Your Retirement Benefit: How It Is Figured

As you make plans for your retirement, you may ask, "How much will I get from Social Security?" To find out, you can use the Retirement Estimator at *www.socialsecurity.gov/estimator*. Workers age 18 and older also can go online, create a personal account and request their *Social Security Statement*. To review your *Statement*, go to *www.socialsecurity.gov/mystatement*.

Many people wonder how their benefit is figured. Social Security benefits are based on your lifetime earnings. Your actual earnings are adjusted or "indexed" to account for changes in average wages since the year the earnings were received. Then Social Security calculates your average indexed monthly earnings during the 35 years in which you earned the most. We apply a formula to these earnings and arrive at your basic benefit, or "primary insurance amount" (PIA). This is how much you would receive at your full retirement age—65 or older, depending on your date of birth.

On the back of this page is a worksheet you can use to estimate your retirement benefit if you were born in 1951. It is only an estimate; for specific information, talk with a Social Security representative.

Factors that can change the amount of your retirement benefit

- *You choose to get benefits before your full retirement age.* You can begin to receive Social Security benefits as early as age 62, but at a reduced rate. Your basic benefit will be reduced by a certain percentage if you retire before reaching full retirement age.

- *You are eligible for cost-of-living benefit increases starting with the year you become age 62.* This is true even if you do not get benefits until your full retirement age or even age 70. Cost-of-living increases are added to your benefit beginning with the year you reach 62 up to the year you start receiving benefits.

- *You delay your retirement past your full retirement age.* Social Security benefits are increased by a certain percentage (depending on your date of birth) if you delay receiving benefits until after your full retirement age. If you do so, your benefit amount will be increased until you start taking benefits or you reach age 70.

- *You are a government worker with a pension.* If you also get or are eligible for a pension from work where you did not pay Social Security taxes (usually a government job), a different formula is applied to your average indexed monthly earnings. To find out how the Windfall Elimination Provision (WEP) affects your benefits, go to *www.socialsecurity.gov/gpo-wep* and use the WEP online calculator. You also can review the WEP fact sheet to find out how your benefit is figured. Or, you can contact Social Security and ask for *Windfall Elimination Provision* (Publication No. 05-10045).

You may find a more detailed explanation about how your retirement benefit is calculated in the *Annual Statistical Supplement, 2011, Appendix D*. The publication is available on the Internet at *www.socialsecurity.gov/policy/docs/statcomps/supplement* or you can order a paper copy by writing to the Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954.

Contacting Social Security

For more information and to find copies of our publications, visit our website at *www.socialsecurity.gov* or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call during the week after Tuesday. We can provide information by automated phone service 24 hours a day.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

Estimating your Social Security retirement benefit

For workers born in 1951 (people born in 1951 become age 62 in 2013 and are eligible for a benefit)

This worksheet shows how to estimate the Social Security monthly retirement benefit you would be eligible for at age 62 if you were born in 1951. It also allows you to estimate what you would receive at age 66, your full retirement age, **excluding any cost-of-living adjustments for which you may be eligible**. If you continue working past age 62, your additional earnings could increase your benefit. People born after 1951 can use this worksheet, but their actual benefit may be higher due to additional earnings and benefit increases. If you were born before 1951, please go online at ***www.socialsecurity.gov*** or contact us for your worksheet.

Step 1: Enter your actual earnings in Column B, but not more than the amount shown in Column A. If you have no earnings, enter "0."

Step 2: Multiply the amounts in Column B by the index factors in Column C, and enter the results in Column D. This gives you your indexed earnings, or the approximate value of your earnings in current dollars.

Step 3: Choose from Column D the 35 years with the highest amounts. Add these amounts. $_____

Step 4: Divide the result from Step 3 by 420 (the number of months in 35 years). Round down to the next lowest dollar. This will give you your average indexed monthly earnings. $_____

Step 5: a. Multiply the first $791 in Step 4 by 90%. $_____
b. Multiply the amount in Step 4 over $791 and less than or equal to $4,768 by 32%. $_____
c. Multiply the amount in Step 4 over $4,768 by 15%. $_____

Step 6: Add a, b and c from Step 5. Round down to the next lowest dollar. This is your estimated monthly retirement benefit at age 66, your full retirement age. $_____

Step 7: Multiply the amount in Step 6 by 75%. This is your estimated monthly retirement benefit if you retire at age 62. $_____

Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings	Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings
1952	$3,600		14.46		1983	$35,700		2.82	
1953	$3,600		13.69		1984	$37,800		2.66	
1954	$3,600		13.62		1985	$39,600		2.55	
1955	$4,200		13.02		1986	$42,000		2.48	
1956	$4,200		12.17		1987	$43,800		2.33	
1957	$4,200		11.80		1988	$45,000		2.22	
1958	$4,200		11.70		1989	$48,000		2.14	
1959	$4,800		11.15		1990	$51,300		2.04	
1960	$4,800		10.73		1991	$53,400		1.97	
1961	$4,800		10.52		1992	$55,500		1.87	
1962	$4,800		10.02		1993	$57,600		1.86	
1963	$4,800		9.78		1994	$60,600		1.81	
1964	$4,800		9.39		1995	$61,200		1.74	
1965	$4,800		9.23		1996	$62,700		1.66	
1966	$6,600		8.70		1997	$65,400		1.57	
1967	$6,600		8.24		1998	$68,400		1.49	
1968	$7,800		7.71		1999	$72,600		1.41	
1969	$7,800		7.29		2000	$76,200		1.34	
1970	$7,800		6.95		2001	$80,400		1.31	
1971	$7,800		6.62		2002	$84,900		1.29	
1972	$9,000		6.02		2003	$87,000		1.26	
1973	$10,800		5.67		2004	$87,900		1.21	
1974	$13,200		5.35		2005	$90,000		1.16	
1975	$14,100		4.98		2006	$94,200		1.11	
1976	$15,300		4.66		2007	$97,500		1.06	
1977	$16,500		4.39		2008	$102,000		1.04	
1978	$17,700		4.07		2009	$106,800		1.06	
1979	$22,900		3.74		2010	$106,800		1.03	
1980	$25,900		3.43		2011	$106,800		1.00	
1981	$29,700		3.12		2012	$110,100		1.00	
1982	$32,400		2.96						

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