Social Security

Full Retirement Age
If you were born in 1942 or earlier, you are already eligible for full Social Security benefits. The following chart will guide you in determining your full retirement age.

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943 – 1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67</td>
</tr>
</tbody>
</table>

Note: Although the full retirement age is rising, you should still apply for Medicare benefits three months before your 65th birthday. If you wait longer, your Medicare insurance (Part B) and prescription drug coverage (Part D) may cost you more money.

Delayed Retirement
If you choose to delay receiving benefits beyond your full retirement age, your benefits will be increased by a certain percentage, depending on the year you were born. The increase will be added in automatically from the time you reach full retirement age until you start taking benefits or reach age 70, whichever comes first.

Early Retirement
You may start receiving benefits as early as age 62. However, if you start your benefits early, your benefits are reduced approximately one-half of 1% for each month you start your Social Security before your full retirement age.

Qualifying for Social Security Benefits
You qualify for Social Security benefits by earning Social Security credits when you work in a job and pay Social Security taxes. The credits are based on the amount of your earnings. Your work history is used to determine your eligibility for retirement or disability benefits or your family’s eligibility for survivor’s benefits when you die.

In 2018, you receive one credit for each $1,320 of earnings, up to the maximum of four credits per year. Each year the amount of earnings needed for credits goes up slightly as average earnings levels increase.

The number of credits you need to be eligible for benefits depends on your age and the type of benefit.

Retirement Benefits
Anyone born in 1929 or later needs 10 years of work (40 credits) to be eligible for retirement benefits. People born before 1929 need fewer years of work.

Disability Benefits
To qualify for disability benefits, you must meet two earnings tests. (1) Recent work test, and (2) duration of work test.

Recent work test. You must have worked a certain number of quarters in the most recent years before disability.

<table>
<thead>
<tr>
<th>Age Disabled</th>
<th>Length of Years Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 24</td>
<td>Six quarters during the three prior years.</td>
</tr>
<tr>
<td>24 to 30</td>
<td>Credits for half of the time between age 21 and the time of disability</td>
</tr>
<tr>
<td>After 30</td>
<td>20 credits in the 10 years immediately before becoming disabled</td>
</tr>
</tbody>
</table>

Duration of work test. You must have worked a certain number of years during your lifetime.
Social Security and Medicare

Survivor’s Benefits
When a person who has worked and paid Social Security taxes dies, certain members of the family may be eligible for survivor’s benefits. Up to 10 years of work is needed to be eligible for benefits, depending on the person’s age at the time of death. Survivors of very young workers may be eligible if the deceased worker was employed for 1½ years during the three years before his or her death.

Social Security Facts
• Social Security is the major source of income for most elderly individuals. Nearly nine out of 10 individuals age 65 and older receive Social Security benefits.
• Social Security provides more than just retirement benefits.
  – Retired workers and their dependents account for nearly 72% of total benefits paid.
  – Workers who are disabled and their dependents account for 16% of total benefits paid.
  – Survivors of deceased workers account for about 13% of total benefits paid.
• An estimated 173 million workers are covered under Social Security.
• In 1940, the life expectancy of a 65-year-old was almost 14 years. Today it is about 20 years.
• By 2035, the number of Americans 65 and older will increase from approximately 49 million today to over 79 million.
• There are currently 2.8 workers for each Social Security beneficiary. By 2035, there will be 2.2 workers for each beneficiary.

Medicare

What Is Medicare?
Medicare is our country’s health insurance program for people age 65 or older, people under age 65 with certain disabilities, or people of any age with a qualifying medical condition, such as end-stage renal disease (ESRD) or amyotrophic lateral sclerosis (ALS, Lou Gehrig’s disease).

Medicare helps with the cost of health care, but it does not cover all medical expenses or the cost of most long-term care. Medicare is financed by a portion of the payroll taxes paid by workers and their employers. It is also financed in part by monthly premiums deducted from Social Security checks.

Medicare Has Four Parts
Parts A, B, C, and D of Medicare help cover specific services.
• Medicare Part A (Hospital Insurance). Hospital stays, skilled nursing facility care, home health care services, and hospice care.
• Medicare Part B (Medical Insurance). Medical and other services, clinical laboratory services, home health care services, outpatient hospital services, and preventive services.
• Medicare Part C (Medicare Advantage Plans). Medicare Advantage Plans (like an HMO or PPO) are a way to get your Medicare coverage through private companies approved by, and under contract with, Medicare. These plans include Part A, Part B, and usually other coverage like prescription drugs (Part D).
• Medicare Part D (Medicare Prescription Drug Coverage). In general, Medicare offers prescription drug coverage (Part D) to everyone with Medicare. This coverage is offered by private companies approved by, and under contract with, Medicare.

Medicare Eligibility
The Social Security credits you earn also count toward eligibility for Medicare when you reach age 65. You may be eligible for Medicare at an earlier age if you get disability benefits for 24 months or more. Those who have permanent kidney failure or get disability benefits because of amyotrophic lateral sclerosis do not have to wait 24 months to receive Medicare coverage. Your dependents or survivors also may be eligible for Medicare at age 65 or earlier if they are disabled. People who have permanent kidney failure and need kidney dialysis or a kidney transplant may be eligible for Medicare at any age based on a spouse’s or parent’s earnings, as well as their own.