A Guide To The

Social Security Benefits Planner

By Denver Tax Software, Inc.

Contents

Managing Files   19

Interpreting Reports   20

Social Security Administration Earnings Information   23

Examples   25

License Agreement   31

Glossary of Terms   33

Index   37

Overview

Purpose

The purpose of the Denver Tax Software, Inc. Social Security Planner is to determine what a worker or worker and spouse will receive from Social Security upon retirement. One could use this program for personal budgeting to anticipate what they might receive from Social Security. One could also use the program to analyze various scenarios which could modify their projected Social Security benefit. Such scenarios could include retiring earlier or later than the Normal Retirement Age or increasing income which is subject to Social Security tax, resulting in an increased Social Security Benefit.

How To Run The Program

```
DTS Social Security Planner - UNTITLED.SSP
File   View   Inputs   Options   Help
```
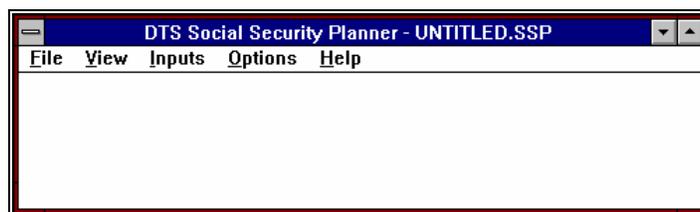
After starting the program, it is a good idea to check to see that your **Options** menu choice is not set for **Advanced**. If a check mark is beside the **Options, Advanced** menu choice you will have more input options available to you. However, **Advanced** inputs also require a better understanding of both the program and how Social Security benefits are calculated.

Before entering information for a new scenario, choose **File, New** from the menu. If you are working with information which was previously saved, choose **File, Open** from the menu. For more information on this subject see "Managing Files" on page 19.

To enter information into the system choose Inputs, Initial, from the menu. After entering the **Initial Inputs**, proceed with entering **Worker** or **Spouse inputs**.

After completing the inputs it is a good idea to save your work to a file. If you have not previously saved the scenario, choose **File, Save** As. If you have previously saved the scenario, choose **File, Save** from the menu. For more information on this subject see "Managing Files" on page 19.

You can display and/or print the Social Security Planner reports by choosing **File, Print** to print or **View** to display. See "Printing Or Displaying Reports" on page 20.

How To Get The Most Out Of The Social Security Planner

To both understand the reports better and efficiently prepare inputs for this program, it is useful to know how Social Security benefits are calculated. The documentation to this program will provide you with an overview of that calculation.

To both gather accurate information and make sure that the Social Security Administration has correct earnings records it is a good idea to have the Social Security Administration provide you with their records on the worker's earnings. This documentation includes information on how to receive such information from the Social Security Administration. For more information see "a Request for Earnings and Benefit Estimate Statement" on page 24.

Installation

Before You Start

Limitations

Both the worker and spouse must have been born after 1921.

The program calculates Social Security retirement benefits. This program will not calculate disability, or other pre-retirement types of benefits.

The program does not consider "credits." Social Security credits are earned by working for a relatively short period of time. One has to have a certain number of credits to collect Social Security. Since the number of credits required to receive Social Security is so small, this is rarely a problem, and this program does not address this situation.

The DTS Social Security Planner is designed as a planning tool. It is meant to be used for the version year and later. For example, the 1998 version should be used for making calculations for 1998 or later. The 1998 version is not designed to calculate 1997 Social Security. This can cause some confusion. It is not uncommon for a user to compare this program's results to the Social Security Administration's (SSA) benefit calculation. Make sure you are comparing results for the same year! To continue with the above example, the SSA will make 1997 earnings estimates for all calculations it performs through December 31, 1997. The DTS Social Security Planner for 1998 was released in late October, 1997. If you make a calculation in November, 1997 with the DTS Social Security Planner for 1998, your results should not and will not be the same as the SSA's calculation for 1997!

System Requirements

Operating System: Microsoft® Windows® versions 95, 98, 2000 or NT 4. Please refer to the readme.txt file to see what service packs might be required.

Installation

All commands you need to enter will be typed in **bold** type.

Installing To A Single Machine

For the purpose of these instructions, we are assuming that your CD drive is drive D, if it is not, please make the appropriate changes. To install the program to a single machine, use the following steps:

1. Click on the **Start** button.

2. Click on the **Run** menu item.

3. Type **D:SETUP** and press the **ENTER** key.

4. Follow the instructions in the installation program.

Network Installation

Network installations instructions are provided in a separate document to customers that have purchased rights to use this program on additional desktops.

Starting the DTS Social Security Benefits Planner

The Installation program will create a "Denver Tax Software" Program Manager Group, if it doesn't already exist. The DTS Social Security Benefits Planner will be placed within this group.

To start the Social Security Benefits Planner, **click** on the **Start** button, click on **Programs**, **click** on **Denver Tax Software Group**, then **double-click** on the **Social Security Benefits Planner** icon. This will load the Social Security Benefits Planner and you can begin work!

How Social Security Benefits Are Calculated

Retirement Age

The earliest date that one can receive Social Security retirement benefits is generally the first of the month after turning 62 years old. However, if one is born the first day of a month, retirement benefits will begin on the worker's 62nd birthday.

The varies between 65 and 67 years old depending on the year of birth. Retiring before the Normal Retirement age will result in lower monthly Social Security retirement benefits. Retiring after the Normal Retirement Age will result in increased Social Security monthly retirement benefits due to a increased multiplier of the Primary Insurance Amount (PIA). The multiplier of the Primary Insurance Amount stops increasing if one works past age 70.

Primary Insurance Amount (PIA)

The Primary Insurance Amount is the retirement benefit before adjustments for post-retirement inflation, retiring before the Normal Retirement Age or retiring after Normal Retirement Age but before age 70. Once this amount is arrived at, it is very easy to determine a person's monthly Social Security retirement check.

The PIA is based on the Average Index Monthly Earnings (AIME) as applied to an inflation adjusted formula. That formula is determined in such a way that those who paid more Social Security tax will receive a higher benefit. However, there is a certain bias built in for lower earning workers. In other words, if person A earned twice as much as person B, person B will receive more than 50% of person A's benefit assuming they are both the same age and retiring on the same date.

Average Indexed Monthly Earnings (AIME)

The AIME is earnings indexed for inflation for a specific number of years divided by the number of months in those years. The number of years is generally 35, but it may be less depending on the date of birth. The earnings used in this calculation are earnings which are subject to Social Security tax. Therefore, annual earnings used in this calculation cannot exceed the maximum earnings subject to Social Security tax for a given year. A specific year's wages is then adjusted for inflation by multiplying that year's Social Security earnings by the ratio of base year average wages divided by average wages for that specific year. The base year is the year in which the worker turns 60. Those average wages are published by the Social Security Administration. The inflation adjusted wages for the best 35 years are totaled. The 35 years chosen do not have to be consecutive. That wage total is then divided by 420 months (35 yrs x 12 months per year).

Some observations about the AIME calculations:

- The wage inflation factor is revised each year by the Social Security Administration.

- Since the maximum earnings subject to Social Security tax has increased at a faster pace than inflation, if the worker has worked more than 35 years, generally, the more current years earnings will be used for the AIME calculation.

- If the worker or spouse has worked less than 35 years, that person will be penalized in that total indexed wages will be divided by 420 months even if that person worked fewer than 420 months.

- If one is inclined to work past their 70th birthday, those earnings may help to increase Social Security benefits.

Retirement Benefits For A Spouse

In general, the spouse's Social Security retirement benefits should be the larger of the spouse's retirement benefits based on the spouse's earnings or 50% of the worker's retirement benefit. A spouse may receive Social Security retirement benefits starting at age 62. However, Social Security monthly payments will be reduced if a spouse starts taking benefits before their normal retirement age.

Standard Vs. Advanced Inputs

Overview

To make this program easy to use and still provide the ability to deal with as many situations as possible Standard (easy) and Advanced (complex) input options are available to you. For most situations the Standard inputs will work well. If the Social Security analysis that you are working on deals with more than "normal" situations it may be worth your while to consider using the Advanced inputs.

Advanced Inputs

All of the Standard inputs are also available to someone who chooses Advanced Inputs. Advanced Inputs which are not available to users choosing the Standard Inputs are as follows:

- If actual earning history is not being entered, you can choose the first year that the program will begin to calculate estimated earnings. If you did not choose the Advanced Inputs the program will calculate estimated earnings for the 35 years prior to retirement.

- If you did enter the actual earnings history you can specify the percent of annual earnings growth from the last year of earnings which you entered to the date of retirement. If you choose Standard Inputs the program will use the inflation rate that you entered at the Inputs, Initial dialogue box.

- You can specify post retirement earnings information. You can indicate what percentage of earnings the first post-retirement year would be compared to the last pre-retirement earnings. You would also be able to specify an annual percent growth rate of post-retirement earnings. Thus, you could work with situations where the worker, for example, says that the earnings will be 60 percent of pre-retirement earnings and that earnings should be expected to grow in a post

retirement situation of 2 percent. Standard Inputs assume that there is no post-retirement earnings.

- You can specify what year you want the program to calculate retirement benefits for. If you do not choose Advanced Inputs, the program will calculate retirement benefits for ages 62, 70 and the Normal Retirement Age.

To Specify Advanced Options

To determine what mode of input options you are currently working with, click on the **Options** menu choice. After doing so you may see a check to the left of the Advanced menu choice. If there is no check next to Advanced, you are working in the Standard Input mode. To change from the Standard Inputs to the Advanced Inputs or visa versa, simply click on the **Options, Advanced** choice.

Warning!

Unreliable results will occur if you use the Advanced Option for information that was entered when the Advanced Option was unchecked. Unreliable results will occur if you use the Advanced Option unchecked when the inputs were entered when the Advanced Option was checked.

Inputs

Entering Information In General

This program follows the normal fashion in which information is entered for programs which run under the Windows™ operating system. To move from one input to another you either use the mouse or the **Tab** key. To exit an input screen and accept the information either press the **Enter** key or Click on the **OK** button. Many find it is easiest to enter numbers with the Numlock key on.

The program starts with most of the input ready for a brand new scenario. If you have previously entered information that you would like to erase, click on File from the Main Menu then click on New.

There will be three types of input screens available to you if the Advanced Option is unchecked. There will be four types of input screens available to you if the Advanced Option is checked.

If the Advanced Option is unchecked, the types of input screens available to you will be Initial Inputs, an input screen for the worker for whom you are calculating Social Security Benefits and an optional screen to enter the worker's history of earnings. If there is a spouse, there will be inputs similar to that of the worker.

If the Advanced Option is checked, you will have all of the inputs that were available to you for the unchecked Advanced Option plus an Advanced Input screen for the worker and spouse, if any.

Initial Inputs

Worker's Name

Enter the name of the worker here, if you are doing a calculation for a married couple. Enter the name of the spouse who will have the largest life-time earnings.

Optional Second Line

This is a good place to enter the date that you ran the calculation. If you are running several different calculations, such as, working after retirement or not working after retirement, this would be a good place to enter that information. Whatever you enter for this input will appear on each report.

Estimate Of Future Inflation Rate

This program makes numerous financial projections. To project any amount into the future, it is necessary to assume a future rate of inflation. That inflation rate should be entered here. Most monitory items will be projected into the future using this rate. The only place where this inflation rate can be over ridden would be the Advanced Inputs for Percent of Future Pre-retirement Increase in Earnings and Percent of Annual Earnings Increase.

Worker Married

Indicate the marital status by either clicking on Yes or No.

Worker's Inputs

Worker's Inputs and Spouse's Inputs use the same format of input screen. Therefore, if you want to know how to enter an input for a spouse, simply refer to the worker's inputs.

Name

Enter the name of the worker if it is not already displayed.

Date Born

Enter the date of birth.

Retirement Date

When this input is selected it will either show the Retirement Date which you have previously entered for this worker or it will default to the Normal Retirement Date. For many people the Normal Retirement Date is the first of the month after they turn 65 years old. For younger workers, that may be the date they turn, as late, as 67

years old. Note some of the information presented at the right of the Retirement Date input. That information indicates the earliest retirement date when a person can receive Social Security, the Normal Retirement Date and the Date when the worker turns 70 years old. Currently, the significance of the date when the worker turns 70 years old is from the next year on, a person can collect Social Security and have no penalty for also working.

Method of Entering Earnings Information

The level of Social Security benefits is to a large degree dependent on the person's earnings. Naturally, the ideal situation is to use the person's actual earnings. However, that information may be either difficult or too time consuming to gather. Therefore, this program offers two other methods to use for earnings, Estimated Earnings or assuming that all earnings are at the annual Social Security wage limits.

Estimated Earnings

This is a method of Entering Earnings Information where the program assumes a current level of earnings and deflates those earnings annually at the Inflation rate and inflates those earnings at either the Inflation Rate or uses the different rate if you used Advanced Inputs.

All Earnings at Annual Social Security Wage Limits

Some people have been fortunate enough to earn in excess of the Social Security wage limit for almost every year of their working career. If that was the case for the person whom you are running this calculation for, this is an excellent method to choose for Method of Entering Earnings Information.

Actual Earnings

This is clearly the most accurate method to use. If a person contacts the Social Security Administration (SSA), the SSA will send them an earnings history, as well as, a crude projection of Social Security benefits within three to six weeks.

Estimated Annual Earnings

If you have chosen Estimated Earnings for the Method of Entering Earnings Information, enter a current year level of earnings here. Thus, if this is 1994, you would enter the person's 1994 estimated earnings here. The program assumes that this is an average year for this worker.

Enter Actual Earnings History

If you have chosen Actual Earnings as the Method of Entering Earnings Information you should click on this button to enter the person's actual earnings history.

Earnings History

This screen can be accessed by clicking on the **Enter Actual Earnings History** button for the Worker's or Spouse's Inputs. This screen will only be available to you if you have chosen Actual Earning for the Method of Entering Earnings Information. Before you enter any information you must choose either Add, Change or Delete.

Add

To add earnings information enter the year and the amount of earnings. Click on the **Accept** button. Repeat the process as desired. When you are satisfied that the earnings history up to the current year is correct, click on the **Exit** button. The program will project earnings into the future, based on the inflation factors which you have indicated and the last year of the actual earnings history.

Change

To change a year of earnings history, first double click on the year which you want to change. Those years appear on the list box on the left portion of the screen. Second, change the earnings amount. When you are satisfied that the change is complete click on the **Accept** button.

Delete

To delete a year of earnings, first click on the **Delete** button then double click on the year in the list box which you want to delete. Click on the **Accept** button to confirm the deletion.

Spouse's Inputs

This input screen is identical to the worker's input screen. The only difference which you would find between Worker's Inputs and Spouse's Inputs is whether you can enter a date for Year of Benefits. That is an Advanced Option Input which is only available to the Worker.

Advanced Inputs

This screen will only be available if the Advanced Option is checked. Inputs for this screen both increase the flexibility and features of this program, while also increasing the complexity.

Year of First Earnings

The program will calculate when the Year of First Earnings should be, based on year of retirement and the number of required years for the Average Index Monthly Earnings (AIME).   If you had chosen for the Worker's Inputs either Estimated Earnings or All Earnings at Annual Social Security Wage Limits for the method of Entering Earnings Information, you can change the Year of First Earnings if you wish.

Percent Future Pre-Retirement Increase in Earnings

This is the Rate at which earnings should increase from the current year to the year of retirement. Thus, if you are running the calculation with the current year as 1994 and retirement for 2016, the program will increase earnings at the rate you enter at this input from 1994 through 2015. If you do not check the Advanced Option the program would increase earnings for this period at the Inflation Rate which you specified at the Initial Input screen.

Earnings as a Percent of Last Pre-Retirement Earnings

This would be for situations where the worker would continue to work after retirement. If the worker maintains the same job with no decrease in earnings enter 100. If the worker is not going to work after retirement make sure that this entry is 0. If the earnings after retirement is at 25% of the pre-retirement level, for example, enter 25. In that example, if the earnings immediately prior to retirement were $100,000, the next year's earnings would be $25,000 ($100,000 x .25) plus some increase for inflation.

Percent Annual Earnings Increase

This is where you can enter an inflation rate for the worker's earnings after the retirement date. This input is only used, if Earnings Percent of Last Pre-Retirement is larger than 0.

Year of Benefits

This is the year when you want to calculate the amount of Social Security Payments. This year must be no earlier than year of retirement. However, this year may be later than the retirement year. If the Advanced Option is unchecked, the program will use the year that you chose for the retirement year for the Year of Benefits.

Managing Files

A New Analysis

Upon starting the program, it is prepared to start a new analysis. Thus, if you have just started the program, you can go immediately to the Inputs menu choice. If you are working with an analysis which you want to completely change, or want to work with a completely different worker, choose Files, New. **Warning:** Choosing Files, New will erase what ever previous inputs you have not Saved.

Open File

To retrieve inputs which were previously saved to a file, choose Files, Open.

Save A File

To save a file which was neither opened with **File, Open** or saved with **File, Save As**, choose menu choice **File, Save As** and specify the file name. If you had previously either Opened the file or specified a new file name using **Save As**, you can save the file using **File, Save**.

Interpreting Reports

Printing Or Displaying Reports

To display reports to the screen choose View and Reports. To print out reports choose File and Print. If you have chosen the Print Option, you will be given an opportunity to choose the number of copies that you would like, as well as, the printer you would desire to use.

Both for printing and displaying reports you will be given the opportunity to choose the report(s) which you wish to run. The choices will be Input Report, Detail Report and Summary Report.

Input Report

The input report is simply a printout of the inputs which you had entered.

Detail Report

The Detail Report consists of two schedules. First, for the worker and spouse, if any, there will be an analysis of Earnings. Second, there will be a schedule which presents how the monthly benefits were arrived at for up to three retirement dates. If the Detail Report is being printed rather than displayed, there will also be a page which presents an Explanation of Detail Analysis.

The Analysis of Earnings schedule calculates total indexed earnings for the highest required number of years. The number of years is usually 35. This report presents the calculations as follows:

- Whether the actual earnings or Social Security maximum wage limit will be used.

- The Average Wage for as many years as the Social Security Administration has published to date. The program increases, at the inflation rate, the Average Wage for years which the Social Security Administration has not yet published.

- The Index is a ratio of the Average Wage for the year when the person turns 60 years old divided by the Average Wage for the year of earnings.

- Indexed earnings for each year. That would be the Earnings Used multiplied by the Index.

- The Highest Earnings are the earnings for the highest number of required years. The required number of years is usually 35. If the person has worked for more than the required number of years zeros will appear for years when the earnings are less than the highest required years. Years of highest earnings do not have to appear consecutively.

The second schedule of Detailed Report, Detailed Benefits Calculation, contains information as follows:

- Those Highest Earnings which were calculated from the first schedule of Detailed Report.

- The AIME (Average Index Monthly Earnings) is the total Highest Earnings divided by the number of months of highest earnings. The number of months is usually 35 years times 12 months per year or 420 months.

- The PIA (Primary Insurance Amount) is the monthly Social Security payment before adjustments for early or late retirement or for cost of living adjustments. The AIME is used to determine the PIA in conjunction with two numbers called bend points. The program uses the actual bend points through the year when this program was published. For years afterwards, the program inflates the bend points by the inflation rate entered in the input screen.

- The Early /Late adjustments are for retiring before or after the Normal Retirement date. For many years, 65 years old was the Normal Retirement Age. That Normal Retirement Age may be later than at 65 years old, depending on ones birthday.

- The Inflation Factor and the Inflation Amount are cost of living adjustments. The program uses cost of living adjustments published by

the Social Security Administration through the date when this program was published. Afterwards , the program uses the inflation factor specified in the input screen.

- The Reduction for Earnings is a reduction in the Social Security payment because the recipient had earned income during the year. The earnings limits used in this program are limits published by the Social Security Administration through the date when this program was published. Afterwards, the program uses the inflation factor specified in the input screens to increase the earnings limit.

- The Monthly Benefit is the projected monthly payment for the benefit year.

- The Monthly Benefit in version year dollars is the Monthly Benefit in the benefit year discounted back to the year when this program was published, using the inflation factor specified in the inputs screens.

Summary Report

This report summarizes monthly Social Security payments for a given benefit Year for a range of up to three sets of retirement dates. The program indicates what the worker's monthly benefit should be. It also calculates the spouse's monthly benefit. The monthly benefit for the spouse would be the larger of the monthly benefit which would be due to the spouse regardless of marital status or 50% of the worker's monthly benefit.

Social Security Administration Earnings Information

Why You Need This Program?

Yes, the Social Security Administration will furnish you with an estimate of retirement benefits at no charge. Unlike waiting for the Social Security Administration to take three to four weeks to provide you with estimated retirement benefits information, this program will give you results instantaneously. The Social Security Administration will not let you run "what if" situations. This program quickly and easily lets you run as many alternatives and scenarios as you wish. The Social Security Administration estimate of retirement benefits does not provide any flexibility with respect to inflation rate, variation in earnings between now and the date of retirement, or the possibility of working after the date of retirement. This program gives you those capabilities.

Why You Should Have Social Security Administration Estimate Retirement Benefits

When the Social Security Administration provides you with an estimate of retirement benefits, they also provide you with their information on your annual earnings. There are two reasons why this information is worthwhile. First, the Social Security Administration earnings records can be in error. If the Social Security Administration is understating the worker's earnings, that worker's actual retirement income will be reduced. You should take immediate action if the Social Security Administration has understated a worker's earnings. Second, assuming that the Social Security Administration records are correct, the earnings history provided by the Social Security Administration is an excellent source of information to be used by this program.

How To Obtain Social Security Retirement Estimates

Ask the Social Security Administration to provide you with a Request for Earnings and Benefit Estimate Statement (Form SSA-7004-SM OP-3). Use the telephone number for your local Social Security Administration Office.

Examples

Overview

To give you a better idea on how this program works, two examples will be presented. First, an example with the Advanced Option unchecked. Second, with the Advanced Option checked.

Advanced Option Unchecked

The purpose of using the Advanced Option unchecked is to keep the inputs as simple as possible. That is a good idea until one has an excellent understanding of this program and how Social Security benefits are calculated. Use the steps as follows:

- Click on File.

- Click on New.

- Click on File.

- Click on Save As.

- Type in the file name **TEST1.SSP** either press the **Enter** key or click on **OK**.

- Click on Inputs.

- Click on Initial Inputs.

- You now should be at the Initial Inputs screen. Type in a name.

- Press the **Tab** key. Type in anything that you would like to appear on the line of each report that would appear below the worker's or spouse's name.

- Press the **Tab** key. Enter the number **3**. For this example, we are assuming a 3% inflation rate.

- Click on the **OK** button.

- Click on Inputs.

- Click on Worker. You should now be looking at an input screen whose first input should be the name and second input should be Date born.

- Enter the person's date of birth. All date inputs for this program require the year of each date to fill four positions. Thus, enter the Date Born as **03261950**, for this example.

- Press the **Tab** key. Now you should be looking at Retirement Date Input which is showing the Normal Retirement Date. You may change that date if you wish. Make sure that date is no earlier than the date of eligibility. To the right of the Retirement Date Input you will notice three dates displayed. The top date is the date of eligibility or Earliest Retirement Date.

- Click on the circle which is to the left of the **Estimated Earnings Method**. Press the **Tab** key. Enter **35000** and click on the **OK** button.

- Click on File. Click on Save.

- Click on View. Click on Report.

- Click on the Third Report Choice entitled **Detailed Analysis.** Click on the **OK** button.

- View the reports which are presented on the screen. If you prefer, you can print out any combination of reports by choosing Print from the File Menu.

Example With Advanced Option Check

- Click on Option. If there is no check marked to the left of Advanced Mode, please click on Advanced Mode.

- Click on File.

- Click on New.

- Click on File.

- Click on Save As. Type **TEST2.SSP**.

- Click on the **OK** button.

- Click on Inputs.

- Click on Initial Inputs.

- At the Initial Inputs screen, enter the Worker's name, an optional second line and an estimated inflation rate. Make sure there is no decimal point in the estimated inflation rate.

- Click **OK** button.

- Click on Inputs.

- Click on Worker.

- Click on the Input for Date Born. Enter **03261950**. Press the **Tab** key.

- Accept the Retirement Date that the program has chosen by pressing the **Tab** key.

- Click on the Method of Entering Earnings Information of estimated earnings.

- Press the **Tab** key. Enter **40000.**

- Click on the button which is in the lower right hand corner of the dialog box titled **Enter Advanced Inputs**. You should now be looking at an Advanced Inputs Screen.

- For the year of First Earnings press the **Tab** key to accept the year which the program has calculated.

- For the input, Percent Future Pre-Retirement Increase in earnings, enter **5**. That means that you would like the future earnings for this person to increase at 5% from the version year of this program to the date of retirement.

- Press the **Tab** key. For Earnings as Percent of Last Pre-Retirement Earnings, enter **25** and press the **Tab** key. That means that you expect this person's earnings to drop to 25% for the first year of retirement compared to the last year before retirement. For example, if the year of retirement was 2016 and this person's wages for 2015 were $10,000, the wages for 2016 would be $25,000.

- For Percent Annual Earnings Increase enter **1**. Press the **Tab** key. Thus, you are indicating that the earnings after retirement will increase at only 1% per year.

- For the Year of Benefits enter **2021** and click on the **OK** button. The Year of Benefits is the year for which you want to know the amount of monthly Social Security Benefits. Make sure the entry reads 2021 not 20210.

- You should now be looking at the first input screen.

- Click on the **OK** button.

- Click on File. Click on Save.

- Click on View.

- Click on Reports.

- Click on Detailed Analysis.

- Click on the Report Choices **OK** button. You should now be looking at the detailed analysis report for the scenario which you just entered. If you would prefer to print any number of the reports, choose Print from the File menu.

Advanced Option Checked

- Click on Option. If there is no check marked to the left of Advanced Mode, please click on Advanced Mode.

- Click on File.

- Click on <u>N</u>ew.

- Click on <u>F</u>ile.

- Click on Save <u>A</u>s. Type **TEST2.SSP**.

- Click on the **OK** button.

- Click on <u>I</u>nputs.

- Click on <u>I</u>nitial Inputs.

- At the Initial Inputs screen, enter the Worker's name, an optional second line and an estimated inflation rate. Make sure there is no decimal point in the estimated inflation rate.

- Click **OK** button.

- Click on <u>I</u>nputs.

- Click on <u>W</u>orker.

- Click on the Input for Date Born. Enter **03261950**. Press the **Tab** key.

- Accept the Retirement Date that the program has chosen by pressing the **Tab** key.

- Click on the Method of Entering Earnings Information of estimated earnings.

- Press the **Tab** key. Enter **40000.**

- Click on the button which is in the lower right hand corner of the dialog box titled **Enter Advanced Inputs**. You should now be looking at an Advanced Inputs Screen.

- For the year of First Earnings press the **Tab** key to accept the year which the program has calculated.

• For the input, Percent Future Pre-Retirement Increase in earnings, enter **5**. That means that you would like the future earnings for this person to increase at 5% from the version year of this program to the date of retirement.

• Press the **Tab** key. For Earnings as Percent of Last Pre-Retirement Earnings, enter **25** and press the **Tab** key. That means that you expect this person's earnings to drop 25% for the first year of retirement compared to the last year before retirement. For example, if the year of retirement was 2016 and this persons wages for 2015 were $10,000, the wages for 2016 would be $25,000.

• For Percent Annual Earnings Increase enter **1**. Press the **Tab** key. Thus, you are indicating that the earnings after retirement will increase at only 1% per year.

• For the Year of Benefits enter **2021** and click on the **OK** button. The Year of Benefits is the year for which you want to know the amount of monthly Social Security Benefits. Make sure the entry reads 2021 not 20210.

• You should now be looking at the first input screen.

• Click on the **OK** button.

• Click on <u>F</u>ile. Click on <u>S</u>ave.

• Click on <u>V</u>iew.

• Click on <u>R</u>eports.

• Click on Detailed Analysis.

• Click on the Report Choices **OK** button. You should now be looking at the detailed analysis report for the scenario which you just entered. If you would prefer to print any number of the reports, choose Print from the File menu.

License Agreement

Read This

LICENSE AGREEMENT

Social Security Planner

by

Denver Tax Software, Inc.

DENVER TAX SOFTWARE LICENSE AGREEMENT

This is a legal and binding contract between you, the end user, and Denver Tax Software, Inc. By retaining this program on your computer you agree to be bound by the terms of this agreement. If you do not agree with the terms of this agreement, you should remove the program from your computers and return the disk(s).

DENVER TAX SOFTWARE LICENSE

1. The enclosed Denver Tax Software, Inc. Social Security Planner will be referred to as "the SOFTWARE."

2. Your rights –

You may install and use one copy of the SOFTWARE on a single computer.

You may also store or install a copy of the SOFTWARE on a storage device, such as a network server, used only to install or run the SOFTWARE on your other computers over an internal network; however, you must acquire and dedicate a license for each separate computer on which the SOFTWARE is installed or run from the storage device. A license for the SOFTWARE may not be shared or used concurrently on different computers.

3. Copyright. The SOFTWARE is owned by Denver Tax Software, Inc. and is protected by United States copyright laws and international treaty provisions.

4. Other restrictions. You may not rent or lease the SOFTWARE. You may not distribute the SOFTWARE on the Internet.

5. Your obligation. You must understand the calculation that the SOFTWARE is performing to be able to tell whether the calculations appear reasonable.

30 DAY MONEY-BACK GUARANTEE

Unless stated otherwise in writing, Denver Tax Software products have a 30 day unconditional money-back guarantee. If the product was purchased directly from Denver Tax Software, simply return the product and the documentation in resaleable condition within 30 days of purchase for a full refund.

LIMITED WARRANTY

The diskette(s) or CD, files and manual that make up this software product are warranted by Denver Tax Software, Inc. to be free from defects in materials or workmanship for a period of 30 days from the date you purchased this product. If you notify Denver Tax Software within the warranty period of such defects in materials or workmanship, Denver Tax Software will replace the defective diskette(s).

The sole remedy for breach of this warranty is limited to replacement of defective materials and/or refund of purchase price and does not include any other kind of damage.

Apart from the foregoing limited warranty, the software programs are provided "AS IS," without warranty of any kind, either expressed or implied. The entire risk as to the performance of the programs is with the purchaser. Denver Tax Software, Inc. does not warrant that the operation of the programs will be uninterrupted or error-free. Denver Tax Software, Inc. assumes no responsibility or liability of any kind for errors in the programs or documentation of/for the consequences of any such errors.

This Agreement is governed by the laws of the State of Colorado.

Should you have any questions concerning this Agreement, or if you wish to contact Denver Tax Software for any reason, please write: Denver Tax Software, Inc., Customer Service, PO Box 5308, Denver, Colorado 80217-5308.

Glossary of Terms

Average Indexed Monthly Earnings(AIME)

The Average Index Monthly Earnings is a monthly average of a certain number of the highest earning years adjusted for inflation of the Average Wage index. See "**Error! Reference source not found.**" on page **Error! Bookmark not defined.**.

Benefit

The monthly Social Security Payment.

Normal Retirement Age

The Normal Retirement Age varies between 65 and 67 years old depending on the year of birth. Retiring before the Normal retirement age will result in lower monthly Social Security retirement benefits. Retiring after the Normal Retirement Age will result in increased Social Security monthly retirement benefits due to a increased multiplier of the Primary Insurance Amount (PIA). The multiplier of the Primary Insurance Amount stops increasing if one works past age 70.

Primary Insurance Amount(PIA)

Primary Insurance Amount is the monthly Social Security payment or benefit before adjustments. Adjustments to the PIA could be for retiring early or late, earning wages while retired or cost-of-living adjustments.

Retirement Age

Retirement Age is the age one starts collecting Social Security payments under usual circumstances. Currently, one can retire and collect benefits after the age of 62. See "**Error! Reference source not found.**" on page **Error! Bookmark not defined.**.

Social Security wage limit

Each year the Social Security Administration announces it's wage limit. Wages over that amount are not subject to Social Security withholding tax. Earnings used to calculate the AIME can not exceed that limit.

Index

Y