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THE SENIOR CITIZENS LEAGUE
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Social Security Benefits Lose 33% of Buying Power

Between October of 2018, and January 2019, consumer prices fell according to data from the Bureau of Labor Statistics. On January 1, 2019, Social Security beneficiaries received a Cost-of-Living Adjustment (COLA) of 2.8%. Theoretically, the combination of higher benefits, and lower prices, should translate into more money for retirees in the short term. But according to TSCL's study of the rising costs of older Americans, this is not necessarily the case. Any improvement in Social Security buying power in 2019 has been offset by stiff increases in costs of other essentials, particularly out-of-pocket spending on prescription drugs that aren't adequately reflected in the inflation measure used to index Social Security benefits for the COLA.

In fact, Social Security benefits have lost one-third (33 percent) of their buying power since the year 2000. That represents a very small 1 percent improvement in Social Security buying power, compared to a loss of 34 percent in from 2000 to 2018. On the other hand, the tepid growth in

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Three Family Members On Medicare—Each With High Drug Costs

Out-of-pocket spending on prescription drugs was the fastest rising expense of retirees from 2000 to 2019, according to a recent study of retiree costs by TSCL. While the annual Cost-of-Living Adjustment (COLA) increased

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How the Government Measures Inflation Can Mean Bad News For Your COLA

Mary Johnson, editor

When it comes to the Social Security Cost-of-Living Adjustments (COLAs) many, if not most, of you say that you feel the government is cooking the inflation data. The COLA seldom seems to reflect the growing costs you experience. Two factors are to blame; the choice of a consumer price index used to calculate your COLA, and the methodology that our government uses to calculate price inflation to begin with.

While you may be familiar with the problem of our government using a price index that reflects the inflation experience of younger workers rather than retired people over the age of 62, you quite likely have not heard very much about the specifics of how our government calculates price indexes. What the average person thinks of as a straight-forward mathematical calculation, the federal government can approach in convoluted ways.

Here's a hypothetical example: Let's say that you shop at the same grocery store every week. The price of navel oranges varies by the time of

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Benefit Bulletin

Rick Delaney, Chairman of the Board, TSCL

Proposal Would Make it Harder to Qualify for Medicare Savings Programs

The Trump Administration has proposed a change that would make it harder for older adults with low incomes to qualify for Medicare Savings Programs, Medicaid, and Medicaid-covered stays in nursing homes. President Trump's budget proposal for fiscal year 2020 would change the way the federal government measures poverty by switching to the more slowly-growing "chained" consumer price index (CPI) to adjust the federal poverty levels. Over time, the federal poverty levels would grow more slowly, and this would make it harder for low-income Medicare recipients to qualify for "safety-net" benefits.

The proposed change would shift to the "chained CPI," which rises more slowly than the current CPI used to adjust federal poverty levels. This proposal could strip the benefits of millions of Medicare recipients whose income is so low that they also receive benefits through Medicaid—about 1-in-5 beneficiaries in Medicare today. Twenty-two percent of people age 65 and up qualify for Medicare Savings Programs that help pay the Medicare Part B premium. The programs also help cover some, or all, of Medicare Part A and Part B out-of-pocket cost requirements when income is low enough to qualify. Medicaid also is the main source of assistance for nursing home stays which aren't covered under Medicare, and benefits even middle-income retired households that have been made poor due to high healthcare costs.

The current measure of poverty, created in the early 1960s, can't be called overly-generous. In 2019, the federal government defines the federal poverty level as $12,490 for an individual, and just $16,910 for a couple. Under the official poverty measure, there is no deduction in income for out-of-pocket medical expenses which consume, on average, about one-third of the Social Security income of Medicare recipients.

TSCL's 2019 Senior Survey found that a majority of survey participants (58%) rated federal and state programs that assist with medical and prescription drug costs as a top, or very important priority. For years, TSCL has firmly opposed the use of the "chained" CPI to adjust Social Security benefits because it would "chain the COLA." Over time, changing to a slower-growing CPI would cut Social Security benefits by about 7% to 9% over the course of a 30-year retirement, according to studies by *Advisor* editor Mary Johnson. In like manner, using the chained CPI to adjust federal poverty levels could be expected to reduce the rate of growth in poverty levels, leaving low-income older adults with nowhere to go for help when facing high healthcare costs or nursing home care.

TSCL is monitoring this proposal and continues to work with Members of Congress to ensure low income Medicare beneficiaries can get help with Part B premiums, out-of-pocket costs, and nursing home stays. We urge you to contact your Members of Congress and let them know what you think about the idea to "chain" down the federal poverty limits. ■

Tell Us What You Think!

Each year, The Senior Citizens League asks supporters like you to make your voices heard in Washington by taking our Senior Survey. The results of our annual Senior Survey are our most valuable advocacy tool.

Your responses to the questions help shape our legislative agenda for the year ahead and give our team the knowledge we need to inform Members of Congress, the media, and the public about the challenges facing older Americans.

Take the survey online at www.SeniorsLeague.org. ■

Legislative Update

Questions to Ask Your Member of Congress at Your Next Town Hall

By Jessie Gibbons, Legislative Director

Jessie Gibbons, Legislative Director

The U.S. House and Senate adjourn at the end of July for a six-week summer recess, and many lawmakers will hold town hall meetings in their home states and districts throughout the month of August. The Senior Citizens League (TSCL) encourages Social Security and Medicare beneficiaries like you to attend these events and to ask important questions of your elected officials about your earned benefits.

To be best prepared, jot down some questions for which you would like answers. Below are six sample questions—feel free to take them with you and share them with others at your next town hall.

1. Social Security beneficiaries received a 2.8% Cost-of-Living Adjustment (COLA) this year, but millions of older Americans with low benefits have seen their increases completely offset by higher Medicare Part B premiums. Do you support the *Fair COLA for Seniors Act* (H.R. 1553), which would give beneficiaries a more adequate Social Security COLA?
2. Most Americans contribute 6.2 percent of every paycheck to Social Security, but workers earning over $132,900 contribute nothing over that amount due to a payroll tax cap. Around 75% of Social Security beneficiaries believe the Social Security taxable maximum should be eliminated to extend the solvency of the Trust Funds responsibly, without cutting benefits. Do you agree?
3. Bipartisan legislation before the House and Senate would repeal the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) benefit reductions so that millions of retired teachers and police officers receive the Social Security benefits they have earned and deserve. Will you cosponsor the *Social Security Fairness Act* (S. 521, H.R. 141) when you return to Washington?
4. Roughly half of all older taxpaying households paid income taxes on a portion of their Social Security benefits this year, even though many of them had incomes as low as $25,000 or $32,000 for married couples filing jointly. Those modest incomes are just two times higher than the federal poverty level. Do you believe this tax on Social Security benefits is fair and, if not, what are you doing to fix it?
5. The government negotiates prescription drug prices for Medicaid and for veterans, but it is barred from doing so for Medicare Part D beneficiaries. As a result, senior citizens enrolled in Part D often pay much higher prices for their prescriptions than other Americans. Will you support the bipartisan *Medicare Prescription Drug Price Negotiation Act* (H.R. 275)?
6. Under current law, the Medicare program excludes coverage of most routine and emergency dental care, including cleanings, fillings, root canals, and extractions. As a result, around 70 percent of Medicare beneficiaries are left without comprehensive dental insurance coverage. The *Medicare Dental Benefit Act* (S. 22) would correct this to ensure that seniors have access to essential health care. Will you cosponsor this important bill?

For information about town hall meetings near you during the summer congressional recess, call the local offices of your elected officials. For Congressional contact information, visit our website at www.SeniorsLeague.org. ■

***The Social Security & Medicare Advisor* © 2019** is published by The Senior Citizens League (TSCL). TSCL is an organization of active seniors concerned about the protection of their earned Social Security, Medicare, military, and other retirement benefits. TSCL's supporters participate in a number of grassroots lobbying and public education campaigns to help ensure governmental bodies live up to their commitments. Current active contributors to The Senior Citizens League are entitled to receive *The Social Security & Medicare Advisor* for no additional charge. Readers wishing to contact TSCL should address correspondence to The Senior Citizens League, 1800 Diagonal Road, Suite 600, Alexandria, VA 22314. TSCL website: www.SeniorsLeague.org. Editor: Mary Johnson.

CONGRESSIONAL CORNER

It's Time to Tackle the High Cost of Prescription Drugs

By Senator Amy Klobuchar (MN)

Senator Amy Klobuchar (MN)

I've heard similar stories again and again—people getting sick and having to choose between paying the mortgage, turning on the heat in the winter, or refilling a critical prescription. We know that one-in-four Americans struggle to afford their medication, and many are choosing to cut pills in half or skip doses completely because of the cost. That's just not right. No one should be forced into bankruptcy because they're sick or have a chronic condition.

It hasn't always been this way, but in the last few decades, U.S. drug prices have skyrocketed. Between 2012 and 2016, the price of branded prescription drugs increased 110 percent.[1] Just look at cancer fighting drugs. In the 1960s, the average cost for a new drug to fight cancer was about $100 per month.[2] Today, the average is close to $10,000.[3]

And it's not only new drugs—the prices of medications that patients have relied on for decades are also skyrocketing. Take insulin, for example. It's produced by our bodies to regulate our blood sugar levels, but patients with type 1 (insulin deficiency) or type 2 (insulin resistance) diabetes are often prescribed insulin, and many of them need it to survive.

If you're one of the 1.2 million Americans with type 1 diabetes, I probably don't need to tell you that you spent twice as much on insulin in 2016 as you did in 2012—and the prices continue to rise.[4] Steady price increases for this life-saving medicine have forced some diabetics to ration doses. Those who used to comfortably afford insulin are even dying without the full amount they need, like Alec Smith, a young man from my home state of Minnesota, whose mother, Nicole Smith-Holt is a passionate advocate for reducing the cost of insulin.

That's because the free-market does not work the same way for health care as it does for other commodities. Think about it, if the price of your morning coffee went up to $10,000, you would just stop drinking coffee. But it just doesn't work like that for life-saving medications.

People who depend on prescription medication to survive can't opt out of the market when it gets too expensive, and often there is no alternative treatment. They have no option other than to pay the full price.

So it's time for Congress to step in. One of the steps we can take immediately to lower drug prices is passing my legislation to lift the ban that prohibits Medicare from negotiating prescription drug prices, and harnessing the power of 43 million seniors who deserve access to affordable medication.

We can also look beyond our borders and allow Americans to import safe drugs that cost less. In Canada, people spend significantly less than we do in the U.S. for the same drugs. That's why I have a bipartisan bill, with Republican Senator Chuck Grassley of Iowa, to allow for the safe importation of less expensive drugs from Canada, increasing competition, bringing down drug costs, and saving American families money. After all, competition is one of the best ways to make sure prescription drugs are affordable.

We can also increase competition between U.S. manufacturers by passing another bipartisan bill I lead with Senator Grassley, to limit a manipulative practice called "pay-for-delay," where big brand-name pharmaceutical companies pay-off generic manufacturers to keep less expensive products off the market. Stopping this practice alone would save U.S. taxpayers millions.

America has the highest drug prices in the world. The longer we wait to take action, the higher the prices will rise, and the more patients, taxpayers, and seniors across the country will struggle to access the drugs they need. I won't stop fighting until we finally start lowering the costs of prescription drugs for our seniors and every American. ■

The opinions expressed in "Congressional Corner" reflect the views of the writer and are not necessarily those of TSCL.

Sources:

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BEST WAYS TO SAVE

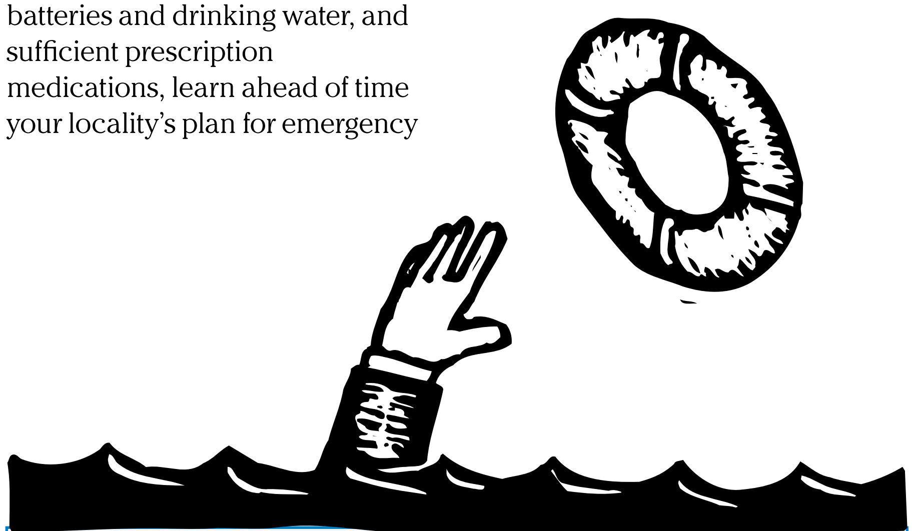
It's Hurricane Season. Do You Need Hurricane Insurance?

Technically, there's no such thing as "hurricane insurance," but if you live in a hurricane prone area, it's a good idea to get a better understanding of your homeowner's insurance coverage. Depending on where you live, you may need to supplement your homeowner's policies to protect against hurricane damage.

The two biggest hurricane risks are flooding, including flooding due to storm surge, and windstorm damage. Most homeowner's insurance policies do not cover flooding and list this exclusion right on the cover page of the policy. Homeowners can buy flood insurance separately through the National Flood Insurance Program. Many major insurers provide the flood insurance through an arrangement with this program, so you should contact your homeowner's insurance agent for more information and a quote.

Depending on where you live, you might need to supplement your homeowner's insurance with windstorm insurance as well. While the standard home policy covers homes from damage caused by heavy winds, if the winds are caused by a hurricane, you may have to deal with paying a hefty hurricane deductible. Instead of charging a flat rate (such as $1,000) deductible, your homeowner's policy may charge 2%, 5%, or 10% of the value of your home. If your home is insured for $350,000 and you have a 5% hurricane deductible, $17,500 will be deducted if you file a claim.

Checking your insurance coverage is just a part in preparing for hurricane season. Make sure you have an emergency safety plan. Beyond having plenty of batteries and drinking water, and sufficient prescription medications, learn ahead of time your locality's plan for emergency alerts, and where emergency shelters are located, in case there's ever a need for mandatory evacuations. ■



HERE IS A HOMEOWNER'S INSURANCE CHECKLIST:

- Check your homeowner's policy limit to make sure the coverage is enough to rebuild. Rebuilding costs are not the same thing as your real estate appraisal.
- Check the hurricane/windstorm deductible which you will find stated on the Declarations (front) page of your homeowners policy.
- Understand what your policy covers and what it doesn't. Chances are you will find an exclusion for flooding. Contact your homeowner's insurance agent to get help understanding what isn't covered.
- Determine the value of your possessions with a home inventory. Take photos or videos of each room in your house. Keep track of what you paid for expensive items like appliances, electronics, art, jewelry and antiques.
- Make sure your policy provides enough coverage for additional living expenses. Additional living expenses cover the extra costs incurred if you need to live elsewhere because your home is uninhabitable.

ASK THE ADVISOR

What Can be Done to Address Social Security Cuts Experienced by Teachers?

Q: A friend of mine who retired after 30 years of teaching recently learned that she will not be getting a Social Security widow's benefit based on her husband's work in a private sector job. Because she gets her own pension from her teaching, she was told that it cancelled out her Social Security widow's benefit. Can this be right? My sister receives spouse benefits based on her husband's Social Security account even though she gets a pension from employment in a large company. Is there any legislation that would correct this issue?

A: Unfortunately for your friend, her own pension may be high enough to completely cancel out her Social Security widow's benefit. Teachers, fireman, police officers and others who receive a civil service pension can discover that Social Security cuts their spouse or survivors benefits by thousands of dollars. This can occur even though their spouse paid the required minimum into Social Security from payroll taxes and even though the same rule does not apply when someone receives a private pension.

Called the Government Pension Offset (GPO), Social Security can reduce spouses or widow(er)s benefits by two-thirds of the affected individual's government pension. For example, if an individual has a $2,900 per month pension from teaching, and she's entitled to a Social Security widow's benefit of $1,900, Social Security will reduce her Social Security spouse or widow's benefit by $1,933 (two thirds of $2,900). That would completely eliminate her Social Security benefit. This occurs even

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price inflation suggests that the COLA may be low in 2020, about 1.8%.

This year's study of retiree costs found that, between January of 2000 and January of 2019, Social Security COLAs increased Social Security benefits by 50 percent, but the costs of goods and services purchased by typical retirees rose more than twice as fast—100.3 percent. Food and medical costs—particularly for fresh fruits and vegetables, and prescription drugs—were among the most rapidly-rising costs over the past year. The study examines the growth since 2000 in the price of goods and services that are typical for retired and disabled households, and compares them to the growth in Social Security benefits due to annual COLAs.

The same $100 a retired household spent in 2000 can only buy about $67 worth of goods and services today. For example, older homeowners with an oil tank that holds 500 gallons paid $575 to fill up in January of 2000. In 2019 however, the same households had to come up with $1,545 for that amount of heating oil. In 2000, the average Social Security benefit was $816 per month. Retired householders with average benefits could fill the tank and still have money left over. By 2019, however, COLAs increased the monthly benefit to only $1,226.60. Average benefit households had to borrow to cover the full cost of a fill-up, dip into savings, or go without adequate heat.

Because retiree costs are rising at a substantially faster pace than the COLA, people with an average Social Security benefit of $1,226.60 today would require a Social Security benefit of $407.90 more per month, or $1,634.50 in 2019, *just to maintain his or her 2000 level of buying power.*

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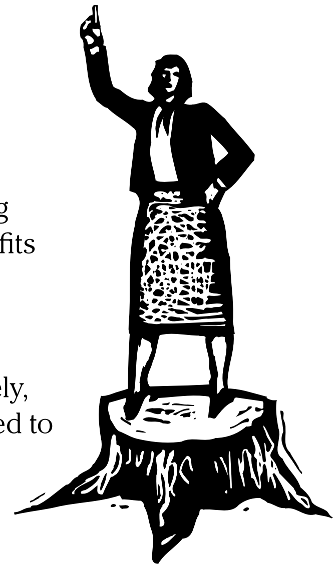
though her spouse paid into Social Security and she was otherwise entitled to a benefit. This law was part of the Social Security reforms of 1983.

As bad as this sounds, there's a similar law, the Windfall Elimination Provision (WEP), that affects people who receive a government pension. The WEP affects those who worked different jobs, one covered by the civil service pension, and others where the individual paid into Social Security for at least long enough to be eligible for benefits (10 years). Although the government pension and the eligibility for Social Security benefits were earned separately, the government pension is used to reduce the amount of Social Security that the individual receives in retirement.

TSCL strongly supports legislation, H.R. 141, introduced by Representative Rodney Davis (IL-13), that would repeal the GPO and WEP.

You can find more information, and fact sheets about the GPO and WEP on the Social Security website here: https://www.ssa.gov/planners/retire/gpo-wep.html. ■



A majority of the 60 million senior and disabled Americans who receive Social Security depend on it for at least 50 percent of their total income, and one-third of all beneficiaries rely on it for 90 percent or more of their income. To help protect the buying power of benefits, TSCL is working to build support for bipartisan legislation called the *Fair COLA for Seniors Act* (H.R. 1553) that would base COLAs on the Consumer Price Index for the Elderly (CPI-E). To learn more, visit www.SeniorsLeague.org. ■

Top Ten Fastest Growing Costs of Older Americans Since 2000

Item	Cost in 2000 Average cost	Cost in 2019 Average cost	Percent Increase
1. Prescription drugs, generic, brand, special, average out-of-pocket (annual)	$1,102.00	$3,891.90	253%
2. Homeowner's insurance (annual)	$508.00	$1,518.97	199%
3. Medicare Part B premiums (monthly)	$45.50	$135.50	198%
4. Home heating oil (gallon)	$1.15	$3.09	170%
5. 10 lbs. potatoes (gold)	$2.98	$7.98	168%
6. Propane gas (gal.)	$1.01	$2.43	141%
7. Medigap (average monthly premium, all plans)	$119.00	$279.55	135%
8. Real estate tax (annual)	$690.00	$1,579.06	129%
9. Total medical costs, not including premiums (annual)	$6,140.00	$13,665.00	123%
10. Oranges (lb.)	$.61	$1.34	120%

Three Family Members On Medicare—Each With High Drug Costs; continued from page 1

Social Security benefits by 50 percent over the period, out-of-pocket spending on prescription drugs rose more than five times faster—253%.

A new online survey by The Senior Citizens League (TSCL) finds that older Americans overwhelmingly want Congress to take action to lower the cost of prescription drugs by reducing Medicare Part D's out-of-pocket spending requirements. Fifty-six percent of participants in the survey indicate that they spend more than $612 a year on prescription drugs. About one-out-of-five retirees spends more than $250 per month on prescription medications.

Recently we heard from Susan Gross, a 66-year-old retired office assistant living in Central Virginia, who spends most of her day caregiving. Her 46-year-old son, who is disabled from cerebral palsy, lives with her, as does her mother, who is now 93. All three receive their healthcare coverage through Medicare.

Susan has rheumatoid arthritis and was taking Humira, a drug that would cost more than $4,000 out-of-pocket if she had to purchase it through a Part D plan. Prior to starting Medicare, she paid a $5.00 per month co-pay for Humira through her husband's insurance. Before starting on Medicare though, Susan decided to try a less expensive older generic, Methotrexate, which costs just $3.00 per month through her Part D plan.

While the cost of the prescription is affordable, the drug causes a number of serious side effects. Susan needs to see her doctor more frequently for monitoring and blood tests. Her biggest prescription cost surprise was learning that her prescription vitamin, folic acid, which she needs to fight the side effects, was not covered under Medicare. Her Part D plan wanted $140.00 for a one-month supply. Susan instead orders an over-the-counter supply of 400 pills for $6.99 on Amazon, taking 7 pills every day to get to the required dosage, which is still not as effective as the prescription version of folic acid. Now her doctor is considering a different medication.

Susan's son Andrew requires an expensive anti-convulsive medication, Depakote Sprinkles. None of his Part D plan choices covers the brand drug—which can cost $5,099 a year retail—only the generic version. But for Andrew, the generic doesn't work, and he has suffered seizures while using it. Susan learned, however, from *Advisor* editor Mary Johnson, that because Andrew receives Medicare Extra Help, his doctor can ask his drug plan for a coverage exception. Since starting Medicare, Andrew has received coverage for Depakote in each of his Part D plan choices.

Susan's mother started taking the prescription drug Eliquis last year, that will cost her mother about $1,244 out-of-pocket in 2019 for that drug alone (she takes five other generics). Last year, the cost of Eliquis pushed her mom into the Part D doughnut hole where out-of-pocket costs were higher. Rising costs of the drug in 2019 will mean her mom will hit the doughnut hole a month sooner this year.

"The high cost of prescription drugs forces people to do what we shouldn't have to do, like ordering drugs from Canada," says Susan. "I have a friend who went without one of her prescriptions because she didn't have the money, and she died of a stroke. Our government is not doing what it's supposed to do. It's a constant struggle and my husband hasn't retired yet because of our concern about the costs of his prescription drugs for which he currently gets good coverage from his job."

The Senior Citizens League supports bipartisan legislation that would require Medicare to negotiate lower prices for Medicare Part D, would allow safe importation of prescription drugs from Canada and other countries where the same drugs are often sold for much less, and would ban "pay for delay" deals between drug manufacturers that keep cheaper generics off the market. To learn what you can do to help fight high drug costs, visit www.SeniorsLeague.org. ■

How the Government Measures Inflation Can Mean Bad News For Your COLA; continued from page 1

year, but in December of 2018 you were able to buy navel oranges for about $1.39 a pound. By June of 2019, however, the price goes up to $1.49. That's a difference of $.10 a pound and a 7% jump in cost. That's price inflation.

However, as you may already suspect, that's not necessarily the way our government calculates the change in price. The federal government doesn't simply calculate the difference in cost of navel oranges from one period to another. If another type of orange, such as Valencia is priced lower, at $1.39 per pound in June when navel oranges are $1.49, then our government assumes you buy the lower-cost orange, whether or not you actually do so. The price change from $1.39 in December of 2018 for the navel oranges to $1.39 in June of 2019 for the Valencias would show no price increase at all for oranges. It would show prices are flat, and that would be reflected then in the overall CPI.

One obvious problem is the fact that consumers can't always readily substitute lower-costing items in certain expenditure categories, especially for things like medical services and prescription drugs.

The problem of how our government calculates price inflation affects more than just Social Security benefits. The consumer price index is also used to adjust many federal programs and other aspects of our laws such as the federal poverty limits and the federal tax code. By growing more slowly, fewer people qualify for safety net programs, or the federal tax code exemptions become less generous over time, and taxpayers pay more in taxes.

Since the start of the first CPI in 1940, the BLS has made changes to how it calculates price inflation—most recently announcing changes to how they collect price data. A new paper reports that the BLS has undertaken several pilot projects in an attempt to supplement and/or replace its traditional field collection of price data with "alternative sources." If that sounds suspicious, you have good reason to ask questions.

The BLS Handbook of Methods lists more than 21 changes that economists have made to how they calculate the CPI since 1987. In most cases the so-called "improvements" tend to slow the measured rate of inflation. That means the growth in COLAs is cut and Social Security benefits grow more slowly over time. In short, this boils down to an erosion in the buying power of your Social Security benefits when, in reality, prices are actually going up.

The COLA isn't living up to the promise of protecting the buying power of your benefits, and retirees are getting short changed. We need to work together to enact legislation that will provide a more fair and adequate COLA. To learn how you can get involved visit: www.SeniorsLeague.org. ■

Source: Chapter 17. The Consumer Price Index, Handbook of Methods, The Bureau of Labor Statistics, updated April 18, 2019.

SOCIAL SECURITY & MEDICARE QUESTIONS

Help! Social Security says I've Been Overpaid by $5,000

Q: I recently received a notice from Social Security that says I've been overpaid because I earned more than the allowable amount. I started benefits at age 62 after losing my job. I finally found a new one and I've been working for the past two years. I'm now 65. When I first tried to report my earnings at our local Social Security office, I was told that the Social Security Administration would let me know what would be taken out of my benefits. The notice I received says I was overpaid by more than $5,000! Now it looks like I won't get any Social Security payment for months. How is this supposed to work?

A: When you start retirement benefits before your full retirement age—which for you is 66—you may work, but Social Security will withhold one dollar in benefits for every $2 in earnings above the limit. The question for many people who go this route is *when* the withholding starts.

In 2019 you are allowed to earn $17,640, or $1,470 per month. If, for example, you were to earn $30,000 this year then you would have $6,180 withheld from your Social Security benefits. Your earnings would be $12,360 in excess of $17,640. Half of that is $6,180. The Social Security Administration collects this by withholding your monthly Social Security payments until it collects the $6,180. Let's say you get a retirement benefit of

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Social Security & Medicare Questions: Help! Social Security says I've Been Overpaid by $5,000; continued from page 9

$1,000, that could mean Social Security would withhold your entire Social Security benefit for the next seven months. Once the $6,180 is collected the difference will be sent later.

As you have learned, there's a long lag time between the year you earned the money and when you get the notice from Social Security. Social Security makes the adjustments based on your W2s and tax returns. Making matters worse, the earnings limit is adjusted annually and was even lower in prior years. In 2018 the limit was $17,040 and in 2017, $16,920. In addition, the notice you received would likely only pertain to one year of earnings, and you possibly could receive a similar notice next year and go through the process of withheld benefits all over again.

Since you are still working and still under your full retirement age, you might consider reporting your estimated income to Social Security for 2019, and possibly for the months prior to turning your full retirement age next year. However, that would mean that your Social Security benefits would be withheld for even more months, and you might not receive any Social Security benefits at all in 2019. At the end of the year, you would have to notify Social Security of what you actually earned for 2019, and the calculation would be revised. If too much was withheld, you would get a refund. If not enough was withheld, you would have to pay the difference. Once you turn your full retirement age then, you will be able to earn as much as you want, and not be subject to Social Security earnings restriction rules for new earnings after turning age 66.

The money that is withheld due to excess earnings is not completely lost. Once you reach full retirement age, the Social Security Administration will recalculate your benefits so that over time you can recover what was withheld. To learn more about getting Social Security benefits while working, visit: https://www.ssa.gov/planners/retire/whileworking.html. ■

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