

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 2021, this note displays their current earnings at various ages in 2020, 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 2020. Thus, the benefit estimates for workers at various ages in 2021 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 2021.

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 1998-2017. 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 2017). 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 2020, 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 2020 and age in 2021. Each table lists *earnings in 2020* 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 2020) 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 2020. Earnings after 2020 are assumed to equal the taxable maximum of \$137,700 for 2020.

³ For more details on development of the scaled earnings patterns, see Actuarial Note Number 2021.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2021-3.pdf>.

⁴ The QC is the basic unit for determining whether a worker is insured for Social Security benefits. In 2021, for example, a worker needed to have \$1,470 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 2020. 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 2018. 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 2021 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 2018. 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 2021. 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 2021. 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 2018.

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 2021	Age at benefit entitlement (NRA)	Earnings in 2020 and benefit at entitlement (NRA)							
25	67	Earnings in 2020.....	\$7,994	\$15,989	\$23,983	\$31,978	\$39,972	\$47,967	\$137,700
		Benefit at entitlement...	11,916	16,716	21,516	26,316	30,948	33,192	40,344
35	67	Earnings in 2020.....	14,359	28,718	43,077	57,436	71,795	86,154	137,700
		Benefit at entitlement...	11,916	16,716	21,516	26,316	30,948	33,192	40,440
45	67	Earnings in 2020.....	16,233	32,466	48,699	64,933	81,166	97,399	137,700
		Benefit at entitlement...	11,916	16,716	21,516	26,316	30,948	33,192	40,464
55	67	Earnings in 2020.....	16,069	32,137	48,206	64,274	80,343	96,411	137,700
		Benefit at entitlement...	11,916	16,716	21,516	26,316	30,948	33,192	40,440
65	66 and 4 mos.	Earnings in 2020.....	11,483	22,965	34,448	45,930	57,413	68,896	137,700
		Benefit at entitlement...	11,052	15,528	20,004	24,480	28,716	30,816	37,524
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			12	31	50	66	77	85	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 2020. However, earnings after 2020 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for [table V.C7](#) of the 2021 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 2017), 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 1998-2017. 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 2020. (For 2020, this amount was \$137,700.) For more details on the scaled-earnings patterns see Actuarial Note Number 2021.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2021-3.pdf>.

⁴ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2020) 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 2018. 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 2021	Age at benefit entitlement		Earnings in 2020 and benefit at entitlement (Age 65)						
25	65	<i>Earnings in 2020</i>	\$7,994	\$15,989	\$23,983	\$31,978	\$39,972	\$47,967	\$137,700
		<i>Benefit at entitlement</i>	10,320	14,484	18,648	22,800	26,820	28,764	34,968
35	65	<i>Earnings in 2020</i>	14,359	28,718	43,077	57,436	71,795	86,154	137,700
		<i>Benefit at entitlement</i>	10,320	14,484	18,648	22,800	26,820	28,764	35,052
45	65	<i>Earnings in 2020</i>	16,233	32,466	48,699	64,933	81,166	97,399	137,700
		<i>Benefit at entitlement</i>	10,320	14,484	18,648	22,800	26,820	28,764	35,064
55	65	<i>Earnings in 2020</i>	16,069	32,137	48,206	64,274	80,343	96,411	137,700
		<i>Benefit at entitlement</i>	10,320	14,484	18,636	22,800	26,820	28,764	35,016
65	65	<i>Earnings in 2020</i>	11,483	22,965	34,448	45,930	57,413	68,896	137,700
		<i>Benefit at entitlement</i>	10,068	14,148	18,228	22,308	26,172	28,080	34,092
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			12	31	50	66	77	85	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 2020. However, earnings after 2020 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for table V.C7 of the 2021 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 2017), 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 1998-2017. 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 2020. (For 2020, this amount was \$137,700.) For more details on the scaled-earnings patterns see Actuarial Note Number 2021.3 at: http://www.ssa.gov/OACT/NOTES/ran3/an2021-3.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 2020) 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 2018. 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 2021 at Selected Ages and With Various Full-Lifetime Earnings Patterns²

Age at benefit entitlement in 2021	Earnings in 2020 and benefit at entitlement in 2021							
25	<i>Earnings in 2020</i>	\$7,994	\$15,989	\$23,983	\$31,978	\$39,972	\$47,967	\$137,700
	<i>Benefit at entitlement</i>	5,904	11,136	13,236	15,336	17,448	19,548	39,360
35	<i>Earnings in 2020</i>	14,359	28,718	43,077	57,436	71,795	86,154	137,700
	<i>Benefit at entitlement</i>	10,296	14,256	17,928	21,588	25,260	28,920	39,588
45	<i>Earnings in 2020</i>	16,233	32,466	48,699	64,933	81,166	97,399	137,700
	<i>Benefit at entitlement</i>	11,316	15,720	20,112	24,504	28,908	31,536	39,432
55	<i>Earnings in 2020</i>	16,069	32,137	48,206	64,274	80,343	96,411	137,700
	<i>Benefit at entitlement</i>	11,616	16,308	21,000	25,692	30,168	32,364	39,312
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		7	25	45	63	75	84	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 1998-2017. 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 2020. (For 2020, this amount was \$137,700.) For more details on the scaled-earnings patterns see Actuarial Note Number 2021.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2021-3.pdf>.

³ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2020) 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 2018. 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 2020.

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Table 3. Survivor Annual Benefit Amounts

For Survivors Entitled in 2021 at Selected Ages and With Various Full-Lifetime Earnings Patterns of the Deceased Spouse¹

Age of deceased spouse in 2021	Age of surviving spouse in 2021	Benefit at entitlement in 2021 and deceased spouse's earnings in 2020							
25		<i>Spouse and one child</i>	\$9,792	\$17,352	\$20,856	\$24,336	\$27,816	\$31,320	\$59,232
	25	<i>Child only</i>	4,896	8,676	10,428	12,168	13,908	15,660	29,616
		<i>Spouse and two children</i> ...	9,792	17,364	20,856	25,536	31,848	38,184	69,120
		<i>Earnings of deceased spouse in 2020</i> ...	7,994	15,989	23,983	31,978	39,972	47,967	137,700
35		<i>Spouse and one child</i>	16,368	22,368	28,368	34,344	40,344	45,600	59,616
	35	<i>Child only</i>	8,184	11,184	14,184	17,172	20,172	22,800	29,808
		<i>Spouse and two children</i>	16,380	22,368	32,808	42,492	47,832	53,220	69,564
		<i>Earnings of deceased spouse in 2020</i>	14,359	28,718	43,077	57,436	71,795	86,154	137,700
45		<i>Spouse and one child</i>	17,088	23,784	30,504	37,200	43,896	47,592	59,184
	45	<i>Child only</i>	8,544	11,892	15,252	18,600	21,948	23,796	29,592
		<i>Spouse and two children</i>	17,088	24,528	36,696	45,024	51,240	55,560	69,084
		<i>Earnings of deceased spouse in 2020</i>	16,233	32,466	48,699	64,933	81,166	97,399	137,700
60		<i>Spouse and one child</i>	8,304	11,652	15,012	18,372	21,564	23,136	28,020
	60	<i>Child only</i>	8,712	12,228	15,744	19,272	22,620	24,276	29,400
		<i>Spouse and two children</i>	17,424	25,740	38,508	46,224	52,812	56,652	68,604
		<i>Earnings of deceased spouse in 2020</i>	14,201	28,403	42,604	56,805	71,007	85,208	137,700
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			14	33	51	67	78	85	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 1998-2017. 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 2020. (For 2020, this amount was \$137,700.) For more details on the scaled-earnings patterns see Actuarial Note Number 2021.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2021-3.pdf>.

² The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2020) expected for the illustration assuming the worker survives to age 65 without having become disabled.

³ 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 2017), or through age 62 if earlier, and has a minimum of 6 QCs.

⁴ A worker is *currently insured* 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 2018. 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 2020.