



# Your Retirement Benefit: How It's Figured

As you make plans for your retirement, you may ask, "How much will I get from Social Security?" To find out, you can use the *Retirement Estimator* at [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator). Workers age 18 and older can also go online, create a personal account, and request their *Social Security Statement*. To review your *Statement*, go to [www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount).

Many people wonder how we figure their Social Security retirement benefit. We base Social Security benefits on your lifetime earnings. We adjust or "index" your actual earnings to account for changes in average wages since the year the earnings were received. Then Social Security calculates your average indexed monthly earnings during the 35 years in which you earned the most. We apply a formula to these earnings and arrive at your basic benefit, or "primary insurance amount." This is how much you would receive at your full retirement age — 65 or older, depending on your date of birth.

On the back of this page is a worksheet you can use to estimate your retirement benefit if you were born in 1956. It's only an estimate; for specific information, talk with a Social Security representative.

## Factors that can change the amount of your retirement benefit

- *You choose to get benefits before your full retirement age.* You can begin to receive Social Security benefits as early as age 62, but at a reduced rate. We reduce your basic benefit a certain percentage if you retire before reaching full retirement age.
- *You're eligible for cost-of-living benefit increases starting with the year you become age 62.* This is true even if you don't get benefits until your full retirement age or even age 70. We add cost-of-living increases to your benefit beginning with the year you reach 62, and up to the year you start receiving benefits.
- *You delay your retirement past your full retirement age.* We increase Social Security benefits a certain percentage (depending on your date of birth) if you delay receiving benefits until after your full retirement age. If you do so, we'll increase your benefit amount until you start taking benefits, or until you reach age 70.
- *You're a government worker with a pension.* If you also get, or are eligible for, a retirement or disability pension from work for which you didn't pay Social Security taxes (usually a government job or a job in a foreign country), we apply a different formula to your average indexed monthly earnings. To find out how the Windfall Elimination Provision (WEP) affects your benefits, go to

[www.socialsecurity.gov/gpo-wep](http://www.socialsecurity.gov/gpo-wep) and use the WEP online calculator. You can also review the WEP fact sheet to find out how we figure your benefit. Or, you can contact Social Security and ask for *Windfall Elimination Provision* (Publication No. 05-10045).

You can find a detailed explanation about how we calculate your retirement benefit in the *Annual Statistical Supplement, 2016, Appendix D*. The publication is available on the Internet at [www.socialsecurity.gov/policy/docs/statcomps/supplement](http://www.socialsecurity.gov/policy/docs/statcomps/supplement).

## Contacting Social Security

The most convenient way to contact us anytime, anywhere is to visit [www.socialsecurity.gov](http://www.socialsecurity.gov). There, you can: apply for benefits; open a *my* Social Security account, which you can use to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, and get a replacement SSA-1099/1042S; obtain valuable information; find publications; get answers to frequently asked questions; and much more.

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.

## Estimating your Social Security retirement benefit

### For workers born in 1956 (people born in 1956 become age 62 in 2018 and are eligible for a benefit)

The worksheet on the back page shows how to estimate the Social Security monthly retirement benefit you would be eligible for at age 62, if you were born in 1956. It also allows you to estimate what you would receive at age 66 and 4 months, your full retirement age, **excluding any cost-of-living adjustments for which you may be eligible**. If you continue working past age 62, your additional earnings could increase your benefit. People born after 1956 can use the worksheet, but their benefit may be higher because of additional earnings and benefit increases. If you were born before 1956, visit [www.socialsecurity.gov](http://www.socialsecurity.gov), and search for *Retirement Age Calculator*.

**Step 1:** Enter your earnings in Column B, but not more than the amount shown in Column A. If you have no earnings, enter “0.”

**Step 2:** Multiply the amounts in Column B by the index factors in Column C, and enter the results in Column D. This gives you your indexed earnings, or the estimated value of your earnings in current dollars.

**Step 3:** Choose from Column D the 35 years with the highest amounts. Add these amounts. \$ \_\_\_\_\_

**Step 4:** Divide the result from Step 3 by 420 (the number of months in 35 years). Round down to the next lowest dollar. This will give you your average indexed monthly earnings. \$ \_\_\_\_\_

**Step 5:**

- Multiply the first \$895 in Step 4 by 90%. \$ \_\_\_\_\_
- Multiply the amount in Step 4 over \$895, and less than or equal to \$5,397, by 32%. \$ \_\_\_\_\_
- Multiply the amount in Step 4 over \$5,397 by 15%. \$ \_\_\_\_\_

**Step 6:** Add a, b, and c from Step 5. Round down to the next lowest dollar. This is your estimated monthly retirement benefit at age 66 and 4 months, your full retirement age. \$ \_\_\_\_\_

**Step 7:** Multiply the amount in Step 6 by 73.33%.

This is your estimated monthly retirement benefit if you retire at age 62. \$ \_\_\_\_\_

Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings
1957	\$4,200		13.36	
1958	\$4,200		13.25	
1959	\$4,800		12.62	
1960	\$4,800		12.14	
1961	\$4,800		11.91	
1962	\$4,800		11.34	
1963	\$4,800		11.07	
1964	\$4,800		10.63	
1965	\$4,800		10.45	
1966	\$6,600		9.85	
1967	\$6,600		9.33	
1968	\$7,800		8.73	
1969	\$7,800		8.26	
1970	\$7,800		7.87	
1971	\$7,800		7.49	
1972	\$9,000		6.82	
1973	\$10,800		6.42	
1974	\$13,200		6.06	
1975	\$14,100		5.64	
1976	\$15,300		5.27	
1977	\$16,500		4.98	
1978	\$17,700		4.61	
1979	\$22,900		4.24	
1980	\$25,900		3.89	
1981	\$29,700		3.53	
1982	\$32,400		3.35	
1983	\$35,700		3.19	
1984	\$37,800		3.02	
1985	\$39,600		2.89	
1986	\$42,000		2.81	

Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings
1987	\$43,800		2.64	
1988	\$45,000		2.52	
1989	\$48,000		2.42	
1990	\$51,300		2.31	
1991	\$53,400		2.23	
1992	\$55,500		2.12	
1993	\$57,600		2.10	
1994	\$60,600		2.05	
1995	\$61,200		1.97	
1996	\$62,700		1.88	
1997	\$65,400		1.77	
1998	\$68,400		1.69	
1999	\$72,600		1.60	
2000	\$76,200		1.51	
2001	\$80,400		1.48	
2002	\$84,900		1.46	
2003	\$87,000		1.43	
2004	\$87,900		1.37	
2005	\$90,000		1.32	
2006	\$94,200		1.26	
2007	\$97,500		1.20	
2008	\$102,000		1.18	
2009	\$106,800		1.20	
2010	\$106,800		1.17	
2011	\$106,800		1.13	
2012	\$110,100		1.10	
2013	\$113,700		1.08	
2014	\$117,000		1.05	
2015	\$118,500		1.01	
2016	\$118,500		1.00	
2017	\$127,200		1.00	



Securing today  
and tomorrow

Social Security Administration  
Publication No. 05-10070 | ICN 467100 | Unit of Issue — HD (one hundred)  
January 2018 (Recycle prior editions)  
Your Retirement Benefit: How It's Figured  
Produced and published at U.S. taxpayer expense