

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

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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 2013, this note displays their current earnings in 2012, 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 2012. 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 2013.

All *example workers*, except the steady maximum,<sup>2</sup> have scaled earnings patterns beginning at age 21. These patterns reflect the actual experience of insured workers during 1991-2009, 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 2012, earnings levels for workers illustrated in this note increase or decrease due to the scaled earnings pattern, rather than 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 2012 and age in 2013. Each table lists *earnings in 2012* at various ages and *annual benefit amounts* at entitlement for *example workers* with full-lifetime 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 2012. 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 earnings at or below each of the seven full-lifetime 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 2010. The illustrated benefits are for workers only. Additional benefits may exist 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 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 exist for auxiliary beneficiaries such as spouses and dependent children.
- **Table 2: Disabled Worker Annual Benefit Amounts.** For the seven full-lifetime earnings levels, table 2 provides benefit amounts assuming benefit entitlement in 2013 for disabled *example workers* aged 25, 35, 45, and 55. In addition, the table provides the percentage of disability insured workers with full-lifetime earnings at or below each full-lifetime earnings level. We base these

<sup>1</sup> The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2012) 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 2012. Earnings after 2012 are assumed to equal the taxable maximum of \$110,100 for 2012.

<sup>3</sup> For more details on development of the scaled earnings patterns, see Actuarial Note 2013.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2013-3.html>.

percentages on the earnings of a one-percent sample of individuals, aged 25 through 65, who were disability insured in 2010. The illustrated benefits are for workers only. Additional benefits may exist for auxiliary beneficiaries such as spouses and dependent children.

- **Table 3: Survivor Annual Benefit Amounts.** For the seven full-lifetime 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 2013. 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 2013. 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 earnings at or below each full-lifetime 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 2010.

**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 2013	Age at benefit entitlement (NRA)	Estimated earnings in 2012 and benefit at entitlement (NRA)							
25	67	<i>Earnings in 2012</i> . . . . .	\$5,624	\$11,248	\$16,872	\$22,497	\$28,121	\$33,745	\$110,100
		<i>Benefit at entitlement</i> . . . .	8,796	12,000	15,192	18,396	21,600	24,492	32,016
35	67	<i>Earnings in 2012</i> . . . . .	9,693	19,385	29,078	38,771	48,464	58,156	110,100
		<i>Benefit at entitlement</i> . . . .	8,796	12,000	15,192	18,396	21,600	24,492	32,040
45	67	<i>Earnings in 2012</i> . . . . .	10,925	21,850	32,776	43,701	54,626	65,551	110,100
		<i>Benefit at entitlement</i> . . . .	8,796	12,000	15,192	18,396	21,600	24,492	31,992
55	66 and 8 mos.	<i>Earnings in 2012</i> . . . . .	10,674	21,348	32,022	42,696	53,370	64,044	110,100
		<i>Benefit at entitlement</i> . . . .	8,796	12,000	15,192	18,396	21,600	24,492	31,764
65	66	<i>Earnings in 2012</i> . . . . .	7,123	14,245	21,368	28,490	35,613	42,736	110,100
		<i>Benefit at entitlement</i> . . . .	8,760	11,940	15,132	18,324	21,504	24,396	31,224
<b>Full-lifetime 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> . . . . .			10	25	40	55	68	77	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 2012. However, earnings after 2012 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for [table V.C7](#) of the 2013 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 experience of insured workers during 1991-2009. 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 2012. (For 2012, this amount was \$110,100.) For more details on the scaled-earnings patterns see Actuarial Note Number 2013.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2013-3.html>.

<sup>3</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2012) 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 2010.

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**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 2013	Age at benefit entitlement		Estimated earnings in 2012 and benefit at entitlement (Age 65)						
25	65	<i>Earnings in 2012</i> . . . . .	\$5,624	\$11,248	\$16,872	\$22,497	\$28,121	\$33,745	\$110,100
		<i>Benefit at entitlement</i> . . . .	7,620	10,392	13,164	15,936	18,720	21,228	27,744
35	65	<i>Earnings in 2012</i> . . . . .	9,693	19,385	29,078	38,771	48,464	58,156	110,100
		<i>Benefit at entitlement</i> . . . .	7,620	10,392	13,164	15,936	18,720	21,228	27,768
45	65	<i>Earnings in 2012</i> . . . . .	10,925	21,850	32,776	43,701	54,626	65,551	110,100
		<i>Benefit at entitlement</i> . . . .	7,620	10,392	13,164	15,936	18,720	21,228	27,696
55	65	<i>Earnings in 2012</i> . . . . .	10,674	21,348	32,022	42,696	53,370	64,044	110,100
		<i>Benefit at entitlement</i> . . . .	7,812	10,656	13,500	16,356	19,200	21,768	28,212
65	65	<i>Earnings in 2012</i> . . . . .	7,123	14,245	21,368	28,490	35,613	42,736	110,100
		<i>Benefit at entitlement</i> . . . .	8,172	11,148	14,124	17,100	20,076	22,764	28,968
<b>Full-lifetime 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> . . . . .			10	25	40	55	68	77	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 2012. However, earnings after 2012 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for [table V.C7](#) of the 2013 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 experience of insured workers during 1991-2009. 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 2012. (For 2012, this amount was \$110,100.) For more details on the scaled-earnings patterns see Actuarial Note Number 2013.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2013-3.html>.

<sup>3</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2012) 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 2010.

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**Table 2: Disabled Worker Annual Benefit Amounts**  
For Disability Insured Workers Entitled in 2013 at Selected Ages and With Various Lifetime Earnings Patterns<sup>1</sup>

Age at benefit entitlement in 2013		Earnings in 2012 and benefit for 2013						
25	<i>Earnings in 2012</i> . . . . .	\$5,624	\$11,248	\$16,872	\$22,497	\$28,121	\$33,745	\$110,100
	<i>Benefit at entitlement</i> . . . . .	4,212	8,448	10,008	11,520	13,020	14,532	31,572
35	<i>Earnings in 2012</i> . . . . .	9,693	19,385	29,078	38,771	48,464	58,156	110,100
	<i>Benefit at entitlement</i> . . . . .	7,128	10,584	13,116	15,660	18,204	20,748	31,392
45	<i>Earnings in 2012</i> . . . . .	10,925	21,850	32,776	43,701	54,626	65,551	110,100
	<i>Benefit at entitlement</i> . . . . .	8,436	11,508	14,508	17,520	20,520	23,532	31,260
55	<i>Earnings in 2012</i> . . . . .	10,674	21,348	32,022	42,696	53,370	64,044	110,100
	<i>Benefit at entitlement</i> . . . . .	8,700	11,892	15,084	18,288	21,480	24,216	31,032
<b>Full-lifetime 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	19	35	51	65	75	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 experience of insured workers during 1991-2009. 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 2012. (For 2012, this amount was \$110,100.) For more details on the scaled-earnings patterns see Actuarial Note Number 2013.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2013-3.html>.

<sup>2</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2012) 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 2010.

Note: These estimates reflect no increase in the cost of living after December 2012.

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**Table 3: Survivor Annual Benefit Amounts**

For Survivors Entitled in 2013 at Selected Ages and With Various Lifetime Earnings Patterns of the Deceased Spouse<sup>1</sup>

Age of deceased spouse in 2013	Age of surviving spouse in 2013	Benefit at entitlement in 2013 and deceased spouse's earnings in 2012							
25	25	<i>Spouse and one child</i> . . . . .	\$6,936	\$13,200	\$15,672	\$18,144	\$20,616	\$23,112	\$47,616
		<i>Child only</i> . . . . .	3,468	6,600	7,836	9,072	10,308	11,556	23,808
		<i>Spouse and two children</i> . . . . .	6,948	13,200	15,672	18,156	22,608	27,108	55,548
		<i>Earnings of deceased spouse in 2012</i> . . . . .	5,624	11,248	16,872	22,497	28,121	33,745	110,100
35	35	<i>Spouse and one child</i> . . . . .	11,592	16,512	20,640	24,768	28,896	33,024	47,352
		<i>Child only</i> . . . . .	5,796	8,256	10,320	12,384	14,448	16,512	23,676
		<i>Spouse and two children</i> . . . . .	11,604	16,512	22,632	30,120	35,172	38,868	55,236
		<i>Earnings of deceased spouse in 2012</i> . . . . .	9,693	19,385	29,078	38,771	48,464	58,156	110,100
45	45	<i>Spouse and one child</i> . . . . .	12,816	17,400	21,960	26,544	31,128	35,712	46,920
		<i>Child only</i> . . . . .	6,408	8,700	10,980	13,272	15,564	17,856	23,460
		<i>Spouse and two children</i> . . . . .	12,828	17,400	25,056	33,084	37,164	41,664	54,744
		<i>Earnings of deceased spouse in 2012</i> . . . . .	10,925	21,850	32,776	43,701	54,626	65,551	110,100
60	60	<i>Spouse only</i> . . . . .	6,204	8,472	10,740	13,020	15,288	17,280	22,020
		<i>Child only</i> . . . . .	6,504	8,892	11,268	13,656	16,044	18,120	23,100
		<i>Spouse and two children</i> . . . . .	13,020	17,784	26,088	33,756	38,028	42,288	53,916
		<i>Earnings of deceased spouse in 2012</i> . . . . .	9,058	18,117	27,175	36,234	45,292	54,351	110,100
<b>Full-lifetime 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> . . . . .		11	26	41	56	68	77	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 experience of insured workers during 1991-2009. 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 2012. (For 2012, this amount was \$110,100) For more details on the scaled-earnings patterns see Actuarial Note Number 2013.3, located at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2013-3.html>.

<sup>2</sup> The full-lifetime earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2012) expected for the illustration assuming the worker were to survive to age 65 without becoming disabled.

<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 2010.

Note: These estimates reflect no increase in the cost of living after December 2012.

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