

# Chapter 11

## Social Security and Medicare



[www.socialsecurity.gov](http://www.socialsecurity.gov) 1-800-772-1213  
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**We gratefully acknowledge the cooperation of the New York State Deferred Compensation Plan who provided the information contained in this chapter, and who are entirely responsible for its contents.**

# Overview

*This chapter will:*

- *describe benefit eligibility;*
- *explain the benefit application process;*
- *describe estimation of benefits; and*
- *explain Medicare benefits*

## **SOCIAL SECURITY**

Social Security reaches almost every family, and at some point, touches the lives of nearly all Americans. When you work, you pay taxes into Social Security. We use the tax money to pay benefits to:

- People who have already retired;
- People who are disabled;
- Survivors of workers who have died; and
- Dependents of beneficiaries.

The money you pay in taxes isn't held in a personal account for you to use when you get benefits. We use your taxes to pay people who are getting benefits now. Any unused money goes to the Social Security trust funds, not a personal account with your name on it.

### **Social Security is more than retirement**

Many people think of Social Security as just a retirement program. Most of the people receiving benefits are retired, but others receive benefits because they're:

- Disabled;
- A spouse or child of someone getting benefits;
- A divorced spouse of someone getting or eligible for Social Security;
- A spouse or child of a worker who died;
- A divorced spouse of a worker who died; or
- A dependent parent of a worker who died.

## **ELIGIBILITY**

### **How you become eligible for Social Security**

As you work and pay taxes, you earn Social Security "credits." In 2021, you earn one credit for each \$1,470 in earnings — up to a maximum of four credits a year. The amount of money needed to earn one credit usually goes up every year.

Most people need 40 credits (10 years of work) to qualify for benefits. Younger people need fewer credits to be eligible for disability benefits or for their family members to be eligible for survivor's benefits when the worker dies.

## BENEFITS

### What you need to know about benefits

Social Security benefits only replace some of your earnings when you retire, become disabled, or die. We base your benefit payment on how much you earned during your working career. Higher lifetime earnings result in higher benefits. If there were some years when you didn't work, or had low earnings, your benefit amount may be lower than if you worked steadily.

### Retirement benefits

Choosing when to retire is one of the most important decisions you'll make in your lifetime. If you choose to retire when you reach your full retirement age, you'll receive your full benefit amount. We will reduce your benefit amount if you retire before reaching full retirement age.

### Full retirement age

If you were born from 1943 to 1960, the age at which full retirement benefits are payable increases gradually to age 67. In 2021, if your birth year is 1954 or earlier, you're already eligible for your full Social Security benefit. Use the following chart to find out your full retirement age.

| Year of birth | Full retirement age |
|---------------|---------------------|
| 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 or later | 67                  |

### Delayed retirement

If you choose to delay receiving benefits beyond your full retirement age, we'll increase your benefit a certain percentage, depending on the year of your birth. We'll add the increase automatically each month from the time you reach full retirement age, until you start taking benefits or reach age 70, whichever comes first. For more information on delayed retirement credits, go to [www.socialsecurity.gov/planners/retire/delayret.html](http://www.socialsecurity.gov/planners/retire/delayret.html).

### Early retirement

You may start receiving benefits as early as age 62. We reduce your benefits if you start early by about one-half of one percent for each month you start receiving benefits before your full retirement age. For example, if your full retirement age is 66 and two months, and you sign up for Social Security when you're 62, you would only get 74.2 percent of your full benefit.

*NOTE: The reduction will be greater in future years as the full retirement age increases.*

## **If you work and get benefits**

You can continue to work and still receive retirement benefits. Your earnings in (or after) the month you reach full retirement age won't reduce your Social Security benefits. In fact, working beyond full retirement age can increase your benefits. We'll have to reduce your benefits, however, if your earnings exceed certain limits for the months before you reach your full retirement age.

If you work, but start receiving benefits before full retirement age, we deduct one dollar in benefits for each two dollars in earnings you have above the annual limit. In 2021, the limit is \$18,960.

In the year you reach your full retirement age, we reduce your benefits by one dollar for every three dollars you earn over a different annual limit (\$50,520 in 2021) until the month you reach full retirement age.

Once you reach full retirement age, you can keep working, and we won't reduce your Social Security benefit, no matter how much you earn.

For more information about how work affects your benefits, read *How Work Affects Your Benefits* [www.ssa.gov/pubs/EN-05-10069.pdf](http://www.ssa.gov/pubs/EN-05-10069.pdf).

**NOTE:** People who work and receive disability or Supplemental Security Income payments have different earnings rules. They must immediately report all their earnings to Social Security no matter how much they earn.

## **Retirement benefits for widows and widowers**

If you're receiving widow's or widower's benefits, you can switch to your own retirement benefits as early as age 62, assuming your retirement benefit is more than the amount you receive on your deceased spouse's earnings. Often, you can begin receiving one benefit at a reduced rate and then switch to the other benefit at the full rate when you reach full retirement age. The rules are complicated and vary depending on your situation, so talk to a Social Security representative about the choices available to you.

For more information about retirement benefits, read *Retirement Benefits* [www.ssa.gov/pubs/EN05-10035.pdf](http://www.ssa.gov/pubs/EN05-10035.pdf).

## **Disability benefits**

If you can't work because of a physical or mental condition that's expected to last at least one year or result in death, you may be eligible for Social Security disability benefits.

Our disability rules are different from private or other government agency plans. Qualifying for disability from another agency or program doesn't mean you will be eligible for disability benefits from us. Having a statement from your doctor saying you're disabled doesn't mean you'll automatically be eligible for Social Security disability benefits.

For more information about Social Security disability benefits, read *Disability Benefits* [www.ssa.gov/pubs/EN-05-10029.pdf](http://www.ssa.gov/pubs/EN-05-10029.pdf).

You can apply for Social Security disability benefits on our website at [www.socialsecurity.gov/disabilityssi](http://www.socialsecurity.gov/disabilityssi).

If you become disabled, file for disability benefits as soon as possible, because it usually takes several months to process a disability claim. We may be able to process your claim more quickly if you have the following when you apply:

- Medical records and treatment dates from your doctors, therapists, hospitals, clinics, and caseworkers;
- Your laboratory and other test results;
- The names, addresses, phone, and fax numbers of your doctors, clinics, and hospitals;
- The names of all medications you're taking; and
- The names of your employers and job duties for the last 15 years.

## **YOUR BENEFITS MAY BE TAXABLE**

Some people who get Social Security will have to pay taxes on their benefits. About 40 percent of our current beneficiaries pay taxes on their benefits.

You may have to pay taxes on your benefits if you file a federal tax return as an "individual" and your total income is more than \$25,000. If you file a joint return, you may have to pay taxes if you and your spouse have a total income that is more than \$32,000.

For more information, call the Internal Revenue Service's toll-free number, **1-800-829-3676**.

## **BENEFITS FOR YOUR FAMILY**

When you start receiving Social Security retirement or disability benefits, other family members also may be eligible for payments. For example, benefits can be paid to your spouse:

- If they're age 62 or older; or
- At any age if they're caring for your child (the child must be younger than 16 or disabled and entitled to Social Security benefits on your record).
- Benefits can also be paid to your unmarried children if they're:
  - Younger than 18;
  - Between 18 and 19 years old, but in elementary or secondary school as full-time students; or
  - Age 18 or older and disabled (the disability must have started before age 22).

If you become the parent of a child (including an adopted child) after you begin receiving benefits, let us know about the child, so we can decide if the child is eligible for benefits.

## **How much can family members get?**

Each family member may be eligible for a monthly benefit that is up to half of your retirement or disability benefit amount. However, there is a limit to the total amount of money that can be paid to you and your family. The limit varies, but is generally equal to about 150 to 180 percent of your retirement or disability benefit.

## **If you're divorced**

If you're divorced, your ex-spouse may qualify for benefits on your earnings. In some situations, he or she may get benefits even if you aren't receiving them. To qualify, a divorced spouse must:

- Have been married to you for at least 10 years;
- Have been divorced at least two years in cases where you have not filed for benefits;
- Be at least 62 years old;
- Be unmarried; and
- Not be entitled to or eligible for a benefit on his or her own work that is equal to or higher than half the full amount on your record.

## **SURVIVORS BENEFITS**

When you die, your family may be eligible for benefits based on your work. Family members who can collect benefits include a widow or widower who is:

- 60 or older; or
- 50 or older and disabled; or
- Any age if he or she is caring for your child who is younger than 16 or disabled and entitled to Social Security benefits on your record.

Your children can receive benefits, too, if they're unmarried and:

- Younger than 18 years old; or
- Between 18 and 19 years old, but in an elementary or secondary school as full-time students; or
- Age 18 or older and disabled (the disability must have started before age 22).

Additionally, your parents can receive benefits on your earnings if they were dependent on you for at least half of their support.

## **One-time payment after death**

If you have enough credits, a one-time payment of \$255 also may be made after your death. This benefit may be paid to your spouse or minor children if they meet certain requirements.

## **If you're divorced and have a surviving ex-spouse**

If you're divorced, your ex-spouse may be eligible for survivor's benefits based on your earnings when you die. They must:

- Be at least age 60 years old (or 50 if disabled) and have been married to you for at least 10 years; or
- Be any age if they're caring for a child who is eligible for benefits based on your earnings; and
- Not be entitled to a benefit based on their own work that is equal or higher than the full insurance amount on your record; and
- Not be currently married, unless the remarriage occurred after age 60 or after age 50 if disabled.

Benefits paid to an ex-spouse won't affect the benefit rates for other survivors receiving benefits on your earnings record.

***NOTE:** If you're deceased and your ex-spouse remarries after age 60, he or she may be eligible for Social Security benefits based on either your work or their new spouse's work, whichever is higher.*

## **How much will your survivors get?**

Your survivors receive a percentage of your basic Social Security benefit — usually in a range from 75 to 100 percent each. However, there is a limit to the amount of money that can be paid each month to a family. The limit varies, but is generally equal to about 150 to 180 percent of your benefit rate.

## **APPLYING FOR BENEFITS**

### **When you're ready to apply for benefits**

You should apply for benefits about three months before the date you want your benefits to start. If you aren't ready to retire, but are thinking about doing so later, you should visit our website to use our informative retirement planner at [www.socialsecurity.gov/retire](http://www.socialsecurity.gov/retire). To file for disability or survivor's benefits, you should apply as soon as you're eligible.

You can apply for benefits on our website at [www.socialsecurity.gov/applyforbenefits](http://www.socialsecurity.gov/applyforbenefits).

You can get a quick and easy benefit estimate based on your Social Security earnings record at [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator).

You also can get more detailed benefit calculations at [www.socialsecurity.gov/planners](http://www.socialsecurity.gov/planners).

### **What you will need to apply**

When you apply for benefits, we will ask you to provide certain documents. The documents you'll need depend on the type of benefits you file for. Providing these documents to us quickly will help us pay your benefits faster. You must present original documents or copies certified by the issuing office — we can't accept photocopies.

Don't delay filing an application just because you don't have all the documents you need. We'll help you get them. Some documents you may need when you sign up for Social Security are:

- Your Social Security card (or a record of your number);
- Your birth certificate;
- Your children's birth certificates and Social Security numbers (if you're applying for them);
- Proof of U.S. citizenship or lawful immigration status if you (or a child) weren't born in the United States;
- Your spouse's birth certificate and Social Security number if he or she is applying for benefits based on your earnings;
- Your marriage certificate (if signing up on a spouse's earnings or if your spouse is signing up on your earnings);
- Your military discharge papers if you had military service; and
- Your most recent W-2 form, or your tax return, if you're self-employed.

We will let you know if you need other documents when you apply.

## HOW WE PAY BENEFITS

You must receive your Social Security payments electronically. One of the ways you can choose to receive your benefits is through direct deposit to your account at a financial institution. Direct deposit is a simple and secure way to receive your payments. Be sure to have your checkbook or account statement with you when you apply. We will need that information, as well as your financial institution's routing number, to make sure your monthly benefit deposit goes into the right account.

## CREATE AN ACCOUNT

### Online “my Social Security” account

You can now easily set up a secure online *my* Social Security account to access your *Social Security Statement* to check your earnings and get your benefit estimates. If you currently receive benefits, you can also:

- Get your benefit verification letter;
- Change your address and phone number;
- Request a replacement Medicare card;
- Request a replacement SSA-1099 or SSA- 1042S for tax season; or
- Start or change your direct deposit.

You can create a *my* Social Security account if you're age 18 or older, have a Social Security number, valid email, and U.S. mail addresses. To create an account, go to [www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount). You will need to provide some personal information to confirm your identity, and then choose a username and password.

## MEDICARE

Medicare is our country's basic health insurance program for people age 65 or older and for many people with disabilities.

### Medicare has four parts

- Medicare Part A (hospital insurance) helps pay for inpatient hospital care and certain follow-up services.
- Medicare Part B (medical insurance) helps pay for doctors' services, outpatient hospital care, and other medical services.
- Medicare Part C (Medicare Advantage plans) are available in many areas. People with Medicare Parts A and B can choose to receive all of their health care services through a private insurance company approved by Medicare to provide this coverage.
- Medicare Part D (Medicare prescription drug coverage) helps cover the cost of prescription drugs.

## **Who's eligible for Medicare Part A?**

Most people get Part A when they turn 65. You qualify for it automatically if you're eligible for Social Security or Railroad Retirement Board benefits. Or, you may qualify based on a spouse's (including a divorced spouse's) work.

If you get Social Security disability benefits for 24 months, you'll qualify for Part A.

If you get Social Security disability benefits because you have amyotrophic lateral sclerosis (Lou Gehrig's disease), you don't have to wait 24 months to qualify.

Also, someone with permanent kidney failure requiring dialysis or kidney replacement qualifies for Part A if they've worked long enough, or is the spouse or child of a worker who qualifies.

## **Who's eligible for Medicare Part B?**

Almost every person eligible for Part A can get Part B. Part B is optional and you usually pay a monthly premium. In 2021, the standard monthly premium is \$148.50. Some people with higher incomes pay higher premiums.

## **Who can get Medicare Part C?**

Anyone who has Medicare Part A and Part B can join a Medicare Advantage plan, which include:

- Medicare managed care plans;
- Medicare preferred provider organization (PPO) plans;
- Medicare private fee-for-service plans; and
- Medicare specialty plans.

## **Who can get Medicare Part D?**

Anyone with Medicare Part A or Medicare Part B is eligible for prescription drug coverage. Medicare Part D is optional, and you pay an extra monthly premium for the coverage. Some people with higher incomes pay higher premiums. Many people get their Part D coverage through a Medicare Advantage plan.

## **Rules for higher-income beneficiaries**

If you have higher income, the law requires an adjustment to your monthly Medicare Part B (medical insurance) and Medicare prescription drug coverage premiums. Higher-income beneficiaries pay higher premiums for Part B and prescription drug coverage. This affects less than five percent of people with Medicare, so most people don't pay a higher premium.

To determine if you'll pay higher premiums, Social Security uses the most recent federal tax return the IRS provides to us. If you must pay higher premiums, we use a sliding scale to make the adjustments, based on your modified adjusted gross income (MAGI). Your MAGI is your total adjusted gross income and tax-exempt interest income.

If you file your taxes as "married, filing jointly" and your MAGI is greater than \$176,000, you'll pay higher premiums for your Part B and Medicare prescription drug coverage. If you file your taxes using a different status, and your MAGI is greater than \$88,000, you'll pay higher premiums. The following chart shows what you can expect to pay.

| Modified Adjusted Gross Income   | Part B monthly premium amount      | Part D monthly premium amount  |
|--|------------------------------------|--------------------------------|
| Individuals with MAGI of \$88,000 or less<br>Married couples with MAGI of \$176,000 or less    | 2021 standard premium:<br>\$148.50 | Your plan premium              |
| Individuals with MAGI \$88,001 - \$111,000<br>Married couples with MAGI \$176,001 - \$222,000  | Standard premium<br>+ \$59.40      | Your plan premium +<br>\$12.30 |
| Individuals with MAGI \$111,001 - \$138,000<br>Married couples with MAGI \$222,001 - \$276,000 | Standard premium<br>+ \$148.50     | Your plan premium +<br>\$31.80 |
| Individuals with MAGI \$138,001 - \$165,000<br>Married couples with MAGI \$276,001 - \$330,000 | Standard premium<br>+ \$237.60     | Your plan premium +<br>\$51.20 |
| Individuals with MAGI \$165,001 - \$499,999<br>Married couples with MAGI \$330,001 - \$749,999 | Standard premium<br>+ \$326.70     | Your plan premium +<br>\$70.70 |
| Individuals with MAGI above \$500,000<br>Married couples with MAGI above \$750,000             | Standard premium<br>+ \$356.40     | Your plan premium              |

### When should I apply for Medicare?

If you're not already getting benefits, you should contact Social Security about three months before your 65th birthday to sign up for Medicare. You should sign up for Medicare even if you don't plan to retire at age 65.

If you're already getting Social Security benefits or Railroad Retirement Board payments, we'll contact you a few months before you become eligible for Medicare and send you information. We'll automatically enroll you in Medicare Parts A and B. However, because you must pay a premium for Part B coverage, you can choose to turn it down.

We will **not** automatically enroll you in a Medicare prescription drug plan (Part D). Part D is optional and you must elect this coverage. For the latest information about Medicare, visit the website or call the toll-free number listed below.

If you don't enroll in Part B and Part D when you're first eligible, you may have to pay a late enrollment penalty for as long as you have Part B and Part D coverage. Also, you may have to wait to enroll, which will delay coverage.

You can read the *Medicare and You* (CMS Publication No. 10050) at [www.medicare.gov/publications](http://www.medicare.gov/publications). To enroll in Medicare prescription drug coverage or find more information about what Medicare covers please visit [www.medicare.gov](http://www.medicare.gov), or call 1-800-MEDICARE (1-800-633-4227; TTY 1-877-486-2048).

## ACCOUNT SECURITY

### What should I do if I get a call claiming there's a problem with my Social Security number or account?

If there is a problem, we will mail you a letter with your Social Security number. Generally, we will only contact you if you have requested a call or have ongoing business with us. Recently, scams—misleading victims into making cash or gift card payments to avoid arrest for Social Security number problems—have skyrocketed.

Our employees will never threaten you for information or promise a benefit in exchange for personal information or money. Social Security employees also will not:

- Tell people that their Social Security number has been suspended.
- Promise a Social Security benefit approval, or increase, in exchange for information.
- Contact people to demand an immediate payment.
- Ask people for credit or debit card numbers over the phone.
- Require a specific means of debt repayment, like a prepaid debit card or gift card.
- Demand that people pay a Social Security debt without the ability to appeal the amount you owe.

Be cautious about providing personal information to someone who calls you and asks for:

- Cash;
- Retail gift cards;
- Prepaid debit cards; or
- Wire transfers.

Never provide payment to callers over the phone.

- If you receive a suspicious call or are unsure of the identity of someone alleging to be from Social Security: Hang up;
- Do not provide personal information, money, or retail gift cards; and
- Report details of the call to our [Office of the Inspector General](#).

## CONTACTING SOCIAL SECURITY

Please visit [www.socialsecurity.gov/coronavirus](http://www.socialsecurity.gov/coronavirus) for current operating procedures. We're here to answer your questions and to serve you. For more than 80 years, Social Security has helped secure today and tomorrow by providing benefits and financial protection for millions of people throughout their life's journey.

## VISIT OUR WEBSITE

The most convenient way to conduct Social Security business from anywhere at any time, is to visit [www.socialsecurity.gov](http://www.socialsecurity.gov). There, you can:

- Create a *my* Social Security *account* to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement SSA-1099/1042S, and more;
- Apply for Extra Help with Medicare prescription drug plan costs;
- Apply for retirement, disability, and Medicare benefits;
- Find copies of our publications;
- Get answers to frequently asked questions; and
- So much more!

## CALL US

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 8 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.