



# Social Security 101

A comprehensive guide to understanding the fundamentals of America's retirement safety net and how it impacts your financial future.

# What Is Social Security?

Social Security is a federal program that provides retirement, disability, and survivor income to eligible Americans. Signed into law by President Franklin D. Roosevelt on August 14, 1935, it has become a cornerstone of financial security for millions of Americans.

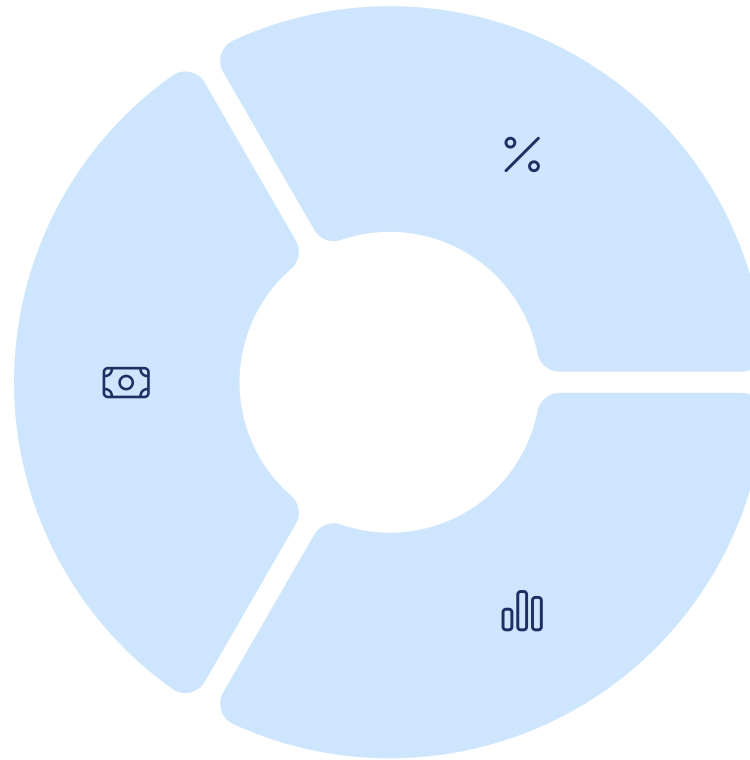
The program serves as an income safety net, ensuring that workers who have paid into the system throughout their careers have basic financial protection when they retire, become disabled, or die leaving dependents behind.



# How Social Security Works

## Payroll Funding

Financed through dedicated payroll taxes collected from current workers and their employers under FICA (Federal Insurance Contributions Act).



## Tax Rates

Employees pay 6.2% of wages for retirement/disability benefits and 1.45% for Medicare.

## Wage Cap

For 2025, earnings up to \$176,100 are subject to Social Security taxes. This cap is adjusted annually based on national wage increases.

# Types of Social Security Benefits

1

## Retirement Benefits

Monthly payments to eligible workers who have reached retirement age. These benefits form the core of the program and provide income security for older Americans.

2

## Disability Insurance

Financial support for individuals who cannot work due to severe medical conditions expected to last at least one year or result in death.

3

## Survivor Benefits

Income for spouses and dependent children of deceased workers who earned sufficient Social Security credits during their lifetime.

4

## Medicare Processing

The Social Security Administration handles Medicare enrollment, though Medicare itself is a separate health insurance program for those 65+ or with certain disabilities.

# Social Security Eligibility

## Work History Requirements

The standard requirement is 40 credits (typically 10 years of work), though disability benefits may require fewer credits depending on your age when you become disabled.

- Credits never expire once earned
- Credits aren't transferable between individuals

## Age Requirements

Retirement benefits can begin as early as age 62, but full retirement age varies based on birth year:

- Born 1943-1954: Full retirement at 66
- Born 1955-1959: Gradual increase
- Born 1960 or later: Full retirement at 67

## Disability Eligibility

Qualification based on:

- Medical condition that prevents substantial work
- Condition expected to last at least 1 year or result in death
- Sufficient recent work credits relative to age



# Supplemental Security Income (SSI)

## What is SSI?

Supplemental Security Income is a separate needs-based program administered by the Social Security Administration but funded by general tax revenues, not Social Security taxes.

SSI provides monthly payments to people with limited income and resources who are:

- Age 65 or older
- Blind (meeting federal definition)
- Disabled (same medical criteria as SSDI)

## Eligibility Requirements

- Limited income below federal thresholds
- Limited resources (\$2,000 individual/\$3,000 couple)
- U.S. citizen or qualified alien
- Resident of the 50 states, D.C., or Northern Mariana Islands

Unlike regular Social Security benefits, SSI does not require work credits and is designed specifically as a safety net for the most financially vulnerable.





# Survivor and Family Benefits

## Surviving Spouses

May receive up to 100% of deceased worker's benefit amount if claiming at full retirement age. Reduced benefits available as early as age 60, or age 50 if disabled.

## Children

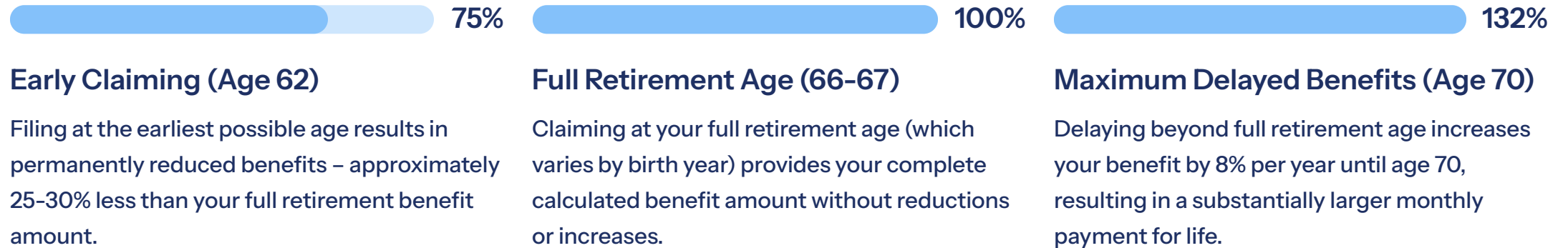
Unmarried children under 18 (or up to 19 if still in high school) can receive survivor benefits. Adult children disabled before 22 may receive lifetime benefits.

## Parents

Dependent parents 62 or older who received at least half their support from the deceased worker may qualify for benefits.

Eligibility for family and survivor benefits is linked to the deceased worker's earned credits and age at death. For young workers with dependent children, fewer credits may be required for family to receive benefits.

# Planning for Social Security



Use the SSA's benefit calculators at [ssa.gov](https://ssa.gov) to estimate your benefits based on your actual earning history and potential claiming ages. Consider your health, family longevity, other retirement savings, and spousal benefits when making your claiming decision.