



UNIVERSITY OF ILLINOIS  
EXTENSION

# Planning for “*What If...?*”

## Tools for Protecting Your Family and Managing Your Assets

### Social Security

**What Is It?** Social Security is a government program funded by taxes paid by people working in most kinds of jobs. You qualify for benefits from the program when you retire or become disabled. Or, your survivors receive benefits when you die.

#### Terms to Know

**Credits:** As you work and pay taxes, you earn Social Security *credits*. In 2003, you got 1 credit for each \$890 you earned. The amount of money needed to earn 1 credit goes up every year. You can only earn 4 credits in one year. How many credits you need to be eligible for Social Security depends on your age and the kind of benefit for which you apply—retirement or disability.

#### Who is eligible?

You must work and pay taxes into Social Security in order to get benefits. Most people need 40 credits to be able to get retirement and Medicare benefits. That is 10 years of work. Younger people need fewer credits to get disability benefits or for their family members to get survivors benefits if they die.

The amount of your Social Security benefit is based mostly on your earnings. It also depends on your date of birth and the type of benefit.

The Social Security Administration now mails annual statements of your Social Security earnings and estimated benefits. If you have not received a Personal Earnings and Benefits Estimate Statement, call Social Security at 800-772-1213 or visit them on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov).

If you are divorced and have not remarried, you may be able to get benefits based on your ex-spouse's earnings record. Were you married at least 10 years? (There are exceptions to this requirement.) Are you at least 62 years old (60 if your ex-spouse is deceased)? Then you may be able to get payments if your ex-spouse is age 62 or older, deceased, or receiving Social Security benefits.

You can apply for benefits at any Social Security office. Social Security offices are located all across the country. The easiest way to file a claim is to call their toll-free number for an appointment. Call 1-800-772-1213.

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## Issues and Limitations

- You must decide when to file for benefits. Filing before your full retirement age will permanently reduce your monthly benefit; delaying filing will give you larger benefits.
- Social Security retirement benefits are typically not enough for someone to live on, and they were never intended to be. You will need personal savings for retirement in addition to Social Security.
- When a spouse dies, the surviving spouse will receive the larger of his/her own benefit based on his/her own work record *or* survivor's benefits based on the deceased spouse's work record, not both.
- Some farmers and other self-employed people regularly report losses or very low incomes and do not have other jobs from which they pay into Social Security. As a result, they may not be *currently insured*, meaning that they do not have enough credits in the most recent 10 years (or fewer if age 31 or younger) to qualify for disability benefits or for survivor benefits if they die.
- Some government workers do not pay into Social Security. Social Security benefits that they receive on their own earnings history or a spouse's earnings history may be reduced based on their government pension. See fact sheets about the Windfall Elimination Provision and the Government Pension Offset on the Social Security web site, [www.ssa.gov/pubs/](http://www.ssa.gov/pubs/), or request them by phone.

## Ask Yourself

Do I have enough credits to qualify for Social Security benefits?

What is the estimate of my Social Security benefits?

Will I receive a government pension that may cause my Social Security benefits to be reduced? Will my spouse receive a government pension that would reduce the Social Security benefits he or she might receive based on my earnings history?

How much additional income will I need to supplement my Social Security income in retirement?



<http://www.ace.uiuc.edu/cfe/whatif/index.html>

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Written by Karen M. Chan, CFP™, Extension Educator, Consumer and Family Economics, University of Illinois Extension.

Reviewed by Donald L. Uchtman, J.D., Professor, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign; Mary Ann Fugate and Evelyn Prasse, Extension Educators, Consumer and Family Economics, University of Illinois Extension.

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