

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, disabled workers and their families, and survivors of workers. The *progressivity* of the Social Security benefit formula provides individuals who have lower career-average earnings with monthly benefits that are a higher percentage of their career-average earnings than the percentage for those who have higher career-average earnings. For a group of *example workers* with a range of full-lifetime average earnings levels¹ at various ages in 2019, this note displays their current earnings at various ages in 2018, 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 calculated as specified in current law. The amounts reflect no increase in price levels or in average wage levels after 2018. Thus, the benefit estimates for workers at various ages in 2019 who would be retiring in future years are roughly comparable to their potential benefits as disabled workers and for their survivors, which both assume benefit entitlement in 2019.

All example workers, except the steady maximum worker,² have scaled earnings patterns beginning at age 21. These patterns reflect the actual average work experience of fully insured workers during 1996-2015. These patterns show relatively low wages and probability of work at young and old ages and higher relative wages and probability of work at mid-career.³ A worker is considered *fully insured* if he or she has a total number of quarters of coverage (QCs)⁴ at least equal to the number of years after attainment of age 21 through the last year considered in the analysis (in this case 2015). A further requirement is that the worker must have a minimum of 6 QCs. Since a worker achieves *permanently insured* status with 40 QCs, any worker with 40 QCs is fully insured no matter how many years have elapsed since age 21. Any *fully insured* worker is likely to become eligible for a Social Security retirement benefit if he or she survives to eligibility age. After 2018, 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 show estimated future benefits consistent with earnings in 2018 and age in 2019. Each table lists *earnings in 2018* at various ages and *annual benefit amounts* at entitlement for example workers with full-lifetime average

¹ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2018) expected for the illustration assuming that the worker survives to age 65 without becoming disabled.

² 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 2018. Earnings after 2018 are assumed to equal the taxable maximum of \$128,400 for 2018.

³ For more details on development of the scaled earnings patterns, see Actuarial Note Number 2019.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2019-3.pdf>.

⁴ The QC is the basic unit for determining whether a worker is insured for Social Security benefits. In 2019, for example, a worker needed to have \$1,360 in covered earnings to obtain a QC. Workers can earn up to 4 QCs per calendar year. Since 1978, the amount of covered earnings required to obtain a QC has been automatically indexed each year with the growth in average wage levels. See: <http://www.ssa.gov/OACT/COLA/QC.html> for more information, including a list of historical QC amounts.

earnings levels¹ of \$15,000, \$30,000, \$45,000, \$60,000, \$75,000, \$90,000, and the taxable maximum. As mentioned above, the benefit amounts assume no increase in price levels or in average wage levels after 2018. 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 2015. For this purpose, comparisons are made to hypothetical scaled worker career average earnings at each of the applicable ages corresponding to the \$15,000, \$30,000, ... , maximum full lifetime average earnings levels. The illustrative 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 is currently increasing 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 at NRA, resulting in lower benefit amounts due to reduction for early retirement. The illustrative 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 2019 for disabled example workers aged 25, 35, 45, and 55. In addition, the table provides the percentage of disability insured⁵ 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 2016. 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 2019. 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 2019. 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 or currently insured⁶ 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 2016.

⁵A worker is *disability insured* if he or she is: (1) a fully insured worker who has accumulated 20 quarters of coverage during the 40-quarter period ending with the current quarter, (2) a fully insured worker aged 24-30 who has accumulated quarters of coverage during one-half of the quarters elapsed after the quarter of attainment of age 21 and up to and including the current quarter, or (3) a fully insured worker under age 24 who has accumulated six quarters of coverage during the 12-quarter period ending with the current quarter.

⁶A worker is *currently insured* if he or she has accumulated six quarters of coverage during the 13-quarter period ending with the current quarter.

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

For Fully Insured² Workers at Various Ages Who Become Entitled at Normal Retirement Age (NRA) With Various Full-Lifetime Earnings Patterns³

Age in 2019	Age at benefit entitlement (NRA)	Earnings in 2018 and benefit at entitlement (NRA)							
25	67	Earnings in 2018.....	\$8,080	\$16,161	\$24,241	\$32,321	\$40,401	\$48,482	\$128,400
		Benefit at entitlement ...	11,424	16,224	21,024	25,824	29,604	31,848	37,620
35	67	Earnings in 2018.....	14,407	28,815	43,222	57,630	72,037	86,445	128,400
		Benefit at entitlement ...	11,424	16,224	21,024	25,824	29,604	31,848	37,692
45	67	Earnings in 2018.....	16,278	32,556	48,834	65,112	81,390	97,668	128,400
		Benefit at entitlement ...	11,424	16,224	21,024	25,824	29,604	31,848	37,716
55	67	Earnings in 2018.....	16,090	32,180	48,270	64,360	80,449	96,539	128,400
		Benefit at entitlement ...	11,424	16,224	21,024	25,824	29,604	31,848	37,668
65	66	Earnings in 2018.....	11,211	22,422	33,633	44,844	56,055	67,266	128,400
		Benefit at entitlement ...	10,800	15,360	19,908	24,456	27,984	30,120	35,544
Full-lifetime average earnings level⁴			15,000	30,000	45,000	60,000	75,000	90,000	Maximum
Percent of fully insured workers with career average earnings at this level or below ⁵			14	34	54	70	81	87	100

¹ 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 2018. However, earnings after 2018 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for [table V.C7](#) of the 2019 Trustees Report.)

² A worker is *fully insured* if he or she has a total number of quarters of coverage (QCs) at least equal to the number of years after attainment of age 21 through the last year considered in the analysis (in this case 2015), or through age 62 if earlier, and has a minimum of 6 QCs.

³ 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 fully insured workers during 1996-2015. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI contribution and benefit base) for each year through 2018. (For 2018, this amount was \$128,400.) For more details on the scaled-earnings patterns see Actuarial Note Number 2019.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2019-3.pdf>.

⁴ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2018) expected for the illustration assuming the worker survives to age 65 without becoming disabled.

⁵ Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully insured in 2016. Comparisons are made to hypothetical scaled worker career average earnings at each of the applicable ages corresponding to the \$15,000, \$30,000, ... , maximum full lifetime average earnings levels.

Table 1B. Retired Worker Annual Benefit Amounts¹ Scheduled in Current Law
For Fully Insured² Workers at Various Ages Who Become Entitled at Age 65 With Various Full-Lifetime Earnings Patterns³

Age in 2019	Age at benefit entitlement		Earnings in 2018 and benefit at entitlement (Age 65)						
25	65	<i>Earnings in 2018.....</i>	\$8,080	\$16,161	\$24,241	\$32,321	\$40,401	\$48,482	\$128,400
		<i>Benefit at entitlement</i>	9,900	14,064	18,228	22,380	25,656	27,600	32,604
35	65	<i>Earnings in 2018.....</i>	14,407	28,815	43,222	57,630	72,037	86,445	128,400
		<i>Benefit at entitlement</i>	9,900	14,064	18,228	22,380	25,656	27,600	32,664
45	65	<i>Earnings in 2018.....</i>	16,278	32,556	48,834	65,112	81,390	97,668	128,400
		<i>Benefit at entitlement</i>	9,900	14,064	18,228	22,380	25,656	27,600	32,676
55	65	<i>Earnings in 2018.....</i>	16,090	32,180	48,270	64,360	80,449	96,539	128,400
		<i>Benefit at entitlement</i>	9,900	14,064	18,228	22,380	25,656	27,600	32,628
65	65	<i>Earnings in 2018.....</i>	11,211	22,422	33,633	44,844	56,055	67,266	128,400
		<i>Benefit at entitlement</i>	10,080	14,328	18,576	22,824	26,112	28,104	33,084
Full-lifetime average earnings level⁴			15,000	30,000	45,000	60,000	75,000	90,000	Maximum
Percent of fully insured workers with career average earnings at this level or below ⁵			14	34	54	70	81	87	100
<p>¹ 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 2018. However, earnings after 2018 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for table V.C7 of the 2019 Trustees Report.)</p> <p>² A worker is <i>fully insured</i> if he or she has a total number of quarters of coverage (QCs) at least equal to the number of years after attainment of age 21 through the last year considered in the analysis (in this case 2015), or through age 62 if earlier, and has a minimum of 6 QCs.</p> <p>³ 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 fully insured workers during 1996-2015. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI contribution and benefit base) for each year through 2018. (For 2018, this amount was \$128,400.) For more details on the scaled-earnings patterns see Actuarial Note Number 2019.3 at: http://www.ssa.gov/OACT/NOTES/ran3/an2019-3.pdf.</p> <p>⁴ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2018) expected for the illustration assuming the worker survives to age 65 without becoming disabled.</p> <p>⁵ Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully insured in 2016. Comparisons are made to hypothetical scaled worker career average earnings at each of the applicable ages corresponding to the \$15,000, \$30,000, ... , maximum full lifetime average earnings levels.</p>									

Table 2. Disabled Worker Annual Benefit Amounts

For Disability Insured¹ Workers Entitled in 2019 at Selected Ages and With Various Full-Lifetime Earnings Patterns²

Age at benefit entitlement in 2019		Earnings in 2018 and benefit at entitlement in 2019						
25	<i>Earnings in 2018</i>	\$8,080	\$16,161	\$24,241	\$32,321	\$40,401	\$48,482	\$128,400
	<i>Benefit at entitlement</i>	5,988	10,704	12,828	14,964	17,100	19,236	36,732
35	<i>Earnings in 2018</i>	14,407	28,815	43,222	57,630	72,037	86,445	128,400
	<i>Benefit at entitlement</i>	10,128	13,812	17,496	21,192	24,876	28,200	36,804
45	<i>Earnings in 2018</i>	16,278	32,556	48,834	65,112	81,390	97,668	128,400
	<i>Benefit at entitlement</i>	10,848	15,252	19,656	24,072	28,164	30,228	36,648
55	<i>Earnings in 2018</i>	16,090	32,180	48,270	64,360	80,449	96,539	128,400
	<i>Benefit at entitlement</i>	11,136	15,840	20,532	25,236	28,848	31,044	36,540
Full-lifetime average earnings level³		15,000	30,000	45,000	60,000	75,000	90,000	Maximum
Percent of disability insured workers with career average earnings at this level or below ⁴		8	28	49	67	79	86	100

¹ A worker is *disability insured* if he or she is: (1) a fully insured worker who has accumulated 20 quarters of coverage during the 40-quarter period ending with the current quarter, (2) a fully insured worker aged 24-30 who has accumulated quarters of coverage during one-half of the quarters elapsed after the quarter of attainment of age 21 and up to and including the current quarter, or (3) a fully insured worker under age 24 who has accumulated six quarters of coverage during the 12-quarter period ending with the current quarter.

² 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 fully insured workers during 1996-2015. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI contribution and benefit base) for each year through 2018. (For 2018, this amount was \$128,400.) For more details on the scaled-earnings patterns see Actuarial Note Number 2019.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2019-3.pdf>.

³ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2018) expected for the illustration assuming the worker survives to age 65 without having become disabled.

⁴ Based on a 1% sample of actual earnings histories for individuals aged 25 to 65 who were disability insured in 2016. Comparisons are made to hypothetical scaled worker career average earnings at each of the applicable ages corresponding to the \$15,000, \$30,000, ... , maximum full lifetime average earnings levels.

Note: These estimates reflect no increase in the cost of living after December 2018.

Table 3. Survivor Annual Benefit Amounts

For Survivors Entitled in 2019 at Selected Ages and With Various Full-Lifetime Earnings Patterns of the Deceased Spouse¹

Age of deceased spouse in 2019	Age of surviving spouse in 2019		Benefit at entitlement in 2019 and deceased spouse's earnings in 2018						
25	25	Spouse and one child.....	\$9,912	\$16,704	\$20,232	\$23,760	\$27,288	\$30,816	\$55,488
		Child only.....	4,956	8,352	10,116	11,880	13,644	15,408	27,744
		Spouse and two children...	9,912	16,716	20,244	25,776	32,184	38,484	64,740
		Earnings of deceased spouse in 2018....	8,080	16,161	24,241	32,321	40,401	48,482	128,400
35	35	Spouse and one child.....	15,672	21,696	27,720	33,720	39,744	43,680	55,440
		Child only.....	7,836	10,848	13,860	16,860	19,872	21,840	27,720
		Spouse and two children	15,684	22,020	32,928	41,088	46,464	50,940	64,680
		Earnings of deceased spouse in 2018....	14,407	28,815	43,222	57,630	72,037	86,445	128,400
45	45	Spouse and one child.....	16,368	23,088	29,808	36,528	42,480	45,648	55,008
		Child only.....	8,184	11,544	14,904	18,264	21,240	22,824	27,504
		Spouse and two children	16,380	24,552	36,732	43,596	49,572	53,244	64,188
		Earnings of deceased spouse in 2018....	16,278	32,556	48,834	65,112	81,390	97,668	128,400
60	60	Spouse and one child.....	7,956	11,316	14,664	18,024	20,616	22,188	26,028
		Child only.....	8,352	11,868	15,384	18,900	21,624	23,268	27,312
		Spouse and two children	16,704	25,716	38,448	44,736	50,436	54,288	63,708
		Earnings of deceased spouse in 2018....	14,051	28,102	42,154	56,205	70,256	84,307	128,400
Full-lifetime average earnings level²			15,000	30,000	45,000	60,000	75,000	90,000	Maximum
Percent of fully ³ or currently ⁴ insured workers with career average earnings at this level or below ⁵			15	35	55	70	81	88	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 fully insured workers during 1996-2015. For the maximum worker, earnings start at age 22 and are assumed to equal the taxable maximum (the OASDI contribution and benefit base) for each year through 2018. (For 2018, this amount was \$128,400.) For more details on the scaled-earnings patterns see Actuarial Note Number 2019.3 at: http://www.ssa.gov/OACT/NOTES/ran3/an2019-3.pdf .									
² The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2018) expected for the illustration assuming the worker survives to age 65 without having become disabled.									
³ A worker is <i>fully insured</i> if he or she has a total number of quarters of coverage (QCs) at least equal to the number of years after attainment of age 21 through the last year considered in the analysis (in this case 2015), or through age 62 if earlier, and has a minimum of 6 QCs.									
⁴ A worker is <i>currently insured</i> if he or she has accumulated six quarters of coverage during the 13-quarter period ending with the current quarter.									
⁵ Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully or currently insured in 2016. Comparisons are made to hypothetical scaled worker career average earnings at each of the applicable ages corresponding to the \$15,000, \$30,000, . . . , maximum full lifetime average earnings levels.									
Note: These estimates reflect no increase in the cost of living after December 2018.									