

Social Security: Earnings Test

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This illustration is not complete without all pages.

Social Security: Earnings Test

- Even though a Qualified Worker retires, the person can still earn income. This report shows the affect of earnings on the Primary Insurance Amount.
- Not all income will have an impact on your benefits you can receive. Income for this test includes income earned from a job or self-employed net earnings. These should include bonuses, commissions, and vacation pay. Income such as pensions, annuities, investment income, interest, veterans/government/military retirement benefits are not included in this test.
- For Benefits Starting In a Prior Year:
 - This test is used to determine how many months are withheld, based on income that exceeds the Exemption. When income exceeds the Exemption, benefits are withheld for whole months, and any excess benefit withheld is given in the following year.
 - If the year entered reflects an age considered 'Early', the test uses the Lower Exemption published by the the Social Security Administration for the given year. The income in excess of the Exemption is divided by 2. This is the total amount to be withheld. For example, in 2021, the Lower Exemption is \$18,960. If the worker earns \$22,000, then the excess is \$3,040, and the total amount to be withheld is \$1,520.
 - If the person attains Full Retirement Age in the year entered, then the test uses the Higher Exemption published by the the Social Security Administration for the given year. The income in excess of the Exemption is divided by 3. This is the total amount to be withheld. For example, in 2021, the Higher Exemption is \$50,520. If the worker earns \$60,000, then the excess is \$9,480, and the total amount to be withheld is \$3,160.
 - For example, if the worker's PIA is \$750, and the worker has total amount to be withheld equal to \$1,600, then the total number of months that the benefit is withheld is 3. The excess withheld is returned to the worker in the following year. In this case, the excess would be \$2,250 less \$1,600, or \$650. If the total number of months exceeds 12, then no benefit is allowed for the year.
- For Benefits Starting This Year, a special rule applies:
 - This test uses the Lower or Higher Exemption, based on if the worker attains Full Retirement Age for the year, but divides this number by 12 to determine the Monthly Exemption amount. When a person retires this year, their post-retirement income is compared to the Monthly Exemption amount. If the person received more income for a month than the Monthly Exemption amount, then the person is not qualified for benefits for that month.
 - For months prior to retirement, income is not considered for this test. If the person turns 62 during this year, only income earned after they reach eligibility is considered, regardless of inputs.
- If the worker is already reached Full Retirement Age, the Earnings Test is not applicable. The worker has no limit on the amount of income they can earn, and will be eligible for the full benefit.
- Note: Benefits withheld while you continue to work are not forfeited, but once you reach your Full Retirement Age, your monthly benefit will be increased permanently to reflect the withheld benefits.

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- The following table illustrates the Full Retirement Age based on the birth year.

Birth Year	Full Retirement Age
1940	65, 6 Months
1941	65, 8 Months
1942	65, 10 Months
1943-1954	66
1955	66, 2 Months
1956	66, 4 Months
1957	66, 6 Months
1958	66, 8 Months
1959	66, 10 Months
1960+	67

- The following table illustrates the Lower and Higher Exemption amounts for the past 10 years.

Year	Lower	Higher
2021	\$18,960	\$50,520
2020	\$18,240	\$48,600
2019	\$17,640	\$46,920
2018	\$17,040	\$45,360
2017	\$16,920	\$44,880
2016	\$15,720	\$41,880
2015	\$15,720	\$41,880
2014	\$15,480	\$41,400
2013	\$15,120	\$40,080
2012	\$14,640	\$38,880

This is a hypothetical illustration based on the assumptions you made, and is to be used as a guide only, in order to help you understand what your planning needs may be. This illustration should be considered together with all other information you deem important in making your investment decisions. This is not an illustration or guarantee of the performance of any specific investment. Actual performance from your investments may vary. This illustration is not legal or tax advice. You should consult with your own attorney and/or accountant to review this information and determine its appropriateness with respect to your particular situation. The provider of this illustration provides no guarantee and assumes no responsibility or liability for the accuracy of the information provided (including whether the interest rate you have selected is in fact "reasonable"), or for your reliance or decisions based on this information.

Social Security: Earnings Test Summary (2020)

Year:	2020
PIA (Benefit Amount):	\$1,752
Projected Annual Income:	\$19,522
Earnings Test Exempt Amount:	\$18,240
Earnings Over Exempt Amount:	\$1,282
Withheld Earnings:	\$641
Months Benefits Withheld:	1
2020 Benefit Payments Start in:	February
Excess Withheld Paid in 2021	\$1,111

Details

Month	Benefit	Withheld	Excess Withheld
January	\$0	\$1,752	\$1,111
February	\$1,752	\$0	
March	\$1,752	\$0	
April	\$1,752	\$0	
May	\$1,752	\$0	
June	\$1,752	\$0	
July	\$1,752	\$0	
August	\$1,752	\$0	
September	\$1,752	\$0	
October	\$1,752	\$0	
November	\$1,752	\$0	
December	\$1,752	\$0	