

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 provides individuals with lower career-average earnings monthly benefits that are a higher percentage of their career-average earnings than that percentage for those with higher career-average earnings. For a group of *example workers* with a range of full-lifetime average earnings levels¹ at various ages in 2015, this note displays their current earnings at various ages in 2014, 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 2014. 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 2015.

All *example workers*, except the steady maximum,² have scaled earnings patterns beginning at age 21. These patterns reflect the actual average work experience of insured workers during 1992-2011, 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.³ After 2014, 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 2014 and age in 2015. Each table lists *earnings in 2014* 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 2014. 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 2012. 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

¹The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2014) expected for the illustration assuming that the worker survives to age 65 without becoming disabled.

²For 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 2014. Earnings after 2014 are assumed to equal the taxable maximum of \$117,000 for 2014.

³For more details on development of the scaled earnings patterns, see Actuarial Note 2015.3 at:

<http://www.socialsecurity.gov/OACT/NOTES/ran3/an2015-3.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 2015 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 2012. 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 2015. 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 2015. 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 2012.

Table 1A. Retired Worker Annual Benefit Amounts¹ Scheduled in Current Law

For Insured Workers at Various Ages Who Become Entitled at Normal Retirement Age (NRA) With Various Full-Lifetime Earnings Patterns²

Age in 2015	Age at benefit entitlement (NRA)	Earnings in 2014 and benefit at entitlement (NRA)							
		Earnings in 2014.....	\$5,539	\$11,077	\$16,616	\$22,155	\$27,693	\$33,232	\$117,000
25	67	<i>Earnings in 2014.....</i>	\$5,539	\$11,077	\$16,616	\$22,155	\$27,693	\$33,232	\$117,000
		<i>Benefit at entitlement</i>	8,988	12,324	15,516	18,720	21,924	25,116	33,948
35	67	<i>Earnings in 2014.....</i>	9,675	19,351	29,026	38,702	48,377	58,053	117,000
		<i>Benefit at entitlement</i>	8,988	12,324	15,516	18,720	21,924	25,116	33,984
45	67	<i>Earnings in 2014.....</i>	10,898	21,797	32,695	43,593	54,491	65,390	117,000
		<i>Benefit at entitlement</i>	8,988	12,324	15,528	18,720	21,924	25,116	33,936
55	67	<i>Earnings in 2014.....</i>	10,690	21,380	32,069	42,759	53,449	64,139	117,000
		<i>Benefit at entitlement</i>	8,988	12,324	15,516	18,720	21,924	25,116	33,732
65	66	<i>Earnings in 2014.....</i>	7,212	14,424	21,636	28,848	36,060	43,272	117,000
		<i>Benefit at entitlement</i>	8,520	11,664	14,688	17,724	20,760	23,796	31,656
Full-lifetime average earnings level³			10,000	20,000	30,000	40,000	50,000	60,000	Maximum
Percent of fully insured workers with career average earnings at this level or below ⁴			9	23	38	53	65	75	100

¹The 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 2014. However, earnings after 2014 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for [table V.C7](#) of the 2015 Trustees Report.)

²Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual average work experience of insured workers during 1992-2011. 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 2014. (For 2014, this amount was \$117,000.) For more details on the scaled-earnings patterns see Actuarial Note Number 2015.3 at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2015-3.pdf>.

³The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2014) expected for the illustration assuming the worker survives to age 65 without becoming disabled.

⁴Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully insured in 2012.

Office of the Chief Actuary
 Social Security Administration
 January 2016

Table 1B. Retired Worker Annual Benefit Amounts¹ Scheduled in Current Law
 For Insured Workers at Various Ages Who Become Entitled at Age 65 With Various Full-Lifetime Earnings Patterns²

Age in 2015	Age at benefit entitlement		Earnings in 2014 and benefit at entitlement (Age 65)						
25	65	<i>Earnings in 2014</i>	\$5,539	\$11,077	\$16,616	\$22,155	\$27,693	\$33,232	\$117,000
		<i>Benefit at entitlement</i>	7,788	10,680	13,452	16,224	18,996	21,768	29,424
35	65	<i>Earnings in 2014</i>	9,675	19,351	29,026	38,702	48,377	58,053	117,000
		<i>Benefit at entitlement</i>	7,788	10,680	13,452	16,224	18,996	21,768	29,460
45	65	<i>Earnings in 2014</i>	10,898	21,797	32,695	43,593	54,491	65,390	117,000
		<i>Benefit at entitlement</i>	7,788	10,680	13,452	16,224	18,996	21,768	29,376
55	65	<i>Earnings in 2014</i>	10,690	21,380	32,069	42,759	53,449	64,139	117,000
		<i>Benefit at entitlement</i>	7,788	10,680	13,452	16,224	18,996	21,768	29,184
65	65	<i>Earnings in 2014</i>	7,212	14,424	21,636	28,848	36,060	43,272	117,000
		<i>Benefit at entitlement</i>	7,956	10,884	13,704	16,548	19,368	22,200	29,424
Full-lifetime average earnings level³			10,000	20,000	30,000	40,000	50,000	60,000	Maximum
Percent of fully insured workers with career average earnings at this level or below ⁴			9	23	38	53	65	75	100
<p>¹The 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 2014. However, earnings after 2014 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for table V.C7 of the 2015 Trustees Report.)</p> <p>²Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual average work experience of insured workers during 1992-2011. 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 2014. (For 2014, this amount was \$117,000.) For more details on the scaled-earnings patterns see Actuarial Note Number 2015.3 at: http://www.socialsecurity.gov/OACT/NOTES/ran3/an2015-3.pdf.</p> <p>³The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2014) expected for the illustration assuming the worker survives to age 65 without becoming disabled.</p> <p>⁴Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully insured in 2012.</p>									

Office of the Chief Actuary
 Social Security Administration
 January 2016

Table 2. Disabled Worker Annual Benefit Amounts

For Disability Insured Workers Entitled in 2015 at Selected Ages and With Various Full-Lifetime Earnings Patterns¹

Age at benefit entitlement in 2015		Earnings in 2014 and benefit at entitlement in 2015						
25	<i>Earnings in 2014</i>	\$5,539	\$11,077	\$16,616	\$22,155	\$27,693	\$33,232	\$117,000
	<i>Benefit at entitlement</i>	4,104	8,232	10,140	11,604	13,068	14,532	33,012
35	<i>Earnings in 2014</i>	9,675	19,351	29,026	38,702	48,377	58,053	117,000
	<i>Benefit at entitlement</i>	6,996	10,728	13,212	15,708	18,204	20,688	32,904
45	<i>Earnings in 2014</i>	10,898	21,797	32,695	43,593	54,491	65,390	117,000
	<i>Benefit at entitlement</i>	8,316	11,652	14,616	17,568	20,532	23,484	32,712
55	<i>Earnings in 2014</i>	10,690	21,380	32,069	42,759	53,449	64,139	117,000
	<i>Benefit at entitlement</i>	8,844	12,036	15,180	18,336	21,480	24,624	32,496
Full-lifetime average earnings level²		10,000	20,000	30,000	40,000	50,000	60,000	Maximum
Percent of disability insured workers with career earnings at this level or below ³		5	17	32	48	62	72	100

¹Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual average work experience of insured workers during 1992-2011. 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 2014. (For 2014, this amount was \$117,000.) For more details on the scaled-earnings patterns see Actuarial Note Number 2015.3 at: <http://www.socialsecurity.gov/OACT/NOTES/ran3/an2015-3.pdf>.

²The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2014) expected for the illustration assuming the worker survives to age 65 without having become disabled.

³Based on a 1% sample of actual earnings histories for individuals aged 25 to 65 who were disability insured in 2012.

Note: These estimates reflect no increase in the cost of living after December 2014.

Office of the Chief Actuary
 Social Security Administration
 January 2016

Table 3. Survivor Annual Benefit Amounts

For Survivors Entitled in 2015 at Selected Ages and With Various Full-Lifetime Earnings Patterns of the Deceased Spouse¹

Age of deceased spouse in 2015	Age of surviving spouse in 2015	Benefit at entitlement in 2015 and deceased spouse's earnings in 2014							
25		<i>Spouse and one child</i>	\$6,792	\$13,440	\$15,864	\$18,288	\$20,712	\$23,136	\$49,800
	25	<i>Child only</i>	3,396	6,720	7,932	9,144	10,356	11,568	24,900
		<i>Spouse and two children</i>	6,804	13,452	15,876	18,300	22,116	26,508	58,116
		<i>Earnings of deceased spouse in 2014</i>	5,539	11,077	16,616	22,155	27,693	33,232	117,000
35		<i>Spouse and one child</i>	11,400	16,728	20,784	24,840	28,896	32,952	49,608
	35	<i>Child only</i>	5,700	8,364	10,392	12,420	14,448	16,476	24,804
		<i>Spouse and two children</i>	11,400	16,728	22,236	29,592	35,592	39,216	57,888
		<i>Earnings of deceased spouse in 2014</i>	9,675	19,351	29,026	38,702	48,377	58,053	117,000
45		<i>Spouse and one child</i>	12,648	17,616	22,128	26,640	31,128	35,640	49,104
	45	<i>Child only</i>	6,324	8,808	11,064	13,320	15,564	17,820	24,552
		<i>Spouse and two children</i>	12,660	17,628	24,672	32,844	37,596	41,628	57,300
		<i>Earnings of deceased spouse in 2014</i>	10,898	21,797	32,695	43,593	54,491	65,390	117,000
60		<i>Spouse only</i>	6,288	8,580	10,824	13,068	15,300	17,544	23,124
	60	<i>Child only</i>	6,600	9,000	11,352	13,704	16,056	18,396	24,264
		<i>Spouse and two children</i>	13,200	18,012	25,728	34,248	38,460	42,948	56,616
		<i>Earnings of deceased spouse in 2014</i>	9,140	18,279	27,419	36,558	45,698	54,838	117,000
Full-lifetime average earnings level²			10,000	20,000	30,000	40,000	50,000	60,000	Maximum
Percent of fully or currently insured workers with career average earnings at this level or below ³			10	24	39	53	66	75	100
¹ Scaled earnings patterns starting at age 21 are assumed for all but the maximum worker. These scaled patterns reflect the actual average work experience of insured workers during 1992-2011. 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 2014. (For 2014, this amount was \$117,000.) For more details on the scaled-earnings patterns see Actuarial Note Number 2015.3 at: http://www.socialsecurity.gov/OACT/NOTES/ran3/an2015-3.pdf .									
² The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2014) expected for the illustration assuming the worker were to survive to age 65 without becoming disabled.									
³ Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully or currently insured in 2012.									
Note: These estimates reflect no increase in the cost of living after December 2014.									