

## Social Security's annual benefits statement mailing

Whether you're in your early 60s and closing in on retirement, in your mid-20s with decades to go, or somewhere in between, keep a close eye on your mail for an important retirement planning resource from the Social Security Administration (SSA). You may have already, or will soon, receive an annual SSA benefits statement that outlines your personal retirement and disability benefits — two key components of a comprehensive financial plan.

### By the numbers

- Q.** How long does a person need to work to become eligible for retirement benefits?
- A.** Everyone born in 1929 or later needs 40 Social Security credits to be eligible for retirement benefits. You can earn up to four credits per year, so you will need at least 10 years to become eligible for retirement benefits.

### What is it?

Each year, the SSA automatically sends personalized benefits statements to American workers age 25 or older who are not yet receiving Social Security benefits. You should receive an annual benefits statement approximately three months before your birthday. On each annual statement you'll find:

- year-by-year histories of your taxed Social Security earnings
- estimates of your monthly retirement benefits if you retire at age 62, 67, or 70
- estimated monthly disability payments, effective immediately
- estimated monthly benefits to survivors, effective immediately

The annual SSA benefits statement mailing was adopted, in part, to educate the public about this well-known benefit. According to a Gallup poll commissioned by the SSA, those who have received statements are significantly more likely to know that the amount of Social Security benefits they get depends on how much they earned. The statements also highlight the fact that Social Security is meant to be the foundation — and not your sole source — of retirement income.

### How does it affect you?

While you may realize that Social Security was never intended to be the only source of income for retirement, you may still be investing more conservatively than you ought to be.

*continued*

### Key points

You can also request a benefits statement online. Simply go to the Social Security Administration's Web site ([www.ssa.gov](http://www.ssa.gov)), submit an online request, and you should receive a response by U.S. mail in 2 to 4 weeks.

To complete the electronic form, you'll need the following information:

- your name as shown on your Social Security Card
- your Social Security Number

- your date of birth
- your place of birth
- your mother's maiden name, last name only (to help identify you)

When you receive your statement, however, you may realize that you might need to further supplement your benefits with income from a 401(k) or other retirement plan, savings, or investments.

**An action plan**

To make the most of the personal retirement and disability benefits information sent to you each year by the SSA, you may want to consider following these four simple steps:

- 1) Take a few moments to review the diagrams on the following pages to see what the statement can tell you.
- 2) When you receive your Social Security statement, familiarize yourself with the estimated benefits available to you and your family.
- 3) Let your investment professional know that your statement has arrived, schedule an appointment to review its contents, and incorporate any pertinent information into your overall financial plan.
- 4) If appropriate, this might also be a good opportunity to discuss making additions to your retirement portfolio with your investment professional.

*continued*

**Resources for Further Information**

For further information about your SSA benefits statement, visit Social Security online at [www.socialsecurity.gov](http://www.socialsecurity.gov)

**Contact your investment professional for more information.**

This material is not intended to replace the advice of a qualified attorney, tax adviser, investment professional, or insurance agent. Before making any financial commitment regarding the issues discussed here, consult with the appropriate professional.



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Prevent Identity theft—protect your Social Security number



# Your Social Security Statement

Prepared especially for Wanda Worker

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MAINTOWN, USA 11111-1111

May 1, 2003

See inside for your personal information →

What's inside... \_\_\_\_\_

- ▼ Your Estimated Benefits ..... 2
- ▼ Your Earnings Record ..... 3
- ▼ Some Facts About Social Security ..... 4
- ▼ If You Need More Information ..... 4
- ▼ To Request This *Statement* in Spanish..... 4  
*(Para Solicitar Una Declaración en Español)*

## What Social Security Means to You

This *Social Security Statement* will help you understand what Social Security means to you and your family. This *Statement* can help you better plan for your financial future. It gives you estimates of your Social Security benefits under current law. Each year, we will send you an updated *Statement* including your latest reported earnings.

Be sure to read this *Statement* carefully. If you think there may be a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of this *Statement* with your financial records.

### Social Security is for people of all ages...

It can help you whether you're young or old, male or female, single or with a family. It's there for you when you retire, but it's more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family when you die.

### Work to build a secure future...

Social Security is the largest source of income for most elderly Americans today. It is very important to remember that Social Security was never intended to be your only source of income when you retire. Social Security can't do it all. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire.


### About Social Security's future...

Social Security is a compact between generations. For more than 60 years, America has kept the promise of security for its workers and their families. But now, the Social Security system is facing serious future financial problems, and action is needed soon to make sure that the system is sound when today's younger workers are ready for retirement.

Today there are almost 36 million Americans age 65 or older. Their Social Security retirement benefits are funded by today's workers and their employers who jointly pay Social Security taxes—just as the money they paid into Social Security was used to pay benefits to those who retired before them. Unless action is taken soon to strengthen Social Security, in just 15 years we will begin paying more in benefits than we collect in taxes. Without changes, by 2042 the Social Security Trust Fund will be exhausted.\* By then, the number of Americans 65 or older is expected to have doubled. There won't be enough younger people working to pay all of the benefits owed to those who are retiring. At that point, there will be enough money to pay only about 73 cents for each dollar of scheduled benefits. We will need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations as it has done in the past.

### Social Security on the Net...

Visit [www.socialsecurity.gov](http://www.socialsecurity.gov) on the Internet to learn more about Social Security. You can read our publications, use the *Social Security Benefit Calculators* to calculate future benefits, apply for retirement, spouse's or disability benefits, or subscribe to *eNews* for up-to-date information about Social Security.

  
Jo Anne B. Barnhart  
Commissioner

\*These estimates of the future financial status of the Social Security program were produced by the actuaries at the Social Security Administration based on the intermediate assumptions from the Social Security Trustees' Annual Report to the Congress.

Credits are used to determine if you have the minimum amount of work needed to qualify for benefits.

### Your Estimated Benefits

To qualify for benefits, you earn "credits" through your work—up to four each year. This year, for example, you earn one credit for each \$890 of wages or self-employment income. When you've earned \$3,560, you've earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. For disability and survivors benefits, young people need fewer credits to be eligible.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven't earned enough yet to qualify for any type of benefit, we can't give you a benefit estimate now. If you continue to work, we'll give you an estimate when you do qualify.

**What we assumed**—If you have enough work credits, we estimated your benefit amounts using your average earnings over your working lifetime. For 2003 and later (up to retirement age), we assumed you'll continue to work and make about the same as you did in 2001 or 2002. We also included credits we assumed you earned last year and this year.

We can't provide your actual benefit amount until you apply for benefits. **And that amount may differ from the estimates stated below because:**

- (1) Your earnings may increase or decrease in the future.
- (2) Your estimated benefits are based on current law. **The law governing benefit amounts may change.\***
- (3) Your benefit amount may be affected by **military service, railroad employment or pensions earned through work on which you did not pay Social Security tax.** Visit [www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement) to see whether your Social Security benefit amount will be affected.

Generally, estimates for older workers are more accurate than those for younger workers because they're based on a longer earnings history with fewer uncertainties such as earnings fluctuations and future law changes.

These estimates are in today's dollars. After you start receiving benefits, they will be adjusted for cost-of-living increases.

Benefits replace about 42% of a person's earnings. This percentage is lower for people in upper income brackets and higher for people with low incomes.

No matter what your full retirement age is, you may start receiving benefits as early as 62, but if you start your benefits early, they are reduced. Contact Social Security before you decide to retire to learn about the advantages and disadvantages of retiring early.

The age to receive full Social Security benefits is 67 for those born in 1960 or later.

Delaying retirement can increase your Social Security benefits because the extra income usually helps increase your average earnings on which benefits are based, and you will receive a special delayed retirement credit.

▼ <b>*Retirement</b>	You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits...	
	At age 62, your payment would be about...	\$861 a month
	At your full retirement age (67 years), your payment would be about...	\$1,257 a month
	At age 70, your payment would be about...	\$1,562 a month
▼ <b>*Disability</b>	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about...	\$1,153 a month
▼ <b>*Family</b>	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
▼ <b>*Survivors</b>	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits.	
	Your child...	\$900 a month
	Your spouse who is caring for your child...	\$900 a month
	Your spouse, if benefits start at full retirement age...	\$1,200 a month
	Total family benefits cannot be more than...	\$2,207 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
▼ <b>Medicare</b>	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.	

**\*Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2042, the payroll taxes collected will be enough to pay only about 73 percent of scheduled benefits.**

**We based your benefit estimates on these facts:**

Your name...	Wanda Worker
Your date of birth...	May 5, 1962
Your estimated taxable earnings per year after 2002...	\$33,765
Your Social Security number (only the last four digits are shown to help prevent identity theft)...	XXX-XX-9999

Submit Form SS-5 if your name has changed or your date of birth is incorrect.

Page three

If you work for someone else, the taxes deducted by your employer for Social Security and Medicare may be labeled "FICA" on your pay slip.

**Help Us Keep Your Earnings Record Accurate**

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

▼ **Review this chart carefully** using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct.

Some or all of your earnings from **last year** may not be shown on your *Statement*. It could be that we still

were processing last year's earnings reports when your *Statement* was prepared. Your complete earnings for last year will be shown on next year's *Statement*. **Note:** If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

▼ **There's a limit on the amount of earnings on which you pay Social Security taxes each year.** The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.)

▼ **Call us right away at 1-800-772-1213** (7 a.m.-7 p.m. your local time) if any earnings for years before last year are shown incorrectly. If possible, have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)

If you're self-employed, you report your earnings for Social Security when you file your federal income tax return.

For 2003, the maximum amount of taxed Social Security earnings is \$87,000.

**Your Earnings Record at a Glance**

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1978	849	849
1979	1,201	1,201
1980	4,618	4,618
1981	8,052	8,052
1982	10,394	10,394
1983	10,380	10,380
1984	10,155	10,155
1985	10,770	10,770
1986	10,840	10,840
1987	12,550	12,550
1988	13,987	13,987
1989	14,125	14,125
1990	12,582	12,582
1991	15,493	15,493
1992	17,422	17,422
1993	20,065	20,065
1994	22,068	22,068
1995	26,103	26,103
1996	28,440	28,440
1997	30,362	30,362
1998	31,521	31,521
1999	32,645	32,645
2000	33,829	33,829
2001	33,765	33,765
2002	Not yet recorded	

**Did you know... Social Security is more than just a retirement program? It's here to help you when you need it most.**

You and your family may be eligible for valuable benefits:

▼ When you die, your family may be eligible to receive survivors benefits.

▼ Social Security may help you if you become disabled—even at a young age.

▼ It is possible for a young person who has worked and paid Social Security taxes in as few as two years to become eligible for disability benefits.

Social Security credits you earn move with you from job to job throughout your career.

Today, there is no limit on taxable earnings for Medicare.

To estimate the total tax amounts, your reported earnings for each year that you worked are multiplied by the tax rate for that year, and then all the yearly amounts are added together.

**Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:**

Estimated taxes paid for Social Security:	Estimated taxes paid for Medicare:
You paid: \$24,955	You paid: \$5,880
Your employers paid: \$24,955	Your employers paid: \$5,880

**Note: You currently pay 6.2 percent of your salary, up to \$87,000, in Social Security taxes and 1.45 percent in Medicare taxes on your entire salary. Your employer also pays 6.2 percent in Social Security taxes and 1.45 percent in Medicare taxes for you. If you are self-employed, you pay the combined employee and employer amount of 12.4 percent in Social Security taxes and 2.9 percent in Medicare taxes on your net earnings.**

Be sure to check that all of your earnings from past years and employers are recorded. If not, locate your W-2 or tax return and contact Social Security. Note: Your earnings for the current year won't be reported until next year.