

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 2022, this note displays their current earnings at various ages in 2021, 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 2021. Thus, the benefit estimates for workers at various ages in 2022 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 2022.

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 1999-2018. 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 2018). 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 2021, 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 2021 and age in 2022. Each table lists *earnings in 2021* 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 2021) 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 2021. Earnings after 2021 are assumed to equal the taxable maximum of \$142,800 for 2021.

³ For more details on development of the scaled earnings patterns, see Actuarial Note Number 2022.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2022-3.pdf>.

⁴ The QC is the basic unit for determining whether a worker is insured for Social Security benefits. In 2022, for example, a worker needed to have \$1,510 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 2021. 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 2019. 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 2022 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 2019. 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 2022. 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 2022. 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 2019.

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 2022	Age at benefit entitlement (NRA)	Earnings in 2021 and benefit at entitlement (NRA)							
25	67	<i>Earnings in 2021.....</i>	\$7,944	\$15,887	\$23,831	\$31,775	\$39,719	\$47,662	\$142,800
		<i>Benefit at entitlement ...</i>	12,312	17,112	21,912	26,712	31,512	34,308	42,252
35	67	<i>Earnings in 2021.....</i>	14,331	28,662	42,993	57,323	71,654	85,985	142,800
		<i>Benefit at entitlement ...</i>	12,312	17,112	21,912	26,712	31,512	34,308	42,444
45	67	<i>Earnings in 2021.....</i>	16,214	32,429	48,643	64,858	81,072	97,287	142,800
		<i>Benefit at entitlement ...</i>	12,312	17,112	21,912	26,712	31,512	34,308	42,528
55	67	<i>Earnings in 2021.....</i>	16,067	32,134	48,201	64,269	80,336	96,403	142,800
		<i>Benefit at entitlement ...</i>	12,312	17,112	21,912	26,712	31,512	34,308	42,600
65	66 and 6 mos.	<i>Earnings in 2021.....</i>	11,571	23,142	34,713	46,284	57,855	69,426	142,800
		<i>Benefit at entitlement ...</i>	11,532	16,044	20,568	25,080	29,592	32,136	40,020
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			11	29	47	63	75	83	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 2021. However, earnings after 2021 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for [table V.C7](#) of the 2022 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 2018), 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 1999-2018. 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 2021. (For 2021, this amount was \$142,800.) For more details on the scaled-earnings patterns see Actuarial Note Number 2022.3 at: <http://www.ssa.gov/OACT/NOTES/ran3/an2022-3.pdf>.

⁴ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2021) 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 2019. 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 2022	Age at benefit entitlement		Earnings in 2021 and benefit at entitlement (Age 65)						
25	65	<i>Earnings in 2021</i>	\$7,944	\$15,887	\$23,831	\$31,775	\$39,719	\$47,662	\$142,800
		<i>Benefit at entitlement</i>	10,668	14,832	18,996	23,148	27,312	29,736	36,612
35	65	<i>Earnings in 2021</i>	14,331	28,662	42,993	57,323	71,654	85,985	142,800
		<i>Benefit at entitlement</i>	10,668	14,832	18,996	23,148	27,312	29,736	36,792
45	65	<i>Earnings in 2021</i>	16,214	32,429	48,643	64,858	81,072	97,287	142,800
		<i>Benefit at entitlement</i>	10,668	14,832	18,996	23,148	27,312	29,736	36,864
55	65	<i>Earnings in 2021</i>	16,067	32,134	48,201	64,269	80,336	96,403	142,800
		<i>Benefit at entitlement</i>	10,668	14,832	18,996	23,148	27,312	29,736	36,912
65	65	<i>Earnings in 2021</i>	11,571	23,142	34,713	46,284	57,855	69,426	142,800
		<i>Benefit at entitlement</i>	10,380	14,448	18,504	22,572	26,640	28,920	35,916
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			11	29	47	63	75	83	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 2021. However, earnings after 2021 follow scaled earnings patterns as age increases. (These assumptions are not consistent with those used for table V.C7 of the 2022 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 2018), 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 1999-2018. 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 2021. (For 2021, this amount was \$142,800.) For more details on the scaled-earnings patterns see Actuarial Note Number 2022.3 at: http://www.ssa.gov/OACT/NOTES/ran3/an2022-3.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 2021) 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 2019. 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 2022 at Selected Ages and With Various Full-Lifetime Earnings Patterns²

Age at benefit entitlement in 2022	Earnings in 2021 and benefit at entitlement in 2022							
25	<i>Earnings in 2021</i>	\$7,944	\$15,887	\$23,831	\$31,775	\$39,719	\$47,662	\$142,800
	<i>Benefit at entitlement</i>	5,760	11,232	13,284	15,336	17,388	19,440	40,572
35	<i>Earnings in 2021</i>	14,331	28,662	42,993	57,323	71,654	85,985	142,800
	<i>Benefit at entitlement</i>	10,008	14,244	17,808	21,372	24,936	28,500	40,728
45	<i>Earnings in 2021</i>	16,214	32,429	48,643	64,858	81,072	97,287	142,800
	<i>Benefit at entitlement</i>	11,400	15,672	19,944	24,216	28,488	31,728	40,572
55	<i>Earnings in 2021</i>	16,067	32,134	48,201	64,269	80,336	96,403	142,800
	<i>Benefit at entitlement</i>	11,676	16,236	20,808	25,368	29,928	32,544	40,452
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		6	23	42	59	72	81	100
<p>¹ A worker is <i>disability insured</i> 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.</p> <p>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 1999-2018. 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 2021. (For 2021, this amount was \$142,800.) For more details on the scaled-earnings patterns see Actuarial Note Number 2022.3 at: http://www.ssa.gov/OACT/NOTES/ran3/an2022-3.pdf.</p> <p>³ The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2021) expected for the illustration assuming the worker survives to age 65 without having become disabled.</p> <p>⁴ Based on a 1% sample of actual earnings histories for individuals aged 25 to 65 who were disability insured in 2019. 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> <p>Note: These estimates reflect no increase in the cost of living after December 2021.</p>								

Table 3. Survivor Annual Benefit Amounts

For Survivors Entitled in 2022 at Selected Ages and With Various Full-Lifetime Earnings Patterns of the Deceased Spouse¹

Age of deceased spouse in 2022	Age of surviving spouse in 2022	Benefit at entitlement in 2022 and deceased spouse's earnings in 2021							
25		<i>Spouse and one child.....</i>	\$9,600	\$17,520	\$20,952	\$24,360	\$27,792	\$31,224	\$61,128
	25	<i>Child only.....</i>	4,800	8,760	10,476	12,180	13,896	15,612	30,564
		<i>Spouse and two children...</i>	9,612	17,532	20,952	25,056	31,260	37,476	71,328
		<i>Earnings of deceased spouse in 2021 ...</i>	7,944	15,887	23,831	31,775	39,719	47,662	142,800
35		<i>Spouse and one child.....</i>	16,392	22,344	28,176	33,984	39,816	45,648	61,320
	35	<i>Child only.....</i>	8,196	11,172	14,088	16,992	19,908	22,824	30,660
		<i>Spouse and two children</i>	16,392	22,344	31,944	42,504	47,712	53,280	71,568
		<i>Earnings of deceased spouse in 2021</i>	14,331	28,662	42,993	57,323	71,654	85,985	142,800
45		<i>Spouse and one child.....</i>	17,184	23,712	30,240	36,744	43,272	47,904	60,912
	45	<i>Child only.....</i>	8,592	11,856	15,120	18,372	21,636	23,952	30,456
		<i>Spouse and two children</i>	17,196	23,868	35,688	44,964	50,784	55,908	71,088
		<i>Earnings of deceased spouse in 2021</i>	16,214	32,429	48,643	64,858	81,072	97,287	142,800
60		<i>Spouse and one child.....</i>	8,352	11,616	14,880	18,144	21,408	23,268	28,836
	60	<i>Child only.....</i>	8,760	12,180	15,612	19,032	22,452	24,408	30,252
		<i>Spouse and two children</i>	17,532	25,044	37,464	46,128	52,416	56,976	70,608
		<i>Earnings of deceased spouse in 2021</i>	14,267	28,534	42,802	57,069	71,336	85,603	142,800
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			13	31	48	64	75	83	100
<p>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 1999-2018. 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 2021. (For 2021, this amount was \$142,800.) For more details on the scaled-earnings patterns see Actuarial Note Number 2022.3 at: http://www.ssa.gov/OACT/NOTES/ran3/an2022-3.pdf.</p> <p>² The full-lifetime average earnings level reflects the average of the highest 35 years of wage-indexed earnings (wage-indexed to 2021) expected for the illustration assuming the worker survives to age 65 without having become disabled.</p> <p>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 2018), or through age 62 if earlier, and has a minimum of 6 QCs.</p> <p>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.</p> <p>⁵ Based on a 1% sample of actual earnings histories for individuals aged 25 through 65 who were fully or currently insured in 2019. 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> <p>Note: These estimates reflect no increase in the cost of living after December 2021.</p>									