

Your Retirement Benefit: How It's Figured

2015



As you make plans for your retirement, you may ask, "How much will I get from Social Security?" To find out, you can use the Retirement Estimator at www.socialsecurity.gov/estimator. Workers age 18 and older also can go online, create a personal account and request their Social Security Statement. To review your Statement, go to www.socialsecurity.gov/myaccount.

Many people wonder how we figure their Social Security retirement benefit. We base Social Security benefits on your lifetime earnings. We adjust or "index" your actual earnings to account for changes in average wages since the year the earnings were received. Then Social Security calculates your average indexed monthly earnings during the 35 years in which you earned the most. We apply a formula to these earnings and arrive at your basic benefit, or "primary insurance amount." This is how much you would receive at your full retirement age—65 or older, depending on your date of birth.

On the back of this page is a worksheet you can use to estimate your retirement benefit if you were born in 1953. It is only an estimate; for specific information, talk with a Social Security representative.

Factors that can change the amount of your retirement benefit

- *You choose to get benefits before your full retirement age.* You can begin to receive Social Security benefits as early as age 62, but at a reduced rate. We reduce your basic benefit a certain percentage if you retire before reaching full retirement age.
- *You are eligible for cost-of-living benefit increases starting with the year you become age 62.* This is true even if you don't get benefits until your full retirement age or even age 70. We add cost-of-living increases to your benefit beginning with the year you reach 62, and up to the year you start receiving benefits.
- *You delay your retirement past your full retirement age.* We increase Social Security

benefits a certain percentage (depending on your date of birth) if you delay receiving benefits until after your full retirement age. If you do so, we'll increase your benefit amount until you start taking benefits, or until you reach age 70.

- *You are a government worker with a pension.* If you also get, or are eligible for, a pension from work for which you didn't pay Social Security taxes (usually a government job), we apply a different formula to your average indexed monthly earnings. To find out how the Windfall Elimination Provision (WEP) affects your benefits, go to www.socialsecurity.gov/gpo-wep and use the WEP online calculator. You can also review the WEP fact sheet to find out how we figure your benefit. Or, you can contact Social Security and ask for *Windfall Elimination Provision* (Publication No. 05-10045).

You can find a detailed explanation about how we calculate your retirement benefit in the *Annual Statistical Supplement, 2013, Appendix D*. The publication is available on the Internet at www.socialsecurity.gov/policy/docs/statcomps/supplement.

Contacting Social Security

Visit www.socialsecurity.gov anytime to apply for benefits, open a **my Social Security** account, find publications, and get answers to frequently asked questions. Or, call us toll-free at **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We can answer case-specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call after Tuesday. We treat all calls confidentially. We also want to make sure you receive accurate and courteous service, so a second Social Security representative monitors some telephone calls. We can provide general information by automated phone service 24 hours a day. And, remember, our website, www.socialsecurity.gov, is available to you anytime and anywhere!

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Estimating your Social Security retirement benefit

For workers born in 1953 (people born in 1953 become age 62 in 2015 and are eligible for a benefit)

This worksheet shows how to estimate the Social Security monthly retirement benefit you would be eligible for at age 62 if you were born in 1953. It also allows you to estimate what you would receive at age 66, your full retirement age, **excluding any cost-of-living adjustments for which you may be eligible**. If you continue working past age 62, your additional earnings could increase your benefit. People born after 1953 can use this worksheet, but their benefit may be higher because of additional earnings and benefit increases. If you were born before 1953, visit www.socialsecurity.gov and search for "Retirement Age Calculator."

Step 1: Enter your earnings in Column B, but not more than the amount shown in Column A. If you have no earnings, enter "0."

Step 2: Multiply the amounts in Column B by the index factors in Column C, and enter the results in Column D. This gives you your indexed earnings, or the estimated value of your earnings in current dollars.

Step 3: Choose from Column D the 35 years with the highest amounts. Add these amounts. \$_____

Step 4: Divide the result from Step 3 by 420 (the number of months in 35 years). Round down to the next lowest dollar. This will give you your average indexed monthly earnings. \$_____

Step 5: a. Multiply the first \$826 in Step 4 by 90%. \$_____

b. Multiply the amount in Step 4 over \$826 and less than or equal to \$4,980 by 32%. \$_____

c. Multiply the amount in Step 4 over \$4,980 by 15%. \$_____

Step 6: Add a, b and c from Step 5. Round down to the next lowest dollar. This is your estimated monthly retirement benefit at age 66, your full retirement age. \$_____

Step 7: Multiply the amount in Step 6 by 75%. This is your estimated monthly retirement benefit if you retire at age 62. \$_____

Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings
1954	\$3,600		14.22	
1955	\$4,200		13.60	
1956	\$4,200		12.71	
1957	\$4,200		12.33	
1958	\$4,200		12.22	
1959	\$4,800		11.64	
1960	\$4,800		11.20	
1961	\$4,800		10.98	
1962	\$4,800		10.46	
1963	\$4,800		10.21	
1964	\$4,800		9.81	
1965	\$4,800		9.64	
1966	\$6,600		9.09	
1967	\$6,600		8.61	
1968	\$7,800		8.06	
1969	\$7,800		7.62	
1970	\$7,800		7.26	
1971	\$7,800		6.91	
1972	\$9,000		6.29	
1973	\$10,800		5.92	
1974	\$13,200		5.59	
1975	\$14,100		5.20	
1976	\$15,300		4.87	
1977	\$16,500		4.59	
1978	\$17,700		4.25	
1979	\$22,900		3.91	
1980	\$25,900		3.59	
1981	\$29,700		3.26	
1982	\$32,400		3.09	
1983	\$35,700		2.95	
1984	\$37,800		2.78	

Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings
1985	\$39,600		2.67	
1986	\$42,000		2.59	
1987	\$43,800		2.44	
1988	\$45,000		2.32	
1989	\$48,000		2.23	
1990	\$51,300		2.13	
1991	\$53,400		2.06	
1992	\$55,500		1.96	
1993	\$57,600		1.94	
1994	\$60,600		1.89	
1995	\$61,200		1.82	
1996	\$62,700		1.73	
1997	\$65,400		1.64	
1998	\$68,400		1.56	
1999	\$72,600		1.47	
2000	\$76,200		1.40	
2001	\$80,400		1.36	
2002	\$84,900		1.35	
2003	\$87,000		1.32	
2004	\$87,900		1.26	
2005	\$90,000		1.21	
2006	\$94,200		1.16	
2007	\$97,500		1.11	
2008	\$102,000		1.09	
2009	\$106,800		1.10	
2010	\$106,800		1.08	
2011	\$106,800		1.04	
2012	\$110,100		1.01	
2013	\$113,700		1.00	
2014	\$117,000		1.00	