



If you own and operate a business, are younger than full retirement age and are getting ready to retire, Social Security needs to know whether you will retire completely or whether you still plan to work. If you are at full retirement age or older, you can get all your Social Security benefits whether you retire from your business or not.

When you work for someone else, it is easy to determine whether you are “retired.” Your paycheck tells the whole story. But when you work in a business that you (or your family) own, or you are an officer in a corporation, it is not as simple. Because you may be in a position to control your earnings, you may need to give Social Security more information—such as tax returns or corporate records—when you apply for benefits. This will help us determine your retirement benefit amount. Your earnings must match the work you do. You cannot pay yourself a smaller salary to stay under Social Security’s earnings limits.

How earnings reduce your Social Security benefit

Earnings limits change each year. If you are younger than your full retirement age in 2008, you can earn up to \$13,560 without affecting your benefits. For every \$2 you earn over this limit, we will withhold \$1 in benefits. If you will reach your full retirement age in 2008, your benefits will be reduced by \$1 for every \$3 you earn over \$36,120 until the month you reach full retirement age. When you reach full retirement age, your Social Security benefits will not be reduced no matter how much you earn.

Full retirement age was 65 for many years. However, beginning with people born in 1938 or later, that age gradually increases until it reaches 67 for people born after 1959. For example, the full retirement age for people born in 1943 through 1954 is 66.

Are you really retired?

When you apply for Social Security benefits, there are several situations requiring additional information and evidence to determine your level of retirement. For example, additional questions would be appropriate if you are—

- Involved in a family business and another family member is assuming some, or all, of your duties;
- Continuing to render services for the business at a reduced rate of compensation;
- In a position to control your earnings;
- Still the owner or part-owner of a business and own stock in the business; or
- Splitting wages with others (dividing former salary between you and your spouse or children, for example).

Additional evidence that may be needed

In addition to the retirement benefit application, we will ask you to tell us about your retirement plans. We may ask you to complete a *Self-Employment/ Corporate Officer Questionnaire* (Form SSA-4184) to provide us with information we need to determine whether you are retired. We also may ask for additional documentation such as personal and business tax returns, corporate resolutions, stock transfer agreements and resignations. We pay special attention to situations in which your salary has been reduced, but you are compensated through another form of payment. These may include an increase in dividends, an increase in salary to another family member (with no change in responsibility), excessive rent or loan payments and unexplained business expenses.

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