



Social Security Launches a New Online Benefits Estimating Tool

Last month the Social Security Administration unveiled the *Retirement Estimator*, an online calculator that provides immediate and personalized benefit estimates to help people plan for their retirement. I tried the calculator and found it very fast and easy to use; it's a big improvement over the prior online applications.

The calculator can be found at www.socialsecurity.gov/estimator. By far, the biggest benefit of this tool is that it automatically links to each person's actual Social Security earnings over the course of their work history, eliminating the need to manually key in years of earnings in order to get a benefit estimate. It is also interactive, allowing users to understand the impact on their benefit of different assumptions about future earnings and retirement dates.

To protect privacy, only the benefit estimates are provided online. The Retirement Estimator does not display any personal information, such as address, earnings or other information that could lead to identity theft.

How it works

The calculator is designed for individual use; you can't use it on behalf of another person. You have to acknowledge you are the individual whose personal information you are requesting before you can proceed.

You enter your personal information -- including social security number, date of birth, place of birth, and mother's maiden name -- and then enter your last year's earnings (wages and/or net self-employment income) if they were covered by Social Security.

The initial output gives you your estimated benefits (in today's dollars) for:

- Drawing Social Security at age 62 (or current age if older than 62),
- Drawing Social Security at full retirement age, and
- Delaying drawing benefits until age 70

The initial estimate is based on your average earnings over your working lifetime, and assumes that as you continue to work, you will make about the same as you entered for last year's earnings. This means that the tool is less useful for people who are decades away from retirement, as their earnings may significantly increase or decrease as their careers unfold.

At this point the calculator allows you to create additional scenarios where you can change the age at which you stop working, and/or change assumptions about future earnings.

You can use the Retirement Estimator if:

- You are **not** currently receiving benefits on your own Social Security record,
- You are **not** a Medicare beneficiary,
- You have enough Social Security credits at this time to qualify for a benefit, and,
- You are **not** eligible for a pension based on work not covered by Social Security

Of course, the output is a closer estimate for some people than for others; obviously, the closer you are to retirement, the more accurate the estimate is going to be. This new tool is particularly useful for people who are close to the end of their working years, as it allows them to easily model different stop work years to understand the impact on their Social Security benefits.

--Karen O'Brien. Posted 08/15/08.