

2015 Social Security and Medicare Guide

Enhancing your Social Security benefit should be part of your **RETIREMENT INCOME STRATEGY.**

Determining your Social Security full retirement age (FRA)

Year of birth	Social Security FRA	Age 62 reduction
1941	age 65 and 8 months	23.33%
1942	age 65 and 10 months	24.17%
1943-1954	age 66	25.00%
1955	age 66 and 2 months	25.83%
1956	age 66 and 4 months	26.67%
1957	age 66 and 6 months	27.50%
1958	age 66 and 8 months	28.33%
1959	age 66 and 10 months	29.17%
1960 and later	age 67	30.00%

Social Security Administration, Benefit Reduction for Early Retirement.

Social Security cost-of-living adjustments (COLAs)

Note: Percentage increase to benefits received, starting in January of the year indicated.

Year	COLA (%)	Year	COLA (%)
1998	1.3%	2007	2.3%
1999	2.5%	2008	5.8%
2000	3.5%	2009	0.0%
2001	2.6%	2010	0.0%
2002	1.4%	2011	3.6%
2003	2.1%	2012	1.7%
2004	2.7%	2013	1.5%
2005	4.1%	2014	1.7%
2006	3.3%	2015	1.7%

Social Security Administration, Cost-of-Living Adjustment.

Social Security FICA payroll taxes

Wage base	\$118,500
Employee Social Security rate	6.2%
Employee Medicare rate	1.45%
Additional 0.9% high-income payroll tax for wages in excess of	Single or HOH: \$200,000 Married, filing jointly: \$250,000 Married, filing separately: \$125,000
Earnings required for 1 credit	\$1,220
Self-employed Social Security rate	12.4%
Self-employed Medicare rate	2.9%

Social Security benefits

Maximum monthly benefit	\$2,663
Earnings limitations and benefit reduction	Before FRA (\$1 for \$2 benefit reduction): \$15,720/year Year up until first of month one turns FRA (\$1 for \$3 benefit reduction): \$41,880/year After FRA: no reduction
Social Security benefits taxation (income in retirement causing 0%, up to 50%, or up to 85% of Social Security benefits to be taxable)	Single or HOH up to 50% taxable: \$25,000 MAGI up to 85% taxable: \$34,000 MAGI Married, filing jointly up to 50% taxable: \$32,000 MAGI up to 85% taxable: \$44,000 MAGI

Social Security Administration, Fact Sheet, 2015.

Primary insurance amount (PIA) calculation

Average indexed monthly earnings (AIME)	PIA (as % of AIME)
\$0 - \$826	90%
\$826 - \$4,980	\$743.40 plus 32% of the excess over \$826
\$4,980+	\$2,072.68 plus 15% of the excess over \$4,980

Social Security Administration, Primary Insurance Amount.

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Medicare Part B monthly premium in 2015

IF YOUR YEARLY INCOME IS:		YOU PAY:
Single	Married (filing jointly)	
\$85,000 or less	\$170,000 or less	\$104.90
\$85,000 - \$107,000	\$170,000 - \$214,000	\$146.90
\$107,000 - \$160,000	\$214,000 - \$320,000	\$209.80
\$160,000 - \$214,000	\$320,000 - \$428,000	\$272.70
Above \$214,000	Above \$428,000	\$335.70

IF YOU ARE MARRIED, BUT FILE A SEPARATE TAX RETURN:		YOU PAY:
\$85,000 or less		
\$85,000 - \$129,000		\$272.70
Above \$129,000		\$335.70

Centers for Medicare & Medicaid Services, 2015.

Medicare in 2015

Part A hospital	Part A monthly premium: \$0 for you and spouse if you paid Medicare taxes while working. Up to \$407 for you and up to \$407 for your spouse if you did not pay Medicare taxes while working. Contact your Medicare office for details. First 60 days: \$1,260 (Patient pays a deductible.) Next 60 days: \$630 (Lifetime reserve days; patient pays per day.) Next 30 days: \$315 (Patient pays per day.)
Part A skilled nursing benefits (after 3-day minimum inpatient hospitalization for related illness or injury)	First 20 days: \$0 (Patient pays per day.) Next 80 days: \$157.50 (Patient pays per day.) Over 100 days: All costs (Patient pays per day.)
Part B medical insurance	Monthly premium: \$104.90 minimum (see Medicare Part B monthly premium chart) Deductible: \$147 Coinurance: 20% medical costs
Part D prescription benefits Note: Some Medicare prescription drug plans have different levels or "tiers" of copayments with different costs for different types of drugs.	Average monthly premium: \$32 ¹ (projected) Deductible: \$320 Initial benefit limit: \$2,960 Catastrophe coverage: Starts at \$4,700 out of pocket ¹ Beneficiary with high income pays a Part D premium adjustment to Medicare.

Centers for Medicare & Medicaid Services, 2015.

Social Security special filing strategies

STRATEGY	Qualifications	Other considerations
Withdrawal of application (payback)	Must be withdrawn within first 12 months after you begin retirement benefits. Unavailable after 12 months of receiving benefits. No age requirement to withdraw. Must contain written consent from others who received benefits based on your application. Available if married, divorced, single, or survivor.	Requires payback of all benefits – including spousal and childrens' benefits – received (at no interest). Must obtain written consent from others who received benefits based on your application. You can use this strategy only once.
Suspension of benefits	Must be at full retirement age (FRA) or older (up to age 70) and already receiving personal retirement benefits. Available if married, divorced, single, or survivor.	No payback required. Individual benefit stops (spousal or divorced spousal benefit does not stop). You can start benefits again later.
File and suspend (enabling reinstatement of suspended benefits)	Must qualify for your own Social Security (SS) benefits and be at FRA or older – up to age 70. Available if married, divorced, single, or survivor.	No DRCs provided with this retroactive lump sum paid (a reinstatement of the suspended benefits) if you request it prior to age 70. Reinstated benefit will continue as if never suspended.
File and suspend (enabling spousal benefits)	Spouse A must qualify for own benefits and be at FRA or older to file and suspend. Spouse B must be age 62 or older, and married for one year or longer, or married and the parent of spouse A's child. Available if married.	To collect a spousal benefit, Spouse B must not qualify for their own SS benefits or B's own SS primary insurance amount (PIA) benefit must be less than 50% of Spouse A's PIA. Spousal benefit is reduced if Spouse B is under FRA. Spouse A may not collect a spousal benefit. While having a qualifying child does not enable someone to meet the definition to get a spousal benefit, it does affect the time (earlier than age 62) when an individual may start receiving a spousal benefit.
File restricted (for spousal benefit only)	Married for one year or longer, or married and the parent of Spouse A's child. Spouse A must qualify for their own benefits and be at FRA or older. Spouse B must also qualify for their own benefits and have already filed; or Spouse B is at FRA and filed and suspended to enable a spousal benefit. See "Combination strategy." Available if married or divorced.	Spouse A collects 50% PIA of Spouse B for a spousal benefit only. Spouse A's own benefit grows by DRCs of 2/3 of 1% per month or 8% per year until age 70. If Spouse A is divorced from Spouse B, may file for divorced spousal benefit only. While having a qualifying child does not enable someone to meet the definition to get a spousal benefit, it does affect the time (earlier than age 62) when an individual may start receiving a spousal benefit.
Combination strategy (file and suspend and file restricted)	Married for one year or longer, or married and the parent of Spouse A's child. Spouse A must qualify for their own benefits and be at FRA or older to file restricted. Spouse B must also qualify for their own benefits, be at FRA, and have filed and suspended to enable a spousal benefit. Available if married. If this strategy is used, only Spouse B can file and suspend.	Spouse A collects 50% PIA of Spouse B for a spousal benefit only. Both spouses' benefits grow by DRCs of 2/3 of 1% per month or 8% per year until age 70. Works best if Spouse B's PIA is greater than Spouse A's PIA. While having a qualifying child does not enable someone to meet the definition to get a spousal benefit, it does affect the time (earlier than age 62) when an individual may start receiving a spousal benefit.

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