



Social Security

How Work Affects Your Benefits

2015

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You can get Social Security retirement or survivors benefits and work at the same time. But, if you're younger than full retirement age, and earn more than certain amounts, your benefits will be reduced. The amount that your benefits are reduced, however, isn't truly lost. Your benefit will be increased at your full retirement age to account for benefits withheld due to earlier earnings. (Spouses and survivors, who receive benefits because they have minor or disabled children in their care, don't receive increased benefits at full retirement age if benefits were withheld because of work.)

NOTE: *Different rules apply if you receive Social Security disability benefits or Supplemental Security Income payments. Then you must report all earnings to Social Security. Also, different rules apply if you work outside the United States. Contact us if you're working (or plan to work) outside the country.*

How much can you earn and still get benefits?

If you were born January 2, 1943, through January 1, 1955, then your full retirement age for retirement insurance benefits is 66. *If you work, and are full retirement age or older, you may keep all of your benefits, no matter how much you earn.* If you're younger than full retirement age, there is a limit to how much you can earn and still receive full Social Security benefits. If you're younger than full retirement age during all of 2015, we must deduct \$1 from your benefits for each \$2 you earn above \$15,720.

If you reach full retirement age during 2015, we must deduct \$1 from your benefits for each \$3 you earn above \$41,880 until the month you reach full retirement age.

These examples show how the rules would affect you:

Let's say that you file for Social Security benefits at age 62 in January 2015 and your payment will be \$600 per month (\$7,200 for the year). During 2015, you plan to work and earn \$20,800 (\$5,080 above the \$15,720 limit). We would withhold \$2,540 of your Social Security benefits (\$1 for every \$2 you earn over the limit). To do this, we

would withhold all benefit payments from January 2015 through May 2015. Beginning in June 2015, you would receive your \$600 benefit and this amount would be paid to you each month for the remainder of the year. In 2016, we would pay you the additional \$460 we withheld in May 2015

Or, let's say you weren't yet full retirement age at the beginning of the year, but reach it in November 2015. You earned \$42,900 in the 10 months from January through October. During this period, we would withhold \$340 (\$1 for every \$3 you earn above the \$41,880 limit). To do this, we would withhold your first check of the year. Beginning in February 2015, you'll receive your \$600 benefit, and this amount will be paid to you each month for the remainder of the year. In 2016, we would pay you the remaining \$260 we withheld in January 2015.

Your earnings and your benefits—how much will you get?

The following table gives you an idea of how much you'll receive in Social Security benefits for the year 2015, based on your monthly benefits, and estimated earnings.

For people younger than full retirement age during the whole year

<i>If your monthly Social Security benefit is</i>	<i>And you earn</i>	<i>You'll receive yearly benefits of</i>
\$700	\$15,720 or less	\$8,400
\$700	\$16,000	\$8,260
\$700	\$20,000	\$6,260
\$900	\$15,720 or less	\$10,800
\$900	\$16,000	\$10,660
\$900	\$20,000	\$8,660
\$1,100	\$ 15,720 or less	\$13,200
\$1,100	\$16,000	\$13,060
\$1,100	\$20,000	\$11,060

What income counts... and when do we count it?

If you work for someone else, only your wages count toward Social Security's earnings limits. If you're self-employed, we count only your net earnings from self-employment. For the earnings limits, we don't count income such as other government benefits, investment earnings, interest, pensions, annuities, and capital gains. We do count an employee's contribution to a

pension or retirement plan, however, if the contribution amount is included in the employee's gross wages.

If you work for wages, income counts when it's earned, not when it's paid. If you have income that you earned in one year, but the payment was made in the following year, it shouldn't be counted as earnings for the year you receive it. Some examples are accumulated sick or vacation pay and bonuses.

If you're self-employed, income counts when you receive it—not when you earn it—unless it's paid in a year after you become entitled to Social Security and earned before you became entitled.

Special rule for the first year you retire

Sometimes people who retire in mid-year already have earned more than the annual earnings limit. That's why there is a special rule that applies to earnings for one year, usually the first year of retirement. Under this rule, you can get a full Social Security check for any whole month you're retired, regardless of your yearly earnings.

In 2015, a person younger than full retirement age for the entire year is considered retired if monthly earnings are \$1,310 or less.

For example, John Smith retires at age 62 on October 30, 2015. He will earn \$45,000 through October. He takes a part-time job beginning in November earning \$500 per month. Although his earnings for the year substantially exceed the 2015 annual limit (\$15,720), he will receive a Social Security payment for November and December. This is because his earnings in those months are \$1,310 or less, the monthly limit for people younger than full retirement age. If Mr. Smith earns more than \$1,310 in either November or December, he won't receive a benefit for that month. Beginning in 2016, only the annual limit will apply to him.

Also, if you're self-employed, we consider how much work you do in your business to determine whether you're retired. One way is by looking at the amount of time that you spend working. In general, if you work more than 45 hours a month in self-employment, you're not retired; if you work less than 15 hours a month, you're retired. If you work between 15 and 45 hours a month, you won't be considered retired if it's in a job that requires a lot of skill, or you're managing a sizable business.

Should you report changes in your earnings?

We adjust the amount of your Social Security benefits in 2015 based on what you told us you would earn this year. If you think your earnings for 2015 will be different from what you originally told us, let us know right away.

If other family members get benefits based on your work, your earnings from work you do after you start getting retirement benefits could reduce their benefits, too. If your spouse and children get benefits as family members, however, earnings from their own work affect only their own benefits.

If you need help in figuring your earnings, contact us. When you call, have your Social Security number handy.

Will you receive higher monthly benefits later if benefits are withheld because of work?

Yes. If some of your retirement benefits are withheld because of your earnings, your monthly benefit will increase starting at your full retirement age to take into account those months in which benefits were withheld.

As an example, let's say you claim retirement benefits upon turning 62 in 2015, and your payment is \$750 per month. Then, you return to work and have 12 months of benefits withheld.

We would recalculate your benefit at your full retirement age of 66 and pay you \$800 per month (in today's dollars). Or, maybe you earn so much between the ages of 62 and 66 that all benefits in those years are withheld. In that case, we would pay you \$1,000 a month starting at age 66.

Are there other ways that work can increase your benefits?

Yes. Each year we review the records for all Social Security recipients who work. If your latest year of earnings turns out to be one of your highest years, we refigure your benefit and pay you any increase due. This is an automatic process, and benefits are paid in December of the following year. For example, in December 2015, you should get an increase for your 2014 earnings if those earnings raised your benefit. The increase would be retroactive to January 2015.

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!



Social Security Administration
SSA Publication No. 05-10069
ICN 467005
Unit of Issue - HD (one hundred)
January 2015 (Recycle prior editions)