

Understanding Social Security and Medicare

Eligibility for Social Security

- 40 credits to be considered fully insured
- 1 credit for every \$1,410 (\$1,470) earned income
- Maximum 4 credits per year

Spousal Benefit

- 50% of working spouse benefit
- Must be married at least 12 months
- Divorced spouse also eligible if married at least ten years and not currently married
- Reduction applies if under Full Retirement Age

Survivor Benefit

- Deceased must have been fully insured
- 100% of benefit to widow(er)
- Reductions may apply
- Must be 60 or older

Costs of Medicare Part A

- \$1,408 (\$1,484) deductible per period
- Days 1-60: \$0
- Days 61-90: \$352 (\$371) per day coinsurance
- Days 91+: \$704 (\$742) per "lifetime reserve day"

Costs of Medicare Part B¹

- \$144.60 (\$148.50) monthly premium
- \$198 (\$203) annual deductible
- 20% coinsurance Medicare approved expenses after deductible is met

Costs of Medicare Part D

- Typically a \$435 (\$445) maximum deductible and then a 25% coinsurance
- Coverage gap is entered when you and your plan have spent \$4,020 (\$4,130)
- Catastrophic coverage applies when you have spent \$6,350 (\$6,550) out of pocket

Social Security Full Retirement Age

Birth Year	Age of Full Benefits
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

- Eligible to receive starting at age 62
- Full benefit reduced by about 6% for every year received early
- Full benefit increased by about 8% for every year received later

How work affects the benefit

Before Year of FRA	Year of FRA	FRA and After
Benefit reduced \$1 for every \$2 earned over \$18,240 (\$18,960)	Benefit reduced \$1 for every \$3 earned over \$48,600 (\$50,520)	No reduction in benefits when Full Retirement Age

Taxation of Social Security



Combined income determines how much of your Social Security benefit is taxed

Benefits website: <http://CatBenefitsCenter.com>
 Benefits Center: 877-228-4010 Mon-Fri, 8AM – 6PM CT
 Social Security website: www.ssa.gov
 Medicare: www.medicare.gov

¹ Premiums can range from \$144.60 to \$491.60, depending on your income level. Visit www.medicare.gov for more information. Information here is provided solely to supplement the "Understanding Social Security and Medicare" presentation. This information should not be considered advice, and your information may warrant consideration of other alternatives. Please speak with your financial advisor and/or tax advisor. Data provided is based on the 2020 tax year with 2021 amounts in parentheses.