

Pratt & Associates Summer Newsletter 2000

I. Social Security

- I. A) Prior to 2000 there were limitations for individuals under 70, and still generating earned income. These individuals could earn only limited amounts of money before their Social Security benefits were phased out.

On April 7, 2000, new legislation was enacted to eliminate the Social Security retirement earnings test in the month a person reaches the full retirement age of 65. This means that once an individual reaches the age of 65 they can generate an unlimited amount of earned income and still collect Social Security.

The elimination of the retirement test was effective 1/1/2000.

In 2000, individuals under the age of 65 can earn up to \$10,080 and still receive full benefits.

For more information on the Social Security Legislative Bulletin go to www.ssa.gov/legislation/legis_bulletin_040700.html.

- B) Individuals who receive Social Security can have federal income tax withheld directly from their monthly benefits check. Recipients can have tax withheld at 7, 15, 28 & 31 % by completing form W-4V. For more information see our link to the Social Security web page.
- II. There has been a change in the age an individual can receive their full social security benefits. The full retirement age of 65 has increased starting with individuals born 1938 or later. The retirement age will increase up to age 67, with individuals born after 1960 or later.

The Age to Receive Full Social Security Benefits is as follows:

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 -- 1954	66

1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

The earliest a person can start receiving Social Security benefits will remain age 62.