



Social Security Benefits: An Overview

Social Security, also known as Old Age, Survivors and Disability Insurance (OSADI), is a federal program that provides monthly cash and health care benefits (through Medicare) to eligible individuals. The program is funded by contributions of both employers and employees, collected through payroll deduction. All funds are held in the Social Security Trust Fund. The program was designed to protect against loss of wages when an employee retires, dies or becomes disabled.

Who is entitled to Social Security benefits?

Employees who have worked in “covered employment” for a certain period of time are eligible for Social Security benefits when they retire or become disabled. Covered employment is any job covered under Social Security-FICA (Federal Insurance Contributions Act) where earnings are subject to Social Security withholding tax. When a person meets the requirements for covered employment and duration of employment, the person is “insured.” Duration of employment requirements is dependent upon the benefit you are seeking and your age.

Old Age or Retirement Benefits

Your monthly benefit, or Primary Insurance Amount (PIA), is based on your average earnings while in covered employment. The more regularly you worked and the higher your wages, the higher your benefits will be.

Most workers retire and begin to receive Social Security benefits at age 65. You can receive an early retirement benefit at age 62. However, if you begin to receive

benefits before age 65, your monthly benefit is reduced. If you delay receipt of benefits beyond age 65, you will receive an increased monthly benefit based on a bonus amount.

Auxiliary Benefits

Once you begin to receive retirement benefits, your family members may also be eligible for benefits under certain circumstances.

Your Spouse: If your spouse is age 62 or older and not entitled to receive his or her own benefits in an amount greater than your benefit, he or she is eligible for a monthly benefit. The amount of the benefit is one-half of the insured spouse’s monthly benefit amount. A spouse, regardless of age, who is caring for a dependent child under age 16 can also collect spouse’s benefits.

Divorced Spouse: A divorced spouse must be at least age 62, must have been legally married to the insured ex-spouse for at least ten years, not currently married, and not entitled to his or her own benefit in an amount greater than those received from the insured ex-spouse to receive this benefit. The benefit amount is equal to one-half of the insured’s monthly benefit amount.

Dependents: Unmarried, dependent children who are under age 18, under age 19 and a full-time student, or permanently disabled before the age of 22 may collect benefits. The child’s benefit amount can be up to one-half of the insured parent’s monthly benefit amount.



Disabled Beneficiaries

An individual who becomes disabled before reaching retirement age may be entitled to monthly benefits under the Social Security Disability Insurance (SSDI) program.

To be eligible for benefits, the individual must have worked for a certain period of time in covered employment and must meet disability standards established by the Social Security Administration. Disabled benefit recipients are also eligible for Medicare coverage 24 months after they begin receiving SSDI.

Appeals

All claims for benefits should be filed at your local Social Security office. Almost any action taken by the Social Security Administration with respect to your benefits may be appealed.

If you are not satisfied with the initial determination, you may file a “Request for Reconsideration.” This request must be filed within 60 days of the determination. If you remain dissatisfied with the decision resulting from the Request for Reconsideration, you may file a “Request for an Administrative Law Judge Hearing.” This must be filed within 60 days. The decision of the judge will be final.