australia	Gabon	Palau
Bahamas	Grenada	Panama
Barbados	Guatemala	Peru
Belize	Guyana	Philippines
Bolivia	Iceland	Romania
Bosnia-Herzegovina	Jamaica	St. Kitts and Nevis
Bulgaria	Jordan	St. Lucia
Burkina Faso	Latvia	St. Vincent and the Grenadines
Colombia	Liechtenstein	Samoa (formerly Western Samoa)
Costa Rica	Lithuania	
Côte d'Ivoire	Malta	San Marino
Croatia	Marshall Islands	Serbia
Cyprus	Mexico	Trinidad-Tobago
Denmark	Micronesia, Fed. States of	Turkey
Dominica	Monaco	Venezuela

[1] Citizens of these countries receive their payments as long as they are outside the U.S., unless they are receiving payments as a dependent or survivor. In that case, there are additional requirements that have to be met. See *Additional Requirements for Dependents and Survivors* on Page 2-5.

Note: This list is subject to change. For the most current information, see **www.ssa.gov/international/countrylist2.htm**.



If an individual is not a U.S. citizen or a citizen of one of the countries listed in the two preceding tables, his payments will stop after he has been outside the U.S. for six full calendar months, unless he meets one of the following exceptions:

1) He was eligible for monthly social security benefits for December 1956.
2) He is in the active military or naval service of the U.S.