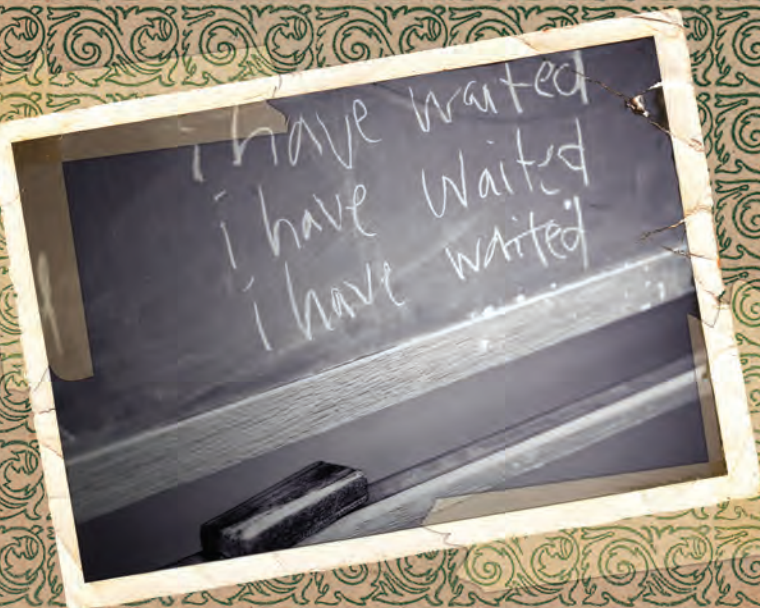


The Little Black
Book of Retirement





The Little Black Book of Retirement

Dear Friend,

Social Security and Medicare are the bedrock of retirement for millions of Americans. But these programs can sometimes be difficult to understand and navigate. People approaching retirement must be equipped with accurate information to receive the most from the benefits they have earned during a lifetime of work.

The National Committee has kept mature Americans informed about retirement's fine print since 1982. And understanding how these programs operate is an essential part of securing your future.

We have used our nearly 30 years of experience with Social Security and Medicare to compile this checklist of the top 10 issues you need to know about and understand.

I hope you find them useful on your journey toward retirement.

Cordially,



Max Richtman,
President and CEO



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How Social Security benefits are determined.

Social Security benefits are based on an average of your lifelong earnings from which FICA payroll contributions were withheld. When you apply for benefits, the Social Security Administration first indexes your old earnings to bring them up to date.

From your lifetime indexed earnings, the 35 highest years of earnings are used. If you have more than 35 years of Social Security earnings, the lowest years will be disregarded; if you have fewer than 35 years, some zero years will be included in the calculation.

Your benefit (your Primary Insurance Amount also known as PIA) will be determined from the monthly indexed average. That PIA is the amount payable if you delay applying for benefits until you reach full retirement age.

Your Benefit is:

- Reduced if you retire early
 - Increased if you defer retirement
-

Social Security and working — how much can you earn?



If you are younger than full retirement age, \$1 in benefits will be deducted for each \$2 in earnings above \$14,640.

In the year you reach your full retirement age, your benefits will be reduced \$1 for every \$3 you earn over \$38,880 until the month you reach full retirement age. If you think you may exceed these limits, you should let the Social Security Office know. Otherwise you may be overpaid.

Take Away:

There's no limit once you reach full retirement age. You can keep working, and your Social Security benefit will not be reduced no matter how much you earn.



3 Don't retire before age 65 if you don't have health care.

Unlike Social Security, which you can begin collecting at a reduced rate at age 62, you can't get Medicare benefits until you reach 65, unless you're disabled.

So if you quit working and no longer have health coverage through your job, until you're eligible for Medicare, you'll have to buy your own coverage through a private plan or one of the state health benefit exchanges that are slated to begin in 2014.

Keep working if you can.

Private medical insurance can be expensive and sometimes difficult to get if you have a pre-existing condition.

MEDICARE HEALTH INSURANCE

1-800-MEDICARE (1-800-633-4227)

NAME OF BENEFICIARY
JANE DOE

MEDICARE CLAIM NUMBER
000-00-0000-A

SEX
FEMALE

IS ENTITLED TO
HOSPITAL MEDICAL

EFFECTIVE DATE
(PART A) 07-01-2005
(PART B) 07-01-2005

SIGN HERE
Jane Doe



www.medicare.gov

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Apply for Medicare as soon as you're eligible.

There's a 7-month window for applying for Medicare, called your *initial enrollment period*. It opens 3 months before you turn 65, includes the month you turn 65, and closes 3 months after your 65th birthday.

1. If you apply during the first 3 months, Medicare coverage will start the 1st of the month that you turn 65. If you apply after your birthday, coverage will be delayed.
2. After the initial enrollment period ends, you'll have to wait until Jan. 1 of the next year to enroll and coverage won't begin until July 1. Unless you're covered through work or a spouse's health plan, you could be left without health insurance.
3. Medicare benefits come in four parts: Part A covers a substantial part of hospitalization costs and is free. Parts B, C and D, which cover doctors' bills, prescription drugs and certain other services, charge a premium. Because there is a penalty for late filing, the longer you wait to sign up for Parts B, C, and D, the higher your premiums will be.

Take Away:

Medicare and Social Security benefits are completely separate. Sign up for Medicare benefits 3 months before you blow out 65 candles.

5 Getting married doesn't change Social Security benefits.

After age 60, if both people are already receiving Social Security benefits, there will be no change in their benefits if they marry.

Marriage or remarriage never affects a worker's own Social Security benefit.

Marriage after age 60 never affects a widow's or widower's right to a survivor benefit based on a prior marriage.

Take Away:

Go ahead, tie the knot!





Social Security and the ex factor.

With divorce rates in the U.S. at nearly 50%, you should know that you, your ex and your current spouse could all receive Social Security benefits if you're all eligible.

The benefits paid to an ex have no effect on a worker's own benefits or on spousal benefits paid to a second spouse.

The new spouse may receive benefits after one year of marriage, and also widow/widower benefits after nine months of marriage in the case of death.



Take Away:

You may qualify for divorced spouse benefits if:

- You were married to your former spouse for at least 10 years
 - You are at least 62 years old
 - You are unmarried
 - You are not entitled to a higher Social Security benefit on your own record
-



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Widows and widowers have Social Security options.

If you have not begun your own benefit before being widowed, you have the option of which benefit to begin first.

Option 1:

You can begin to receive a reduced survivor's benefit as early as age 60 (50 if you are disabled) and change to your own benefit at full retirement age or later. Or...

Option 2:

You can wait until age 62 to begin your own reduced benefit and switch to an unreduced survivor's benefit at full retirement age.

Also, if you are eligible for your own Social Security benefit, you can receive that benefit plus the portion of your survivor benefit that is higher than your own.

Take Away:

Know your options and choose wisely. Each case depends on the surviving spouse's age and individual benefits.

Taking Social Security benefits early costs you in the long run.



If you apply for your Social Security benefits at age 62, your monthly income will be significantly lower than if you wait until your normal retirement age. And the longer you wait (up to age 70) the higher your payments will be.

Widows and widowers can begin receiving benefits as early as age 60. But, just as described above, claiming early will produce a smaller benefit and have the same result.

If you take benefits at age 62 and you're still working, part or all of your Social Security benefits can be withheld due to excess earnings. One dollar in benefits will be deducted from each \$2 you earn above your annual earning limitation.

Be wise and wait.

If possible, delay applying for Social Security to a later age so your benefits increase.

Take this example:

Age	Benefit
62	\$1,237
66	\$1,650
70	\$2,178

a 32%
increase!



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Government pensioners can apply for Social Security.

If you receive a pension from a federal, state or local government you may still apply for Social Security. That pension may reduce your Social Security benefit, but it won't completely eliminate it. If you had Social Security employment in addition to your government job, the amount of your Social Security income will be calculated by a special formula.

Be sure to apply!

Your Social Security benefit may be smaller from working a government job, but it can't be reduced to zero.



Social Security Quick Facts



FACT 1:

All Social Security benefits are considered when determining federal income taxes.

Whether any tax is due depends on other income you receive.



FACT 2:

Medicare pays for most but not all health care services and supplies.

Even with Medicare you will still have to pay:

- deductibles
- copayments
- coinsurance

You may want to determine if you'll need a Medicare Supplement Insurance policy (also known as Medigap insurance) which offers 10 different plans.



FACT 3:

Social Security benefits can be garnished.

Your benefits could be garnished, levied or withheld in a number of circumstances including for child support, alimony, unpaid debt to the federal government, bank fees, victim restitution and overpayment by the Social Security Administration.

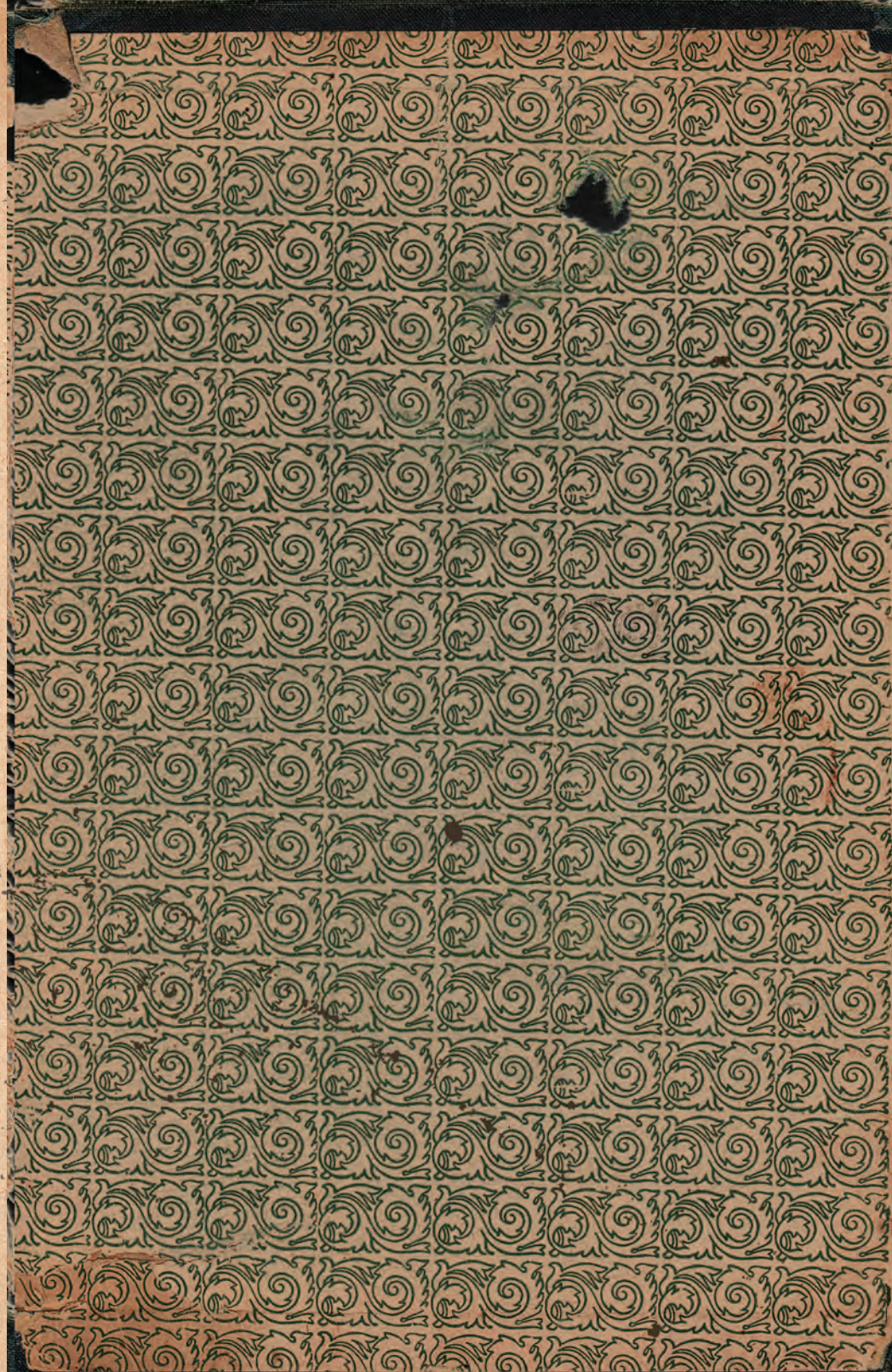


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May 01	Feb 11	Oct 14	Apr 12
June 24	Feb 20	Nov 02	Apr 22
July 06	Mar 15	Nov 20	May 20
Sept 07	Apr 29	Dec 08	June 01
Oct 31	June 01	Dec 17	June 20
Nov 04	June 11	Jan 03	July 14
Nov 18	July 23	Jan 21	July 30
	Aug 02		
	Aug 18		

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