



Social Security Basics



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Defining Social Security Terms

- **Full Retirement Age (FRA)** is the age at which an individual receives the full retirement benefit from Social Security. The FRA for individuals varies by birth year.
- **Primary Insurance Amount (PIA)** people who begin benefits at Full Retirement Age receive their Primary Insurance Amount
- **Delayed Retirement Credits** are the increases in benefits for those who begin receiving benefits after their Full Retirement Age (FRA)

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Benefits before & after FRA

- Someone who begins benefits before attaining FRA receives reduced benefits
 - The earliest you can receive benefits is age 62
- Someone who delays benefits until after FRA receives increased benefits
 - You can delay benefits to age 70
- The table on the next page shows the reductions in benefits for starting Social Security benefits before attaining FRA and the increase in benefits for delaying the start of benefits until after FRA

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Year of birth	Full Retirement Age (FRA)	Per month reduction in benefits prior to FRA	Age 62 benefits as a % of PIA	Per month Delayed Retirement Credits	Age 70 benefits as a % of PIA
1941	65 & 8 mos	The monthly reduction is 5/9% for the first 36 months prior to FRA and 5/12% for every month after the first 36 months	76 2/3%	0.625%	132 ½%
1942	65 & 10 mos		75 5/6%	0.625%	131 ¼%
1943-54	66		75%	2/3%	132%
1955	66 & 2 mos		74 1/6%	2/3%	130 2/3%
1956	66 & 4 mos		73 1/3%	2/3%	129 1/3%
1957	66 & 6 mos		72 ½%	2/3%	128%
1958	66 & 8 mos		71 2/3%	2/3%	126 2/3%
1959	66 & 10 mos		70 5/6%	2/3%	125 1/3%
1960 or later	67		70%	2/3%	124%

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What are benefit based on?

- The monthly benefits (PIA) is based on the worker's **Average Indexed Monthly Earning (AIME)** which is the 35 years of highest earnings, where earnings for years before age 60 are indexed to reflect increases in U.S. workers' average wage level.
- For example, if the average wage level is twice as high when the individual is 60 than when he was 40, the formula doubles the age-40 earning.
- If the worker has less than 35 years of income, the incomes are entered as zero for the remainder of the 35 years.

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Survivor Benefits

- There are also different FRA for Survivor's Benefits for Widow(er)s born after 1939 as shown in the table below.

If your birthdate is...	Your full retirement age is...
1/2/40 - 1/1/41	65 years & 2 months
1/2/41 – 1/1/42	65 years & 4 months
1/2/42 – 1/1/43	65 years & 6 months
1/2/43 - 1/1/44	65 years & 8 months
1/2/44 – 1/1/45	65 years & 10 months
1/2/45 – 1/1/57	66 years
1/2/57 – 1/1/58	66 years & 2 months
1/2/58 – 1/1/59	66 years & 4 months
1/2/59 – 1/1/60	66 years & 6 months
1/2/60 – 1/1/61	66 years & 8 months
1/2/61 – 1/1/62	66 years & 10 months
1/2/62 and later	67 years

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Your Retirement Benefit Estimate

- If benefits have not yet begun, then ***Your Retirement Benefit Estimate*** provides an estimate of an individual's PIA.
- ***Your Retirement Benefit Estimate*** can be obtained by going to www.ssa.gov & clicking on Retirement Estimator.
- The PIA for each person is based on detailed calculations.
- The closer your income is to the maximum income subject to Social Security taxes, the less Social Security will replace of your income.

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- This information is meant only to provide some basics on Social Security & is not meant to be all inclusive.
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