

**ILLUSTRATIVE BENEFITS FOR RETIRED WORKERS, DISABLED WORKERS, AND SURVIVORS SCHEDULED UNDER CURRENT LAW**

by Michael Clingman, Kyle Burkhalter, and Chris Chaplain

The Social Security program provides monthly benefits to retired workers and their families, qualifying disabled workers and their families, and survivors of workers. The *progressivity* of the Social Security benefit formula allows individuals with lower career-average earnings to receive monthly benefits that are a higher percentage of their career-average earnings compared to that percentage for those with higher career-average earnings. For a group of *example workers* with a range of full-lifetime average earnings levels<sup>1</sup> at various ages in 2014, this note displays their current earnings in 2013, their full-lifetime average earnings, and the amounts they would expect to receive at benefit entitlement.

The assumptions underlying the attached tables are similar to those used in the annual Social Security Statement available online to workers and former workers aged 18 and older. The benefit amounts are those specified in current law. The amounts reflect no increase in the cost of living or in the average wage level after 2013. Thus, the benefit estimates for workers retiring in future years are roughly comparable to the benefit estimates for disabled workers and survivors of deceased workers, which both assume benefit entitlement in 2014.

All *example workers*, except the steady maximum,<sup>2</sup> have scaled earnings patterns beginning at age 21. These patterns reflect the actual work experience of insured workers during 1991-2010, which show

relatively low wages and probability of work at younger and older ages and higher relative wages and probability of work at mid-career.<sup>3</sup> After 2013, earnings levels for workers illustrated in this note increase or decrease due solely to the scaled earnings pattern, and not due to changes in the average wage level.

The following four tables allow workers to look up estimated future benefits consistent with their earnings in 2013 and age in 2014. Each table lists *earnings in 2013* at various ages and *annual benefit amounts* at entitlement for *example workers* with full-lifetime average earnings levels of: \$10,000, \$20,000, \$30,000, \$40,000, \$50,000, \$60,000, and the taxable maximum. As mentioned above, the benefit amounts assume no increase in the cost of living or the average wage after 2013. Additional information about each table is provided below.

• **Table 1A: Retired Workers Who Become Entitled at Normal Retirement Age (NRA).**

This table also shows the percentage of fully insured workers with full-lifetime average earnings at or below each of the seven full-lifetime average earnings levels. We base these percentages on the earnings of a one-percent sample of individuals, aged 25 through 65, who were fully insured in 2011. The illustrated benefits are for workers only. Additional benefits may be available for auxiliary beneficiaries such as spouses and dependent children. The NRA increased to 66 for those attaining age 62 in 2005, and it will increase further beginning with those attaining

---

<sup>1</sup>The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2013) expected for the illustration assuming that the worker survives to age 65 without becoming disabled.

<sup>2</sup>For the steady maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2013. Earnings after 2013 are assumed to equal the taxable maximum of \$113,700 for 2013.

---

<sup>3</sup>For more details on development of the scaled earnings patterns, see Actuarial Note 2014.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2014-3.pdf>.

age 62 in 2017, reaching 67 for those attaining age 62 in 2022 and later.

- **Table 1B: Retired Workers Who Become Entitled at Age 65.** The only difference between table 1B and table 1A is that the *example workers* retire at age 65 rather than NRA, resulting in lower benefit amounts due to reduction for early retirement. The illustrated benefits are for workers only. Additional benefits may be available for auxiliary beneficiaries such as spouses and dependent children.
- **Table 2: Disabled Worker Annual Benefit Amounts.** For the seven full-lifetime average earnings levels, table 2 provides benefit amounts assuming benefit entitlement in 2014 for disabled *example workers* aged 25, 35, 45, and 55. In addition, the table provides the percentage of disability insured workers with full-lifetime average earnings at or below each full-lifetime average earnings level. We base these percentages on the earnings of a one-percent sample of individuals, aged 25 through 65, who were disability insured in 2011. The illustrated benefits are for workers only. Additional benefits may be available for

auxiliary beneficiaries such as spouses and dependent children.

- **Table 3: Survivor Annual Benefit Amounts.** For the seven full-lifetime average earnings levels, table 3 provides benefit amounts assuming that the deceased *example workers* would have attained ages 25, 35, 45, or 60 just before dying in 2014. In each case, we assume the surviving spouse is the same age as the deceased worker and that he or she becomes entitled to benefits in 2014. The table provides benefit estimates for three scenarios of survivor beneficiaries: (1) spouse and one child (spouse only for the age 60 case), (2) one child only, and (3) spouse and two children. Because of the family maximum benefit provision, annual benefit amounts for a *spouse and two children* are the same as, or only moderately higher than, benefit amounts for a *spouse and one child*. In addition, the table provides the percentage of fully insured workers with full-lifetime average earnings at or below each full-lifetime average earnings level. We base these percentages on the earnings of a one-percent sample of individuals, aged 25 through 65, who were fully or currently insured in 2011.

**Table 1A. Retired Worker Annual Benefit Amounts<sup>1</sup> Scheduled in Current Law**  
 For Insured Workers at Various Ages Who Become Entitled at Normal Retirement Age (NRA) With Various Lifetime Earnings Patterns<sup>2</sup>

Age in 2014	Age at benefit entitlement (NRA)		Earnings in 2013 and benefit at entitlement (NRA)						
25	67	<i>Earnings in 2013</i> .....	\$5,590	\$11,180	\$16,770	\$22,361	\$27,951	\$33,541	\$113,700
		<i>Benefit at entitlement</i> .....	8,976	12,180	15,372	18,576	21,780	24,972	33,048
35	67	<i>Earnings in 2013</i> .....	9,681	19,362	29,042	38,723	48,404	58,085	113,700
		<i>Benefit at entitlement</i> .....	8,976	12,180	15,372	18,576	21,780	24,972	33,084
45	67	<i>Earnings in 2013</i> .....	10,916	21,833	32,749	43,666	54,582	65,498	113,700
		<i>Benefit at entitlement</i> .....	8,976	12,180	15,372	18,576	21,780	24,972	33,036
55	66 and 10 mos.	<i>Earnings in 2013</i> .....	10,676	21,353	32,029	42,706	53,382	64,059	113,700
		<i>Benefit at entitlement</i> .....	8,976	12,180	15,372	18,576	21,780	24,972	32,820
65	66	<i>Earnings in 2013</i> .....	7,180	14,361	21,541	28,721	35,902	43,082	113,700
		<i>Benefit at entitlement</i> .....	8,664	11,760	14,844	17,940	21,036	24,120	31,416
<b>Full-lifetime average earnings level<sup>3</sup> .....</b>			<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>
Percent of fully insured workers with career average earnings at this level or below <sup>4</sup> .....			9	24	39	54	66	76	100

<sup>1</sup>The assumptions underlying the above benefit estimates are similar to those used for the Social Security Statement. These estimates reflect no increase in the cost of living or average wage and earnings levels after December 2013. However, earnings after 2013 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for [table V.C7](#) of the 2014 Trustees Report.)

<sup>2</sup>Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual work experience of insured workers during 1991-2010. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2013. (For 2013, this amount was \$113,700.) For more details on the scaled-earnings patterns see Actuarial Note Number 2014.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2014-3.pdf>.

<sup>3</sup>The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2013) expected for the illustration assuming the worker survives to age 65 without becoming disabled.

<sup>4</sup>Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully insured in 2011.

Office of the Chief Actuary  
 Social Security Administration  
 October 2014

**Table 1B. Retired Worker Annual Benefit Amounts<sup>1</sup> Scheduled in Current Law**  
 For Insured Workers at Various Ages Who Become Entitled at Age 65 With Various Lifetime Earnings Patterns<sup>2</sup>

Age in 2014	Age at benefit entitlement		Earnings in 2013 and benefit at entitlement (Age 65)						
25	65	<i>Earnings in 2013.....</i>	\$5,590	\$11,180	\$16,770	\$22,361	\$27,951	\$33,541	\$113,700
		<i>Benefit at entitlement .....</i>	7,776	10,548	13,320	16,104	18,876	21,648	28,644
35	65	<i>Earnings in 2013.....</i>	9,681	19,362	29,042	38,723	48,404	58,085	113,700
		<i>Benefit at entitlement .....</i>	7,776	10,548	13,320	16,104	18,876	21,648	28,680
45	65	<i>Earnings in 2013.....</i>	10,916	21,833	32,749	43,666	54,582	65,498	113,700
		<i>Benefit at entitlement .....</i>	7,776	10,548	13,320	16,104	18,876	21,648	28,596
55	65	<i>Earnings in 2013.....</i>	10,676	21,353	32,029	42,706	53,382	64,059	113,700
		<i>Benefit at entitlement .....</i>	7,884	10,692	13,488	16,308	19,116	21,924	28,776
65	65	<i>Earnings in 2013.....</i>	7,180	14,361	21,541	28,721	35,902	43,082	113,700
		<i>Benefit at entitlement .....</i>	8,076	10,968	13,860	16,752	19,632	22,512	29,172
<b>Full-lifetime average earnings level<sup>3</sup> .....</b>			<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>
Percent of fully insured workers with career average earnings at this level or below <sup>4</sup> .....			9	24	39	54	66	76	100
<p><sup>1</sup>The assumptions underlying the above benefit estimates are similar to those used for the Social Security Statement. These estimates reflect no increase in the cost of living or average wage and earnings levels after December 2013. However, earnings after 2013 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for <a href="#">table V.C7</a> of the 2014 Trustees Report.)</p> <p><sup>2</sup>Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual work experience of insured workers during 1991-2010. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2013. (For 2013, this amount was \$113,700.) For more details on the scaled-earnings patterns see Actuarial Note Number 2014.3, located at: <a href="http://www.socialsecurity.gov/OACT/NOTES/ran3/an2014-3.pdf">http://www.socialsecurity.gov/OACT/NOTES/ran3/an2014-3.pdf</a>.</p> <p><sup>3</sup>The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2013) expected for the illustration assuming the worker survives to age 65 without becoming disabled.</p> <p><sup>4</sup>Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully insured in 2011.</p>									

Office of the Chief Actuary  
 Social Security Administration  
 October 2014

**Table 2. Disabled Worker Annual Benefit Amounts**

For Disability Insured Workers Entitled in 2014 at Selected Ages and With Various Lifetime Earnings Patterns<sup>1</sup>

<b>Age at benefit entitlement in 2014</b>		<b>Earnings in 2013 and benefit at entitlement in 2014</b>						
25	<i>Earnings in 2013</i> .....	\$5,590	\$11,180	\$16,770	\$22,361	\$27,951	\$33,541	\$113,700
	<i>Benefit at entitlement</i> .....	4,188	8,388	10,152	11,640	13,140	14,628	32,400
35	<i>Earnings in 2013</i> .....	9,681	19,362	29,042	38,723	48,404	58,085	113,700
	<i>Benefit at entitlement</i> .....	7,104	10,728	13,260	15,792	18,324	20,856	32,412
45	<i>Earnings in 2013</i> .....	10,916	21,833	32,749	43,666	54,582	65,498	113,700
	<i>Benefit at entitlement</i> .....	8,424	11,664	14,664	17,664	20,664	23,664	32,256
55	<i>Earnings in 2013</i> .....	10,676	21,353	32,029	42,706	53,382	64,059	113,700
	<i>Benefit at entitlement</i> .....	8,856	12,048	15,240	18,432	21,624	24,672	32,040
<b>Full-lifetime average earnings level<sup>2</sup> .....</b>		<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>
Percent of disability insured workers with career earnings at this level or below <sup>3</sup> .....		5	18	33	49	63	74	100

<sup>1</sup>Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual work experience of insured workers during 1991-2010. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2013. (For 2013, this amount was \$113,700.) For more details on the scaled-earnings patterns see Actuarial Note Number 2014.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2014-3.pdf>.

<sup>2</sup>The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2013) expected for the illustration assuming the worker survives to age 65 without having become disabled.

<sup>3</sup>Based on a 1% sample of actual earnings histories for individuals aged 25 to 65 who were disability insured in 2011.

Note: These estimates reflect no increase in the cost of living after December 2013.

Office of the Chief Actuary  
Social Security Administration  
October 2014

**Table 3. Survivor Annual Benefit Amounts**

For Survivors Entitled in 2014 at Selected Ages and With Various Lifetime Earnings Patterns of the Deceased Spouse<sup>1</sup>

Age of deceased spouse in 2014	Age of surviving spouse in 2014	Benefit at entitlement in 2014 and deceased spouse's earnings in 2013							
25		Spouse and one child .....	\$6,888	\$13,416	\$15,888	\$18,336	\$20,808	\$23,256	\$48,744
	25	Child only.....	3,444	6,708	7,944	9,168	10,404	11,628	24,372
		Spouse and two children .....	6,900	13,428	15,888	18,348	22,476	26,928	56,880
		Earnings of deceased spouse in 2013 .....	5,590	11,180	16,770	22,361	27,951	33,541	113,700
35		Spouse and one child.....	11,544	16,728	20,856	24,960	29,088	33,192	48,840
	35	Child only.....	5,772	8,364	10,428	12,480	14,544	16,596	24,420
		Spouse and two children .....	11,556	16,740	22,572	30,024	35,652	39,324	57,012
		Earnings of deceased spouse in 2013 .....	9,681	19,362	29,042	38,723	48,404	58,085	113,700
45		Spouse and one child.....	12,816	17,640	22,200	26,784	31,344	35,904	48,408
	45	Child only.....	6,408	8,820	11,100	13,392	15,672	17,952	24,204
		Spouse and two children .....	12,828	17,640	25,020	33,312	37,668	41,916	56,508
		Earnings of deceased spouse in 2013 .....	10,916	21,833	32,749	43,666	54,582	65,498	113,700
60		Spouse only .....	6,324	8,592	10,860	13,128	15,396	17,604	22,776
	60	Child only.....	6,636	9,012	11,388	13,776	16,152	18,468	23,892
		Spouse and two children .....	13,272	18,024	26,076	34,272	38,532	43,116	55,764
		Earnings of deceased spouse in 2013 .....	9,093	18,186	27,279	36,372	45,465	54,558	113,700
<b>Full-lifetime average earnings level<sup>2</sup> .....</b>		<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>50,000</b>	<b>60,000</b>	<b>Maximum</b>	
Percent of fully or currently insured workers with career average earnings at this level or below <sup>3</sup> .....		10	25	40	54	67	76	100	
<p><sup>1</sup>Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual work experience of insured workers during 1991-2010. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI benefit and contribution base) for each year through 2013. (For 2013, this amount was \$113,700) For more details on the scaled-earnings patterns see Actuarial Note Number 2014.3, located at: <a href="http://www.socialsecurity.gov/OACT/NOTES/ran3/an2014-3.pdf">http://www.socialsecurity.gov/OACT/NOTES/ran3/an2014-3.pdf</a>.</p> <p><sup>2</sup>The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2013) expected for the illustration assuming the worker were to survive to age 65 without becoming disabled.</p> <p><sup>3</sup>Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully or currently insured in 2011.</p> <p>Note: These estimates reflect no increase in the cost of living after December 2013.</p>									

Office of the Chief Actuary  
 Social Security Administration  
 October 2014