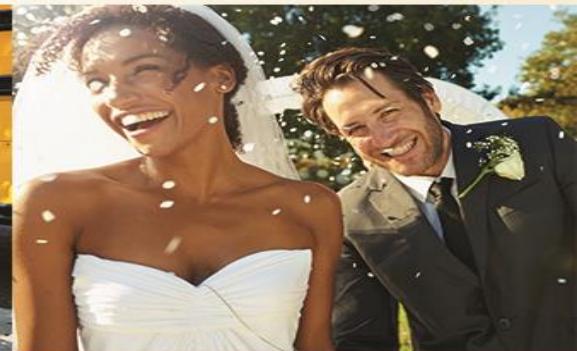


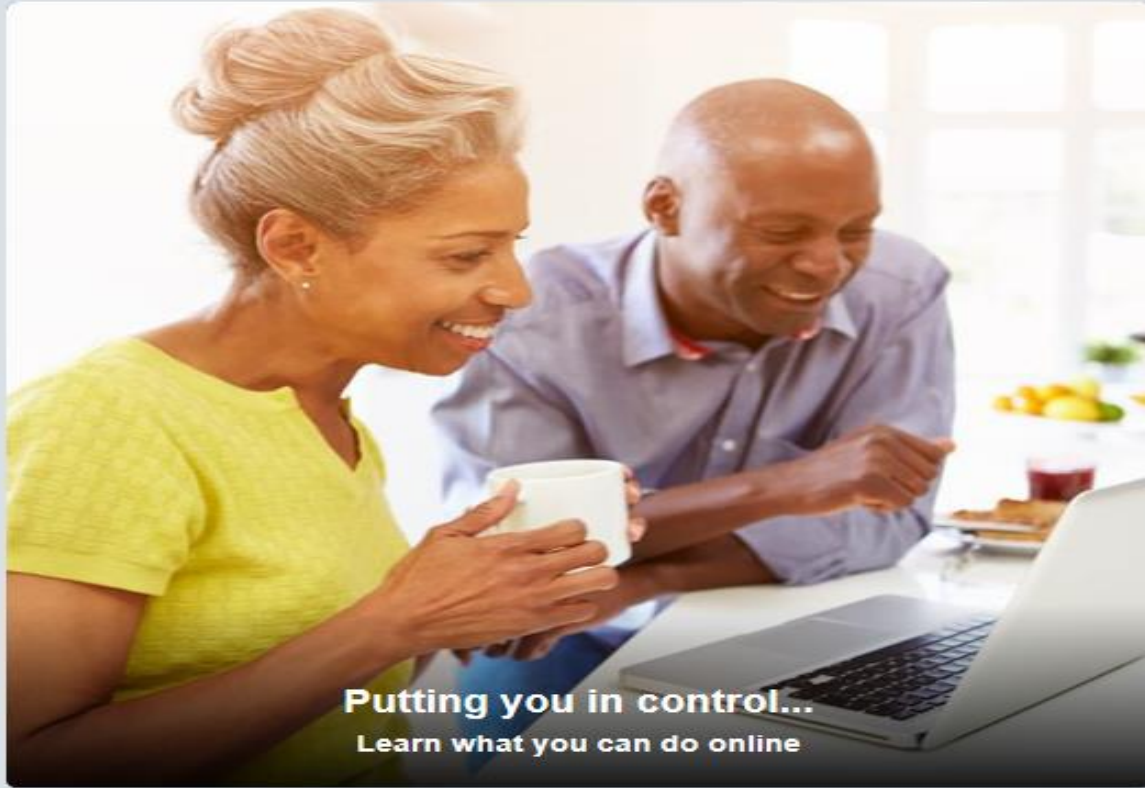


What Tax Professionals Should Know About Social Security



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my Social Security

Check out your *Social Security Statement*, change your address & manage your benefits online today.



Social Security Number

Your Social Security number remains your first and continuous link with Social Security.



Retirement Estimator

Calculate your benefits based on your actual Social Security earnings record.



FAQs

Get answers to frequently asked questions about Social Security.

Agenda

- Tax Year 2019 W-2 Reminders
- Business Services Online
- Social Security Number Verification Service
- Tax Preparer's Page
- Taxation of Social Security Benefits
- Retirement
- New Laws for Claiming Retirement Benefits
- Working While Receiving Benefits
- Apply for Social Security Benefits Online



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Tax Year 2019 W-2 Reminders

- Employee FICA Withholding - 6.2%
- Social Security Wage Maximum - \$132,900
- W-2s to Employees – January 31, 2020
- W-2 Deadline to SSA
 - Paper – January 31, 2020
 - Electronic – January 31, 2020



Business Services Online

- Free secure suite of services used to file W-2/W-3 wage reports and to verify Social Security Numbers
- For employers, accountants, and payroll providers
- Different from a *my* Social Security account
- www.ssa.gov/employer



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Registering for Business Services Online

- User provides their personal information and business or employer's information
- SSA assigns unique User ID
- User creates their own password and selects desired services
- You only need a User ID & Password for the 3rd Party, you don't need one for every business that you represent



Electronic Filing



- **Free**, fast, and secure
- Saves time and reduces filing burden
- Immediate online receipt of filing
- More efficient and accurate processing



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Electronic Filing

- Register - [Business Services Online \(BSO\)](#)
- Recommended for all
- Required for more than 249 W-2s/W-2Cs
- SSA [EFW2](#) - [EFW2C](#) format required
 - Commercial software package
 - In-house software (specs available)
 - eFiling third party payroll vendors
 - ✓ Or use [W-2 and W-2C Online](#)....



W-2/W-2C Online

- **W-2/W-2C Online**
 - FREE
 - Electronic W-2 form; data is directly keyed into SSA system
 - 50 W-2s or 25 W-2Cs per report
 - Ideal for small businesses
 - Businesses can print copies of W-2s for employees on plain paper
 - Can use W-2C Online even if you file on paper or through a 3rd Party



Social Security Number Verification Service

- Web-based - Name/SSN Verification
 - Name & number matching for wage reporting
 - *Not for screening potential hires*
 - *Not for income tax filing purposes*
 - *It isn't e-Verify*
- Verification failure not a basis in and of itself for adverse action



Social Security Number Verification Service

Two methods:

- Direct key up to 10 – immediate results
- Upload a file up to 250,000 – next day
- Register at BSO
- Get Activation Code
- Best Practice -Verify entire database once, then verify new hires (all, not selectively)



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What to do if SSN Fails Verification

- Double check your entries
- Ask employee to verify the information against SSN card
- Refer employee to SSA field office to inquire about the mismatch
- If unable to correct by W-2 filing time, **report W-2 with the incorrect number from the W-4, even though you know the data is wrong.**
- Document your efforts





Benefits

Cost Savings for Businesses	Efficient and Accurate Processing	Tracking Capabilities for Businesses
All electronic wage reporting services are <u>free</u>	Faster processing of wage reports	Provide immediate receipt of report
No need to purchase stamps or paper forms	IRS receives wage data daily	Monitor report processing status
Can use off-the-shelf software	SSA can identify report errors	Receive notifications electronically
Self-service for small, medium, and large businesses	Reduces errors to SSA and IRS records	



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SSA Is Here To Help

- Employer 1-800 -772-6270 just for Employers
 - Technical assistance – 888-772-2970
 - Monday through Friday, 7 a.m. to 7 p.m., EDT
- Employer Services Liaison Officer (ESLO)
- Employer website - www.ssa.gov/employer
 - Videos, tutorials, publications, etc.
- Email: employerinfo@ssa.gov



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Information For Tax Preparers



Additional Resources for Tax Preparers

[Income Taxes And Your Social Security Benefits](#)

[Withholding Income Tax From Your Social Security Benefits](#)

[Information for Tax Preparers](#)

[Replace Your Social Security Tax Documents with Ease - Information for Clients](#)

[Get a replacement SSA-1099 - Poster](#)

Other Useful Resources

[Information for Financial Planners](#)

[Retirement Estimator](#)

[Retirement Planner](#)

[my Social Security](#)

[myRA](#)



In our continuing effort to put our customers in control of their financial future, Social Security provides various online tools and resources that save time and effort. This website provides information to tax preparers about various Social Security online services including the *my Social Security* account that you can share with your clients to help streamline tax preparation.

Income Taxes and Social Security Benefits

Some people have to pay federal income taxes on their Social Security benefits. This usually happens if your clients have other substantial income (such as wages, self-employment, interest, dividends and other taxable income that must be reported on your tax return) in addition to their benefits. Slightly more than 63 million people

socialsecurity.gov/thirdparty/atp.html



Taxation of Social Security Benefits



If you:

file a federal tax return as an "individual" and your *combined income** is

- between \$25,000 and \$34,000, you may have to pay income tax on up to 50 percent of your benefits.
- more than \$34,000, up to 85 percent of your benefits may be taxable.



file a joint return, and you and your spouse have a *combined income** that is

- between \$32,000 and \$44,000, you may have to pay income tax on up to 50 percent of your benefits
- more than \$44,000, up to 85 percent of your benefits may be taxable.



are married and file a separate tax return, you probably will pay taxes on your benefits.

Visit [IRS.gov](https://www.irs.gov) and search for Publication 554, *Tax Guide for Seniors*, and Publication 915, *Social Security And Equivalent Railroad Retirement Benefits*



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Taxation of Social Security Benefits

Your adjusted gross income
+ Nontaxable interest
+ 1/2 of your Social Security benefits
= Your “***combined income***”



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How Do You Qualify for Retirement Benefits?

- By earning “credits” when you work and pay Social Security taxes
- You need 40 credits (10 years of work) and you must be 62 or older
- Each \$1,360 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

Note: To earn 4 credits in 2019, you must earn at least \$5,440.



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How Social Security Determines Your Benefit?

Benefits are based on earnings

- Step 1 -Your wages are adjusted for changes in wage levels over time
- Step 2 -Find the monthly average of your 35 highest earnings years
- Step 3 -Result is “average indexed monthly earnings”



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Retirement Estimator

- Gives estimates based on your actual Social Security earnings record
- You can use the Retirement Estimator if:
 - You have enough Social Security credits at this time to qualify for benefits **and**
 - You are **not**:
 - Currently receiving benefits on your own Social Security record;
 - Waiting for a decision about your application for benefits or Medicare;
 - Age 62 or older and receiving benefits on another Social Security record;
 - or**
 - Eligible for a Pension Based on Work Not Covered By Social Security.

socialsecurity.gov/estimator



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Online Calculators

Online
Life Expectancy
Retirement
Early or Late
GPO
Detailed
WEP
Calculator
Earnings Test
Benefits for Spouses
Quick Estimator
Age



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2019 Retirement Benefit Formula



If your average monthly earnings are = **\$5,800**

Then your monthly benefit would be = **\$2,356**

Average Monthly Earnings = **\$5,800**



90% of First..... **\$926** is **\$833**



32% of Earnings over \$926 through \$5,583... **\$4,657** is **\$1,490**
(\$5,583-\$926=\$4,657)



15% of Earnings over \$5,583..... **\$217** is **\$33**

\$5,800 is **\$2,356**

**Payments rounded to whole dollar amounts*



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62

**Earliest Age to Retire
with 75% of Benefit
(If your Full Retirement Age is 66)**



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Year of Birth	Full Retirement Age	A \$1000 retirement benefit taken at age 62 would be reduced by	A \$500 spouse benefit taken at age 62 would be reduced by
1943-1954	66	25%	30%
1955	66 and 2 months	25.83%	30.83%
1956	66 and 4 months	26.67%	31.67%
1957	66 and 6 months	27.5%	32.5%
1958	66 and 8 months	28.33%	33.33%
1959	66 and 10 months	29.17%	34.17%
1960 +	67	30%	35%



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Spousal Benefits

- Benefit is 50% of worker's unreduced benefit
- Reduction for early retirement
- If spouse's own benefit is less than 50% of the worker's, the benefits are combined
- Does not reduce payment to the worker
- Benefit is unreduced if spouse is caring for a child under age 16 or disabled



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Benefits for Divorced Spouses

You may receive benefits on your ex-spouse's record (even if he or she has remarried) if:

- You are unmarried;
- You are age 62 or older;
- Your ex-spouse is entitled to Social Security retirement or disability benefits; and
- The benefit you are entitled to receive based on your own work is less than the benefit you would receive based on your ex-spouse's work.

Note: Marriage must have lasted 10 years or longer



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Deemed Filing

- If you become eligible for Social Security benefits both as a retiree and as a spouse (or divorced spouse), and you want to go ahead and claim your benefits, you must file for both benefits.
- Applies at any age for people who turned age 62 after January 1, 2016.

Note: There are two exceptions.

[socialsecurity.gov/planners/retire/deemedfaq.html](https://www.socialsecurity.gov/planners/retire/deemedfaq.html)



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Voluntary Suspension

If you take your retirement benefit and then ask to suspend it to earn delayed retirement credits, your spouse or dependents (excluding divorced spouses) generally will not be able to receive benefits on your Social Security record while your own benefits are suspended.

socialsecurity.gov/planners/retire/suspendfaq.html



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Working While Receiving Benefits

If you are	You can make up to	If you earn more, some benefits will be withheld
Under Full Retirement Age	\$17,040/yr.	\$1 for every \$2
The Year Full Retirement Age is Reached	\$45,360/yr. before month of full retirement age	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit

Note: If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.



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66

**Full Retirement Age
100% of Benefit
and No Income Limit
(If your Full Retirement Age is 66)**



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70

Max

Delayed Retired Credit

132% of Benefit

(If your Full Retirement Age is 66)



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Benefits for Divorced Spouses

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- Your ex-spouse is entitled to Social Security retirement or disability benefits; and
- The benefit you are entitled to receive based on your own work is less than the benefit you would receive based on your ex-spouse's work.

Note: Marriage must have lasted 10 years or longer



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Windfall Elimination Provision (WEP)

If any part of your pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.

WEP can apply if:

- You reach 62 after 1985; or
- You become disabled after 1985; and
- You first become eligible for a monthly pension based on work where you didn't pay Social Security taxes after 1985.

socialsecurity.gov/planners/retire/wep.html



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Windfall Elimination Provision (WEP)

Normal Computation	WEP Computation
90% of the <u>first</u> \$926	40% of the <u>first</u> \$926
32% of the next \$4,657	32% of the next \$4,657
15% of the remainder	15% of the remainder

Max WEP reduction for someone who turns 62 in 2019 is \$463/month



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Exception to the WEP

Years of Substantial Earnings	% of First Factor in Benefit Formula
30 or more	90
29	85
28	80
27	75
26	70
25	65
24	60
23	55
22	50
21	45
20 or fewer	40



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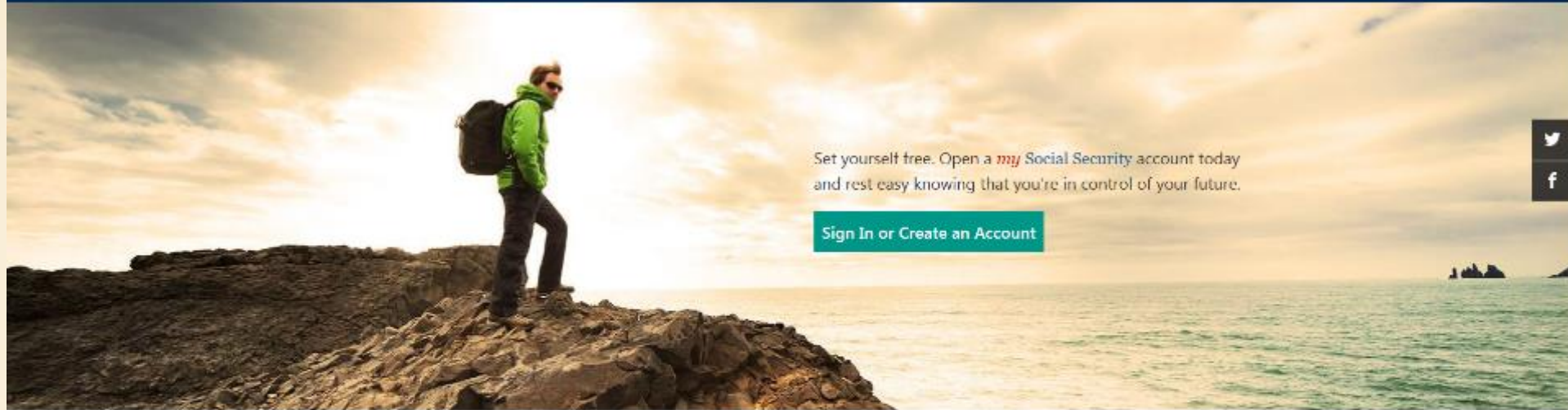
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my Social Security



Social Security

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[Sign In or Create an Account](#)



HAVE AN ACTIVATION CODE?

[Finish Setting Up Your Account](#)

Received assistance from Social Security to create your account? Finish the process by entering your activation code now.



socialsecurity.gov/myaccount



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How to open a *my* Social Security account

- 1 Visit socialsecurity.gov/myaccount
- 2 Select: Sign In or Create an Account
- 3 Provide some personal information to verify your identity.
- 4 Choose a “username” and “password” to create your account.



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Ask For A Speaker

<https://www.ssa.gov/agency/ask-for-a-speaker.html>



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Need more help?
OEA.Net.Post@ssa.gov



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Q&A session

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