



Earnings for active duty military service or active duty training have been covered under Social Security since 1957.

Social Security has covered inactive duty service in the armed forces reserves (such as weekend drills) since 1988.

If you served in the military before 1957, you did not pay Social Security taxes, but we gave you special credit for some of your service.

Social Security and Medicare taxes

While you are in military service, you pay Social Security taxes just as civilian employees do. In 2004, the tax rate is 7.65 percent, up to a maximum of \$87,900. If you earn more, you continue to pay the Medicare portion of the tax (1.45 percent) on the rest of your earnings.

How your work qualifies you for Social Security

To qualify for benefits, you must have worked and paid Social Security taxes for a certain length of time. This year, when you have earned \$3,600, you have earned one year of work credit towards your future Social Security benefits. The amount needed to get credit for your work goes up each year. The length of time you need to work to qualify for Social Security depends on your age and the type of benefit you might be eligible to receive. No one needs more than 10 years of work.

Extra earnings

Your Social Security benefit depends on your earnings, averaged over your working lifetime. Generally, the higher your earnings, the higher your Social Security benefit. Under certain circumstances, special earnings can be credited to your military pay record for Social Security purposes. The extra earnings are for periods of active duty or active duty for training. These extra earnings may help you qualify for Social Security or increase the amount of your Social Security benefit. Social Security will add these extra earnings to your earnings record when you file for benefits.

If you served in the military from 1940 through 1956, including attendance at a service academy, you did not pay Social Security taxes. However, we will credit you with \$160 a month in earnings for military service from September 16, 1940, through December 31, 1956, if:

- You were honorably discharged after 90 or more days of service, or you were released because of a disability or injury received in the line of duty; or
- You are applying for survivors benefits based on a veteran's work and the veteran died while on active duty.

You cannot receive these special credits if you are receiving a federal benefit based on the same years of service, unless you were on active duty after 1956. If you were on active duty after 1956, you can get the special credit for 1951 through 1956, even if you are receiving a military retirement based on service during that period.

If you served in the military in 1957 through 1977, you are credited with \$300 in additional earnings for each calendar quarter in which you received active duty basic pay.

(over)

If you served in the military in 1978 through 2001, you are credited with an additional \$100 in earnings, up to a maximum of \$1,200 a year, for every \$300 in active duty basic pay. After 2001, additional earnings will no longer be credited.

If you began your service after September 7, 1980, and did not complete at least 24 months of active duty or your full tour, you may not be able to receive the additional earnings. Check with us for more information.

Your benefits

In addition to retirement benefits, Social Security pays survivors benefits to your family when you die. You also can get Social Security benefits for you and your family if you become disabled. For more information about these benefits, ask us for the publication, *Understanding The Benefits* (Publication No. 05-10024).

When you apply for Social Security benefits, you will be asked for proof of your military service (DD Form 214) or information about your reserve or National Guard service.

When you are eligible for Medicare

If you have health care insurance from the Department of Veterans Affairs (VA) or under the TRICARE or CHAMPVA program, your health benefits may change or end when you become eligible for Medicare. You should contact the VA, the Department of Defense or a military health benefits advisor for more information.

You can work and get retirement benefits

You can retire as early as age 62. But, if you do your Social Security benefits will be reduced permanently. If you decide to apply for benefits before your full retirement age, you can work and still get some Social Security benefits. There are limits on how much you can earn without losing some or

all of your retirement benefits. These limits change each year. When you apply for benefits, we will tell you what the limits are at that time and whether work will affect your monthly benefits.

When you reach your full retirement age, you can earn as much as you are able and still get all of your Social Security benefits.

The full retirement age in 2004 is 65 and 4 months, but it will gradually increase until it reaches age 67. This change started in 2003 and affects people born in 1938 and later. To help you decide the best time to retire, contact us for the publication, *Retirement Benefits* (Publication No. 05-10035).

Contacting Social Security

For more information, visit our website at www.socialsecurity.gov or call toll-free **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We can answer specific questions and provide information by automated phone service 24 hours a day.

We treat all calls confidentially. We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.