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## How to Apply for Medicare Part B During Your Special Enrollment Period

At age 65, most people in the United States should enroll in Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance). However, since Part B has a monthly premium that must be paid, some individuals sign up for Part A only and don't enroll in Part B at age 65, because they either:

- Are still working and are covered by an employer's group health plan; or
- Have a spouse who's working and have medical care coverage under their spouse's employer's group health plan.

Also, some individuals would like to continue to make contributions to a Health Savings Account (HSA), but upon enrolling in either Medicare, Social Security, or Railroad Retirement Board (RRB) benefits, they may incur a tax penalty from the Internal Revenue Service. In either case, a Special Enrollment Period (SEP) may be available to these individuals when

### When can I enroll in my SEP?

You can use an SEP to enroll in Medicare Part B while you're still in a group health plan based on current employment. Also, if your employment ends or employer-provided medical coverage ends, you have eight months from that month (whichever comes first) to sign up for Medicare Part B without a delay in coverage and possible penalty.

**NOTE:** Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage, retiree health coverage, Veterans Affairs (VA) coverage, or individual health coverage (like through the Health Insurance Marketplace) don't count as coverage based on current employment.

You cannot enroll in Medicare using an SEP during your Initial Enrollment Period (IEP). Your IEP starts three months before the month you reach age 65 and ends three months



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## How Work Affects Your Benefits



## Special Payments After Retirement

Bonuses, Vacation Pay, Commissions, Sick Pay, Insurance Commissions, Carryover Crops, and Other Special Payments

### What are "special payments"?

After you retire, you may receive payments for work you did before you started getting Social Security benefits. Usually, those payments will not affect your Social Security benefit if they are for work done before you retired. This fact sheet describes some of the more common types of special payments, helps you to decide if you received any and tells you what steps to take if you did.

### What qualifies as a special payment?

If you worked for wages, income received after retirement counts as a special payment if the last task you did to earn the payment was completed before you stopped working. Some special payments to employees include bonuses, accumulated vacation or sick pay, severance pay, back pay, standby pay, sales commissions, and retirement payments. Another example of a special payment is deferred compensation reported on a W-2 form for one year, but earned in a previous year. These amounts may be on your W-2 in the box labeled "Nonqualified Plan."

If you were self-employed, any net income you receive after the first year you retire counts as a special payment if you performed the services before your entitlement to Social Security benefits. "Services" are any regular work or other significant activity you do for your business.

Some special payments to self-employed people include farm agricultural program payments, income from carryover crops, or income gained by an owner of a business who does not perform significant services in that business.

### How do earnings limits affect benefits?

If a person who gets Social Security retirement benefits is younger than their full retirement age, there are limits to how much they can earn from work before it affects their benefits. Your full retirement age varies based on the year you were born. You can visit [www.socialsecurity.gov/planners/retire/ageincrease.html](http://www.socialsecurity.gov/planners/retire/ageincrease.html) to find your full retirement age. We reduce benefits, if earnings exceed certain limits.

- If you are younger than your full retirement age, we deduct \$1 in benefits for each \$2 you earn above the earnings limit. In 2020, the limit is \$18,240.
- In the year you reach your full retirement age, we reduce your benefits \$1 for every \$3 you earn above the earnings limit. In 2020, the limit is \$48,000.
- Starting with the month you reach full retirement age, you can get your full benefits no matter how much money you earn.

### If you think you received a special payment

If you get Social Security and your total yearly earnings exceed the limit and these earnings include a special payment, contact Social Security. Tell us if you think you received a special payment. If we agree, we will not count the special payment as part of your total earnings for the year.



## Your Retirement Checklist

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At Social Security, we're often asked, "What's the best age to start receiving retirement benefits?" The answer is that there isn't a "best" age that applies to everyone. It's a personal decision based on your situation and, ultimately, it's your choice. To help you make an informed choice, consider the factors below as you think about when to start receiving your Social Security benefits.

### What you should know before you apply

#### What does "retirement" mean?

For us, retiring means getting your Social Security retirement benefit. It might mean that you've also stopped working. However, these two things don't need to happen at the same time. For example, you have the option of delaying your monthly benefit even after you stop working. Delaying your benefit will increase your monthly benefit amount. (See below.)

#### Your benefits are based on your entire earnings history

Do you know how your benefit is calculated? Your monthly benefit amount is based on your highest 35 years of earnings. If you don't

have 35 years of earnings, your monthly benefit will be reduced, because years with no earnings will count as zeroes. Learn your estimated monthly benefit amount by reading your Social Security Statement at [www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount), or use the Retirement Estimator at [www.socialsecurity.gov/retire/estimator.html](http://www.socialsecurity.gov/retire/estimator.html).

#### Your monthly benefit is higher if you wait to start

When should you start your retirement benefit? You can start receiving benefits as early as age 62. However, the longer you wait up to age 70, the higher your monthly benefit will be — for the rest of your life. If you're married and you're the higher earner, delaying your benefit may also mean higher survivor benefits for your spouse when you pass away. You can see the impact of starting your monthly benefits at different ages by checking your Social Security Statement or the Retirement Estimator. Both are available online at [www.socialsecurity.gov/online-services](http://www.socialsecurity.gov/online-services). For more information on how delaying retirement increases your monthly benefit,