

SUZE ORMAN

THE ULTIMATE PROTECTION PORTFOLIO™

Social Security Statements and Cards

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Published and distributed in the United States by Hay House, Inc., P.O. Box 5100,
Carlsbad, CA 92018-5100 • *Phone:* (760) 431-7695 or (800) 654-5126 • *Fax:*
(760) 431-6948 or (800) 650-5115 • www.hayhouse.com®

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ISBN 13: 978-1-4019-0345-9
ISBN 1-4019-0345-2

1st edition, November 2003
9th edition, January 2019

Social Security Statements and Cards

Please locate and collect the documents listed in the “Social Security Documents Checklist” below and file each document in your Protection Portfolio. If you can’t find a document, go to the Must Have Documents Website, where you’ll find links to Websites from which you can download forms to request a replacement Social Security card or a copy of your annual Social Security statement.

SOCIAL SECURITY DOCUMENTS CHECKLIST

- Annual Social Security statement
- Photocopy of your Social Security card
- Photocopies of your family’s (including spouse or life partner, and children) Social Security cards

Social Security: The Basics

Social Security is a general term used to describe a network of government programs designed to give workers and their families a regular monthly income after they've stopped working due to retirement or disability, or because they're the survivors or dependents of a worker who had these benefits.

Workers fund the Social Security system through regular Social Security tax deductions from their paychecks during their working years. This money is held in trust and distributed by an agency of the federal government, the Social Security Administration (SSA). The amount of money an individual (and/or his or her family) receives is based on past earnings. Workers become eligible for Social Security benefits when they have earned the requisite number of work credits based on their length of employment.

Social Security Card

The Social Security Act doesn't require a person to have a Social Security number to work in the United States. However, all employers must pay Social Security taxes and make payroll deductions for their employees, and people who are self-employed must pay into the system if they make more than \$400 a year. So in practical terms, you *do* need a Social Security number. If someone works without a Social Security number, he or she won't get proper credit for earnings, which will make him or her ineligible to collect Social Security benefits.

In addition, the Internal Revenue Service (IRS) requires an individual to use a Social Security number on tax documents and to furnish this number to any person or institution (such as an employer or a bank) that's required to report financial information to the IRS.

For parents, the best time to get a Social Security card for your child is at birth. Getting a Social Security number is one of the very first things that you can do to secure the benefits that your child may be eligible for in the future. Today, most hospitals include a Social Security card application with the paperwork you fill out at the hospital after you've given birth.

There are powerful incentives for parents to obtain Social Security numbers for their children. For one, any child claimed as a dependent on an income-tax return—regardless of age—needs a Social Security number, and Social Security numbers are now required in order for most children to be added to your family health insurance. Children need Social Security numbers for reasons of their own, too. Your child needs a number in order to do the following:

- Open a bank account
- Buy savings bonds
- Obtain medical coverage
- Receive government and social services
- Enlist in the military or enroll in college

Your Social Security Statement

When planning for your retirement, don't forget to take into account your Social Security benefits. If you are at least 60 years old, each year, about three months before your birthday, you should receive by mail an updated estimate of the monthly amount of Social Security benefits you can expect to receive

at retirement. If you haven't received such an estimate, please request a Social Security statement by submitting the form "Social Security Statement Request" either by mail or online. On your Must Have Documents Website, you will find a link to access this form at www.ssa.gov/mystatement. Your Social Security statement is a record of your earnings history and an estimate of how much you and your employer(s) have paid in Social Security taxes; and an estimate of the benefits you (and your family) may be eligible for now and in the future. You can also get an instant estimate of your benefits at the Social Security website: www.ssa.gov/estimator.

The benefit estimates in your Social Security statement can play an important role in your financial planning. When combined with your savings, investments, voluntary retirement programs, and pensions, your Social Security benefits can help create a secure future for you and your loved ones. Every year, check your statement to make sure that the record of your wages and other information (even such basics as your name and date of birth) are correct and up-to-date. Any mistakes could keep you from receiving all the benefits you deserve. The sooner you identify mistakes, the easier it is to correct them. Once you're sure your statement is correct, file it in your Protection Portfolio.

Please note: Your Social Security statement reflects only your earning and tax history. It doesn't contain information about any benefits you might qualify for under a spouse's or someone else's record. To inquire about benefits you might qualify for under another person's record, call 800-772-1213 or visit a local Social Security office. You can learn more at the Social Security website: www.ssa.gov/pgm/retirement.htm.

How to Get a New or Replacement Social Security Card

If you've never had a Social Security card, need a replacement card, or if you've legally changed your name and need a card issued under your new name, you have to submit the form "Application for a Social Security Card" to the Social Security Administration. On your Must Have Documents Website, you will find a link to access this form at www.ssa.gov/online/ss-5.html.

In addition to completing the application, you'll need to include documents that prove your identity. These must be either originals or copies certified by the agency issuing the documents. If you're requesting a name change, you'll need to provide a document or documents identifying you by both your old name and your new name. (If you mail your application, your proofs of identity will be returned to you when you receive your card.)

Documents that Social Security accepts as proof of identity are: a passport, driver's license, marriage or divorce certificate, military record of service, adoption certificate, employer ID card, life-insurance policy, health-insurance card (not a Medicare card), or a school ID card. For instructions on how to obtain copies of many of these personal documents, see the booklet in this portfolio titled "Most Important Personal Documents."

Once you apply with all the necessary documentation, you can expect to receive your card within about two weeks.

Requesting a New Number If You've Been a Victim of Abuse or Harassment

Although Social Security doesn't routinely assign new numbers, they will do so if you can show evidence that you've been the victim of domestic violence, harassment, or abuse, or if you can show that your life is in danger. You must apply in person at any Social Security office and complete a statement explaining why you need a new number. Then you'll need to fill out an application for a new number and present original documents (such as a birth certificate and a driver's license) establishing your age, identity, and U.S. citizenship or lawful alien status; one or more documents identifying you by both your old and new names if you've changed your name (which the Department of Justice recommends you do); evidence showing that you have custody of the children you're requesting new numbers for, if applicable; and evidence that documents the harassment or abuse. (The best evidence of abuse comes from third parties, such as police and medical workers; and describes the nature and extent of the harassment, abuse, or life endangerment. Other evidence may include court restraining orders and letters from shelters, family members, friends, counselors, or others who have knowledge of the violence or abuse.)

How to Qualify for Benefits

During your working years, you pay Social Security tax (called FICA on some pay stubs), and your wages are posted to your Social Security record. You receive earnings credits based on those wages. Social Security uses these credits to determine your eligibility for retirement benefits or for disability or survivors benefits if you should become disabled or die. Each year

the amount of earnings needed for a credit goes up as average earnings levels increase. In 2019, for example, you receive one credit for each \$1,360 of earnings, up to the maximum of four credits per year.

Most people earn the maximum of 4 credits per year, and need 40 credits to qualify for benefits. This translates to ten years of work. Younger people need fewer credits to be eligible for disability benefits, or for family members to be eligible for survivors benefits if they die.

For some jobs, there are special rules as to how Social Security credits are earned. If you're self-employed, you earn Social Security credits the same way employees do (one credit for each \$1,360 in net earnings in 2019), but special rules apply if you have net annual earnings of less than \$400. If you're in the military, you earn Social Security credits the same way civilian employees do, but you may receive additional credits under certain conditions. Other kinds of work, such as domestic work, farm work, or work for a church or church-controlled organization that has been exempted from payment of Social Security taxes, have special rules about how you earn credits.

Credits Needed for Retirement Benefits

The age at which full benefits are paid depends on the year you were born. For example, if you were born in or before 1937, the SSA considers your full retirement age to be 65. If you were born between 1937 and 1960, then your retirement age falls between 65 and 67. If you were born in 1960 or later, then your retirement age is 67. If you delay collecting benefits beyond your official retirement age, then you'll receive a larger benefit when you do begin collecting your Social Security retirement benefit.

The number of credits you need to receive retirement benefits depends on your date of birth. If you were born in 1929 or later, you need 40 credits (ten years of work if you're earning the maximum number of credits per year, which most people do). If you stop working before you have enough credits to qualify for benefits, no retirement benefits can be paid until you've earned the required number of credits. If you earn more credits than you need to qualify, the extra credits don't increase your Social Security benefits. Only the income you earn while working will increase your benefits.

How Much Will Your Retirement Benefit Be?

The amount of your Social Security benefit is based on your earnings averaged over your working career. The higher the average of your earnings, the higher your Social Security benefit. Your benefit is also affected by your age at the time you start receiving it. Full Social Security retirement benefits were traditionally payable at age 65 (with reduced benefits available as early as age 62) to anyone with enough Social Security credits. Today this has changed: Now, the age at which full benefits are paid depends on the year in which you were born, and that age will increase in future years. (As I mentioned previously, if you were born in or before 1937, Social Security considers your full retirement age to be 65. If you were born between 1937 and 1960, your retirement age falls between 65 and 67. But if you were born in 1960 or later, the SSA has determined your full retirement age to be 67.) Just as people who begin taking their benefit early receive decreased benefits, people who delay their benefit start date beyond their full retirement age receive increased benefits when they retire.

Social Security automatically adjusts for inflation on January 1 every year, based on the rise in the previous year's consumer-price index (an index of prices for everyday goods and services).

Traditionally, Americans have been able to claim benefits at age 62 and receive a 20 percent reduction in benefits. Now there's a sliding scale. Consult the following table to find out where you stand.

RETIREMENT AGES BASED ON YEAR OF BIRTH AND PERCENTAGE OF BENEFITS			
If you were born in	You turned 62 in	Benefits at 62	Full retirement benefits at
1937 or before	1999 or before	80%	65
1938	2000	79.2%	65, 2 months
1939	2001	78.3%	65, 4 months
1940	2002	77.5%	65, 6 months
1941	2003	76.7%	65, 8 months
1942	2004	75.8%	65, 10 months
1943–54	2005–2016	75%	66
1955	2017	74.2%	66, 2 months
1956	2018	73.3%	66, 4 months
1957	2019	72.5%	66, 6 months
1958	2020	71.7%	66, 8 months
1959	2021	70.8%	66, 10 months
1960 or later	2022	70%	67

Working After Social Security Begins

If you're younger than full retirement age and collecting Social Security benefits, you may be penalized for continuing to work, but less so than in the past. If you're still working and you're full retirement age or older, you can earn as much as you like and not have your benefits reduced.

The formula for reducing the benefits of Social Security recipients who are at least 62 but have not yet reached full retirement age and continue to work is as follows: If you're under 65 when you start getting your Social Security payments, \$1 in benefits will be deducted for every \$2 you earn above the 2019 annual limit of \$17,640. The good news is that the Social Security system will eventually give you back those earnings; once you reach full retirement age, you will be eligible for a larger benefit. In the year you reach full retirement, if you continue to work and choose to collect your benefit (rather than delaying all the way to age 70), \$1 in benefits will be deducted for each \$3 you earn above the annual limit (\$46,920 in 2019)—but only on your earnings *before* the month you reach the full benefit retirement age. Starting the month you reach full retirement age, you'll get your benefits with no limit on your earnings.

Delayed Retirement

You can increase your Social Security benefit in two ways if you decide to continue working full-time beyond your full retirement age and delay receiving retirement benefits. Each additional year you work adds earnings to your Social Security record. This may increase your lifetime earnings average, thus resulting in higher benefits when you retire. If you are in good health and anticipate that you could enjoy a very long life, it can be very smart to consider delaying when you start your Social Security benefit. Keep in mind that half of today's 65-year-old women will still be alive into their mid-80s (and many into their 90s) and 50 percent of 65-year-old men will still be alive into their early 80s.

Your benefits will be increased by a certain percentage if you choose to delay receiving them. These increases will be automatically added from the time you reach your full retirement

age until you start taking your benefits—or you reach age 70. The percentage your benefits increase by varies, depending on your year of birth. Refer to the following chart to see how delaying your retirement past your full retirement age may affect your Social Security benefits.

INCREASES FOR DELAYED RETIREMENT	
Year of Birth	Yearly Rate of Increase
1933–1934	5.5%
1935–1936	6.0%
1937–1938	6.5%
1939–1940	7.0%
1941–1942	7.5%
1943 or later	8.0%

Spouse's Benefits

A spouse receives one-half of the retired worker's full retirement benefit—unless the spouse begins collecting benefits before reaching full retirement age. In that case, the amount of the spouse's benefit is permanently reduced, based on how many months before full retirement age he or she began receiving benefits. If your spouse is providing care for a child who is under age 16 or disabled and receiving Social Security benefits, the spouse gets full benefits—regardless of age.

If your benefit as a spouse is higher than your own, you'll get a combination of benefits equaling the higher spouse benefit. Let's say Ann has a retirement benefit of \$250 and a wife's benefit of \$400. At full retirement age, Ann will receive her own \$250 retirement benefit and Social Security will add \$150 from her spouse's benefit, for a total of \$400. If Ann takes her retire-

ment benefit at any time before she reaches full retirement age, both amounts will be reduced by a percentage.

Survivors Benefits

When you die, certain members of your family may be eligible for benefits if you earned enough Social Security credits while you were working. The family members include: a widow(er) age 60 or older, age 50 or older if disabled, or any age if caring for a child under 16; your unmarried children if they're under age 18, under 19 but still attending elementary or secondary school full-time, or 18 or older but disabled (under certain circumstances, benefits can also be paid to your stepchildren, grandchildren, or adopted children); and your parents if you were their primary means of support. If you're divorced, your ex-spouse could be eligible for a widow(er)'s benefit on your record. Here are some typical scenarios:

You're a widow(er). Many widows and widowers receive their deceased spouse's Social Security benefits. But you must be at least 60 years old (or 50 if you're disabled) and unmarried at the time you apply—generally, you won't receive survivors benefits if you remarry, but there are exceptions: If you're 60 or older (50 if disabled) and have already begun to receive benefits, you can remarry and continue to receive them. Once you turn 62, you can choose to receive benefits on the record of your new spouse instead, if those are higher.

If you're receiving widow's or widower's benefits, you can switch to your own retirement benefits—assuming you're eligible and your retirement rate is higher than your widow(er)'s rate—as early as age 62. In many cases, a widow(er) can begin receiving one benefit at a reduced rate and then switch to the other benefit at an unreduced rate at full retirement age. The

rules vary depending on the situation, so you should talk to a Social Security representative about the options available to you.

You're widowed and divorced. If you're divorced from your spouse and he or she dies, you'll be entitled to survivors benefits—provided you were married to him or her for at least ten years. All the other rules for applying for benefits are the same as above.

You're widowed and your spouse was not yet 62. Depending on your age and whether or not you have children, you may be eligible for a percentage of your deceased spouse's benefits. What percentage will depend on how old you are (not how old your spouse was) and the type of benefit you're eligible for. The following list provides typical examples:

- Widow or widower, age 65 or older: 100%
- Widow or widower, age 60–64: about 71–94%
- Widow or widower, any age, with a child under age 16: 75%
- Children: 75%

You're divorced and your spouse is alive. If you're divorced from your spouse and he or she is still alive, you must be 62 years old and unmarried at the time you apply to collect benefits, and you must have been married to your ex-spouse for at least ten years. Should you remarry after receiving benefits, you will no longer be entitled to further benefits from the first spouse.

If you divorce again, you can resume receiving benefits from the first spouse, or apply to receive benefits from the second spouse if you meet the requirements above.

If you've been divorced for at least two years, you can get benefits even if your ex-spouse isn't retired. However, your ex must have enough credits to qualify for benefits and be age 62 or older. The amount of benefits a divorced spouse gets will have no effect on the amount of benefits a current spouse can get.

You're divorced or widowed and have a child who is either under age 16 or is disabled. You don't have to meet the length-of-marriage rule if you're caring for your child who is under 16 or disabled and is getting benefits on your former spouse's Social Security record. The child must be your former spouse's natural or legally adopted child.

How Much Will You Receive?

SSA calculates the amount of survivors benefits based on the earning record of the worker in question. Survivors are entitled to a portion of what the worker would have received in retirement benefits had he or she not died. Bear in mind that the age at which you choose to claim survivors benefits will affect the amount of benefits you receive. For example, if your deceased spouse's full retirement age is 65, and you claim survivors benefits at age 60, you'll receive 71.5 percent of the full amount of the deceased workers benefits. If you claim survivors benefits at age 62, you'll get 82.9 percent. But if you wait until you're 65, you'll receive 100 percent of those retirement benefits.

There is a limit to the amount of money that can be paid to you and other family members each month. The limit varies, but it's generally equal to about 150 to 180 percent of the deceased's benefit rate. If the sum of the benefits payable to the family members is greater than the limit, the benefits will be reduced proportionately.

If you would like to get an estimate of the Social Security survivors benefits that could be paid to your family, contact the SSA and submit form SSA-7004, "Social Security Statement Request." On the Must Have Documents Website, you'll find a link to access this form at: www.ssa.gov/mystatement. Four to six weeks after you complete and return the form, you'll receive a statement showing an estimate of survivors benefits that could be paid, as well as an estimate of retirement and disability benefits and other important information. Or you can get an estimate online at www.socialsecurity.gov/planners.

One-Time Lump-Sum Death Benefit

A one-time payment of \$255 is payable to the surviving spouse if the deceased spouse has earned enough work credits. If there's no surviving spouse, the payment can be made to a minor child if he or she meets certain requirements.

Applying for Survivors Benefits

How you sign up for survivors benefits depends on whether or not you're getting other Social Security benefits.

If you're not receiving Social Security benefits: If you're not already receiving Social Security benefits when a spouse or an ex-spouse dies, you should apply for survivors benefits immediately, because in some cases, benefits may not be retroactive. You can apply either over the phone or in person at your local Social Security office.

Social Security will need specific information and documents to process your application. The documents need to be either originals or copies certified by the agency that issued

them. But don't delay in applying—even if you don't have everything. You'll need the following:

- Proof of death—either from funeral home or death certificate
- Your Social Security number, as well as the worker's
- Your birth certificate
- Your marriage certificate if you're a widow or widower, and your divorce papers if you're applying as a surviving divorced spouse
- Social Security numbers of dependent children
- The deceased worker's W-2 forms or federal self-employment tax return for the most recent year
- The name of your bank and your account number so your benefits can be directly deposited into your account

If you're already receiving Social Security benefits: If you're currently receiving benefits as a wife, husband, or ex-spouse (if you're divorced), you need to report the death of your spouse or ex-spouse to Social Security so you can collect survivors benefits.

If you're getting benefits on your own record, you'll need to complete an application to get survivors benefits. Contact Social Security and they'll check to see if you can get more money as a widow or widower. You'll receive the higher benefit, not a combination of the two types of benefits. Social Security will need to see your spouse's death certificate to process your claim.

Benefits for any children will automatically be changed to survivors benefits after the death is reported to Social Security.

Social Security Disability Insurance

Social Security Disability Insurance pays cash benefits to people who are unable to work for at least a year because of a disability. Benefits continue until a person is able to work again on a regular basis, and a number of incentives are available to help the disabled worker transition back to work.

You should apply as soon as you become disabled. You may file over the phone or by mail, or in person at a local Social Security office. Please note that while you may receive back benefits from the date you became disabled, those benefits are limited to one year before the date you filed for benefits.

Who Can Receive Disability Benefits

Certain members of your family may qualify for benefits on your record. They include: a spouse who is age 62 or older (or any age if he or she is caring for a child of yours who is under age 16 or disabled and also receiving checks); a disabled widow or widower age 50 or older (the disability must have started before your death or within seven years after your death); your unmarried son or daughter, including an adopted child, or in some cases, a stepchild or grandchild (the child must be under age 18 or under age 19 if attending high school full-time); and your unmarried son or daughter, age 18 or older, if he or she has a disability that started before age 22. Your children are considered disabled if they meet the adult definition of disability. If a disabled child under age 18 is receiving benefits as the dependent of a retired, deceased, or disabled worker, someone should contact Social Security to have his or her checks continued at age 18 on the basis of disability.

If you become the parent of a child (including an adopted child) after you begin receiving Social Security benefits, be sure to notify Social Security so they can determine if the child qualifies for benefits.

For more information about disability benefits for children, ask Social Security for the booklet “Benefits for Children with Disabilities.” You can download this publication as well as others at the SSA Website, www.ssa.gov/pgm/disability.htm (the Must Have Documents Website provides a link to this site).

How Many Work Credits I Need to Receive Disability

The number of work credits you need for disability benefits depends on your age when you become disabled. (Remember, if you’re working full-time you can earn up to a maximum of four work credits per year). The rules are as follows:

Before age 24: You may qualify if you have six credits earned in the three-year period ending when your disability starts.

Ages 24 to 31: You may qualify if you have credit for having worked half the time between age 21 and the time you become disabled. For example, if you became disabled at age 27, you would need credit for three years of work (12 credits) out of the past six years (between age 21 and 27).

Age 31 or older: In general, you’ll need to have the number of work credits shown in the following chart. Unless you’re blind, at least 20 of the credits must have been earned in the ten years immediately before you became disabled.

WORK CREDITS NEEDED TO COLLECT DISABILITY

Born after 1929, became disabled at age	Credits needed
31–42	20
44	22
46	24
48	26
50	28
52	30
54	32
56	34
58	36
60	38
62 or older	40

How Social Security Determines Disability

The SSA will review your application to make certain you meet the basic requirements for disability benefits. They'll look at your age, how long you've worked, and how recently you've worked. If you're applying for benefits as a family member, you'll need to document your relationship to the worker. The office will then send your application to the Disability Determination Services (DDS) office in your state. The DDS will decide whether you're disabled under the Social Security law.

There's only one unbreakable rule as far as Social Security and disability benefits are concerned: Whatever ailment you suffer, it must be defined and treated by the medical establishment. This means that you must have an official note from a doctor that your condition—whether it's heart disease, chronic back pain, or severe depression—has been “validated” by the medical establishment, and that it's expected to last at least one

year. The SSA won't accept a diagnosis from a chiropractor, acupuncturist, or physical therapist.

The SSA has compiled a list of conditions that it considers "disabling." Many people have combinations of the conditions listed below, and just because you may not have all the characteristics of one condition doesn't mean that you can't qualify for disability benefits.

The conditions named by the SSA are:

- Heart disease of any kind, chronic obstructive lung disease (emphysema), and conditions which might result in the prolonged and persistent loss of heart or lung strength (these conditions must be confirmed by a test such as an EKG or an x-ray)
- AIDS and any related diseases (pneumonia, for example)
- Chronic arthritis that causes pain, inflammation, swelling, and limited movement and mobility
- Any type of brain disease that causes a diminution of judgment, memory, or intellect
- Cancer
- Loss of function in a limb
- Serious kidney disease of any kind
- Any disease of the gastrointestinal system that result in severe physical diminishment
- Muteness or blindness

- Deafness, if it presents a seriously impaired ability to get along with other people, such that it prevents gainful employment.

There's a step-by-step, five-question process that the SSA uses to determine disability. Here's how it proceeds:

1. *Are you working?* If you are, and your earnings average more than \$1,220 a month (in 2019), you generally can't be considered disabled. If you're not working, or if you earn less than \$1,220 a month (in 2019), then you'll be asked the next question.
2. *Is your condition "severe"?* Your condition must interfere with basic work-related activities for your claim to be considered. If it doesn't, Social Security will determine that you're not disabled.
3. *Is your condition found on the list of disabling impairments?* If your condition isn't included in the previous list, then the SSA must determine whether it's of equal severity to the listed impairments. If it is, you'll be found to be disabled. If it isn't, you'll be asked the next question.
4. *Can you do the work you did previously?* If your condition is severe, but not at the same or equal severity as an impairment on the list, then the SSA must determine if it interferes with your ability to do the work you did previously. If it doesn't, your claim will be denied. If it does, proceed to the next step.

5. *Can you do any other type of work?* If you can't do the work you did in the past, the SSA will seek to determine whether you're able to adjust to other work. Your medical condition, age, education, past work experience, and any transferable skills will all be considered. If you can't adjust to other kinds of work, your claim will be approved. If you can perform other work, then your claim will be denied.

How Blindness Affects Disability

If your vision is 20/200 or worse—even with a corrective lens—you're considered blind according to SSA disability rules. Under the Social Security disability program, persons who are blind can earn up to \$2,040 a month in 2019 before their work is considered "substantial." This is, of course, more than the substantial work level of \$1,220 a month that applies to nonblind disabled workers.

Applying for Disability Benefits

A worker isn't eligible to begin collecting benefits until five months after becoming disabled. However, the processing of a disability claim can take anywhere from two to three months—so don't wait until the five-month waiting period is up before you begin the application process for disability benefits. Remember, your eligibility for disability depends on a verifiable medical condition and your inability to continue working as a direct result of that condition, whether it's physical or mental. Applying for disability is generally a much more

complicated process than applying for retirement or survivors benefits, and typically it involves a great deal more documentation. I advise you to be extremely patient, and to prepare yourself for a lengthy wait. An online Disability Kit full of information on qualifying and applying for disability benefits is available at www.socialsecurity.gov/disability.

You'll need to provide the following documents when applying for disability:

- Your Social Security number, as well as the Social Security numbers of any family members who are eligible for dependent benefits
- Proof of age (birth certificate, driver's license, passport)
- Name, address, and telephone numbers of the doctor(s), nurses, clinics, and hospitals that have documentation of your particular case
- Proof that a medical doctor has diagnosed you with a condition that will last for at least a year (while you're not required by law to bring your medical records to your Social Security representative, it can help speed up the application process)
- A copy of your most recent W-2 form, as well as a comprehensive record of where you've been employed over the past 15 years
- Military discharge papers listing the dates of service if you were in the military
- Records of disability payments—if you're receiving any kind of disability payouts from an employer or private insurance agency

How Much Money Will a Disability Benefit Provide?

The amount that you and your family will receive is based on the average income you've earned over the years using actuarial tables. If you know that at some point your condition will render you unable to continue working at the job you currently hold, you can use your Social Security Statement to learn beforehand the approximate amount of your disability benefits; or get an estimate of your disability benefit at www.ssa.gov. In 2019, the average monthly disability was \$1,234. The average benefit for a disabled worker who is married and has at least one child is \$2,130 in 2019.

What If Your Disability Claim Is Denied?

If your disability claim is denied or you disagree with any part of the SSA decision, you may appeal that decision. If you wish to appeal, you must make your request in writing within 60 days of the date you receive your denied disability claim letter. There are four levels of appeal: (1) reconsideration—your claim is reviewed by someone who did not take part in the first decision; (2) hearing by an administrative-law judge—you can appear before a judge to present your case; (3) review by the Appeals Council—if the Appeals Council decides your case should be reviewed, it will either decide your case or return it to the administrative-law judge for further review; and (4) federal court review—if the Appeals Council decides not to review your case, or if you disagree with its decision, you may file a lawsuit in a federal district court.

If you need help with your appeal, contact your SSA office. If you want your benefits to continue while you appeal the decision, you must advise the SSA within ten days of the date

you receive the letter denying your disability claim. But please be aware that if your appeal is turned down, you may have to pay back any payments you weren't eligible to receive.

Returning to Work If You Have a Disability

First, congratulations if you're returning to work. Love and work are the two most important aspects of our lives, and most people, if given the chance, would choose working over not working. The SSA offers several incentives that may help you return to work without losing your benefits.

Trial work period: The SSA will permit you, as a disabled worker, to return to work for nine months or less while still receiving full disability benefits during a particular five-year period. This is what's known as a trial work period. Incidentally, the nine months don't need to be spent at only one job. You may return to work to find that you're unable to perform the tasks required for a particular job, so you try another and find that one more suited to your current abilities. Or, you might try a job for a couple of months, find that it's not right for you, and then reapply for the same job eight months or two years later—this time around finding that a change in your condition makes it easier for you to perform the work. As long as these attempts fall within a five-year period, they're all right with the SSA. After the nine-month trial period, if you haven't brought in an average income of more than \$1,220 a month (or \$2,040 a month if you're legally blind), the SSA will give you the go-ahead to continue your disability requirement. Those thresholds are for 2019 and are annually adjusted.

Extended period of eligibility: The SSA will keep tabs on you for at least 36 months after a successful trial work period. If there's a month in which you don't earn \$1,220 (\$2,040 if

you're legally blind), you'll receive your disability benefits for that month. If you find yourself in this situation, you don't have to reapply for disability—simply report this earning information to your disability representative.

Expedited reinstatement of benefits: If, within 60 months after your extended period of eligibility has ended, you become unable to work again because of your medical condition (and your benefits were stopped because of your earnings), you may request reinstatement of benefits without filing a new disability application. For example, let's say that you return to work and stop receiving disability benefits. But within 15 months of completing your 9-month trial work period, you find yourself again unable to work—whether it's because of the recurrent disability or a new one. If this is the case, you should contact your Social Security disability representative to request reinstatement of benefits. You won't be required to file a new disability application.

Dependents' Benefits If the Disability Beneficiary Dies

When someone in your family who has been receiving disability benefits dies, payments to the family members will become survivors benefits. In order for Social Security to change disability benefits over to survivors benefits, it needs you to mail or deliver a certified copy of the deceased's death certificate or another proof of death.

While you're waiting for this to happen, be careful not to cash any new disability checks made out to the deceased. Instead, return them to Social Security. (No payment is due for the month of the death.) If the deceased was using direct deposit, the bank should be notified. If the payment is issued jointly, the survivor must contact his or her local Social Security office.

Supplemental Security Income

Supplemental Security Income, commonly known as SSI, is a state- and federally operated Social Security program designed to ensure a minimum income to financially needy older and/or disabled Americans by supplementing their existing income—even if they're already receiving benefits from SSA. Eligibility for the SSI program is based on age, the extent of disability, and financial need. Financial need is determined based on income and assets. Unlike regular Social Security benefits, SSI benefits are not related to your work history.

You're eligible for SSI benefits if you're a citizen of the United States (or permanent legal resident), and you're: age 65 or older; either blind or disabled; or your assets are worth less than \$2,000 as an individual or \$3,000 if you are married filing jointly. Please note: The assets requirements are somewhat elastic, so even if your assets are worth more than the above figure, it's worth inquiring about your eligibility for SSI.

You'll probably automatically qualify for SSI if your assets and your level of income are extremely low. The federal monthly benefit limit in 2019 for a single person is \$771 per month, \$1,157 for a couple. However, many states add money to the basic benefit (you can call 800-772-1213 to find out the amount provided in your state). People who are eligible for SSI are typically also eligible for Medicare and food stamps, as well as a host of other free services provided by the state. For information about all the services available in your community, call your local Social Services Department or Public Welfare Office. You can also learn more at www.socialsecurity.gov/pgm/ssi.htm.

SSI Income Limits and Exemptions

Whether you can get SSI may depend on what you own and how much income you have. Income is the money you have coming in, such as wages, Social Security benefits, and pensions. Income also includes noncash items you receive, such as food, clothing, or shelter. If you're married, your spouse's income and assets will also be considered. If you're under 18, the income of your parents and the things they own will be taken into account. And, if you're a sponsored alien, the SSA also may look at the income of your sponsor and what he or she owns.

The SSA doesn't calculate all income when it assesses whether or not a person is eligible for its benefits. In fact, less than half of a person's earned income is counted. In general, the federal SSI limits for income are approximately \$1,600 a month for individuals, \$2,400 for couples. But just because your net income may be over this limit doesn't mean that you might not be eligible for state SSI benefits. Contact the SSA at 800-772-1213 to find out the income limits in your state. (By "income," the SSA means any money that you earn as a result of employment; any money or income that you receive from investments or pensions; and any other benefits that you're receiving from another branch of Social Security—including survivors, dependents, retirement, or disability payments.)

The SSA keeps a long list of the types of income it doesn't count as it determines your eligibility for SSI benefits. This list includes: the first \$20 of most income received in a month; the first \$65 of the wages that you receive from your employer every month; 50 percent of your monthly earned income above that \$65; food stamps; shelter provided by private nonprofit organizations; and most home-energy assistance. If you're a student, some of the wages or scholarships you receive may not count. If you're disabled but work, Social Security doesn't

count any wages you use to pay for items or services you need because of your disability (so if you need a wheelchair, the wages you use to pay for the wheelchair don't count as income). If you're blind, Social Security doesn't count any wages used to pay expenses that are caused by working (any wages used to pay for transportation to and from work, for example, aren't counted as income).

SSI Limits on Assets

The general SSI ceiling on assets is \$2,000 for an individual and \$3,000 combined for a married couple. The law can vary from state to state, so check the SSI regulations in the state where you live. But in general, when considering assets, the SSA will count any money or investments that you keep in your savings or checking account, as well as any real estate or furnishings that you possess. If you own property or another resource that you're trying to sell, you may be able to get SSI while trying to sell it.

Social Security doesn't count everything you own. For example:

- The value of your home and the land you live on
- Life insurance policies with a face value of \$1,500 or less
- Your car (in most cases)
- Burial plots for you and members of your immediate family, and up to \$1,500 in burial funds for you and up to \$1,500 in burial funds for your spouse
- If you're blind or have a disability, some items may not count if you plan to use them to work or earn extra income

You can use a free online tool at the Social Security Administration website that will determine if you are eligible for SSI and other programs administered by the SSA.

Applying for SSI Benefits

You can apply for federal SSI benefits at your local Social Security office or online at <https://www.socialsecurity.gov/disabilityssi/ssi.html>. SSI is considered separate from other benefits, so if you're applying for other types benefits, your case worker won't automatically assume that you also want to apply for SSI. If you live in a state that requires you apply separately for state-administered SSI benefits, you'll have to apply for those benefits at your local welfare office.

You must provide the same kind of documentation required if you were applying for any kind of Social Security benefits, including your Social Security number. You must show the SSA office your birth certificate or your U.S. passport to prove that you're a U.S. citizen, and you must provide evidence of your assets and income so that the SSA can make determination of your eligibility. If you own your own home (remember that your house is exempt, provided you live there), you should bring a copy of your most recent tax bill or any information associated with your mortgage. If you rent, the SSA requires a copy of your lease, as well as the name, address, and phone number of your landlord. You should also provide evidence of your paycheck and all documentation relating to any assets you have, including the amount of money you have in your checking or savings accounts, or any other investments that you may own. If you don't have any of these documents, the SSA office can help you locate copies.

Pensions from Employment Not Covered by Social Security

If you receive a pension from an employer where you paid Social Security taxes, it won't affect your Social Security benefits. But your Social Security benefit may be lowered or offset if you receive a pension from an employer that wasn't covered by Social Security, such as the federal civil service, some state or local government employment, or employment in a foreign country. To determine how your Social Security benefit may be affected, contact Social Security.

Civil Service Retirement Benefits

A large number of Americans have been or are currently employed by agencies and departments of the federal government. Jobs in the civil service often pay less than comparable jobs in the private sector, but they do have one great advantage—a very comprehensive retirement system. In fact, there are two federal retirement systems, the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS).

Until 1984, every federal government worker in this country was part of the Civil Service Retirement System. Unless they had also worked in the private sector, these workers weren't covered by the U.S. Social Security system. Starting January 1, 1984, any worker hired by the federal government has been made a part of a different plan, the Federal Employees Retirement System. These workers are insured by Social Security.

You're considered eligible for CSRS or FERS if you've worked for at least five years for the U.S. government as a civilian employee. This means that you can qualify for a government pension, also known as a retirement annuity. Also, if you've worked for at least five years as a federal civilian

employee, you're eligible to get retirement credit for any years after 1956 that you served in the military—provided you pay a premium based on the amount of your military pay.

Benefits for Government Employees Hired Before 1984

In 1984, federal employees were given the option of remaining in the old system (the Civil Service Retirement System), or changing over to the Federal Employees Retirement System. Both programs are administered by the U.S. Government's Office of Personnel Management (known as OPM), and both are funded by employee payroll deductions, as well as by contributions from federal agencies. Both systems offer disability, retirement, and survivors benefits, but neither CSRS nor FERS offer dependents benefits. The benefits are based on the worker's highest average salary for any three consecutive years of employment.

Choices for Taking CSRS or FERS Retirement Benefits

If you've worked for the federal government for at least five years, you're eligible to retire at age 62. At this point, you have a choice: (1) You can immediately begin to receive an annuity paid out of your retirement account, to which you have contributed through payroll deductions (again, the five years that you worked for the federal government don't necessarily have to be consecutive, nor do you have to have served five years in the same department); or (2) you may take all of the money from your retirement account at once.

If you stop working for the federal government before you've reached retirement age, you can't begin to withdraw

your annuity immediately. You can leave the money that has accumulated in your CSRS or FERS account, or you can withdraw it in a lump sum. If you leave it in the account, you're deferring your annuity payments until age 62—that's why it's called a deferred annuity. If you change your mind and decide to withdraw your money before retirement, you can receive all of it in a lump sum anytime before you reach the age of 62.

I'm often asked which option is preferable. Well, that depends on how much monthly annuity income you're eligible for, compared with the income that your lump-sum withdrawal could generate if invested. If the monthly annuity sum is 2 or 3 percent above what the lump sum would generate, take the monthly annuity income. Otherwise, roll over the lump sum, invest the money on your own, and withdraw the income as needed.

If you've worked for at least 20 years in a federal job, you're eligible to claim your immediate annuity at the slightly younger age of 60. But this is just the tip of the iceberg as far as duration of service in federal employment is concerned: A worker who has served in a federal government job for 30 years or more (and who is covered by CSRS or FERS) is eligible to retire with a pension at age 55 if you were born in 1947 or earlier. (However, this minimum retirement age will be rising at the rate of two months per year if you were born after 1948 for both CSRS and FERS.)

What If You're Laid Off Before Retirement Age?

CSRS and FERS both have rules in place that will permit some (but not all) long-term workers to take an immediate annuity even if they're laid off before retirement age. If an employee is covered under CSRS and has been working for at

least one year in the two years immediately preceding the date on which he or she was laid off, and is age 50 with 20 years of service (or any age with at least 25 years of service), that worker may be eligible to collect an immediate annuity.

One difference in eligibility requirements for comparable workers covered by FERS is that they don't need to have been employed for one year within the past two years before they were laid off. Another difference is that if FERS employees claim their immediate annuity before they reach age 55, the amount of that annuity is not reduced for age. Under the CSRS, the annuity is reduced by 1/6 of 1 percent for each full month under the age of 55 at retirement.

Different Rules for High Stress Jobs: Air-Traffic Controllers, Firefighters, Law Enforcement

The federal government, noting the high-stress nature of such jobs as air-traffic controller, firefighter, and most law-enforcement jobs, makes it easier for workers in these fields to claim early retirement. The government has also lowered the minimum number of years that a worker in one of these jobs has to serve in order to receive a pension. If you're a police officer or a firefighter who's covered under CSRS, for example, you're permitted to claim your retirement benefits at age 50. Air-traffic controllers covered by CSRS who have been at their jobs for 20 years or longer can retire at age 50, and if they've been working 25 years at their job, then they're eligible for retirement benefits at any time.

How CSRS and FERS Calculate Benefits

Both systems use a variety of factors. The first is how long

you've worked and how long you've been making contributions to the retirement fund. A second and equally important factor that both CSRS and FERS use to calculate the amount of your retirement annuity is what's known as a worker's high-three average salary. The high-three average salary represents an employee's average salary over the three consecutive years in which the worker received the highest amount of compensation. Both CSRS and FERS base the retirement annuity that they'll pay a worker on this high-three average salary, but the way each calculates the benefit is different.

CSRS starts with your high-three average salary. To that number, say \$40,666, it adds 1.5 percent of your high-three average pay and multiplies it by 5 (for your first five years of service). Then it adds 1.75 percent of your high-three average pay, times the number of years between five and nine that you've been employed as well as the number of years of total service. Finally, it adds 2 percent of your high-three average pay, multiplied by the number of years more than ten that you've been employed. The grand total is your retirement annuity.

FERS calculates your retirement annuity by taking one percent of your high-three average and multiplying this number by the number of years you've spent in your job. You're also eligible to take early retirement under the FERS system (for a reduced benefit) if you've worked for ten or more years at your federal government job.

Veterans Benefits and Disability

Many individuals have concerns about veterans benefits. In the following section, I've taken the opportunity to address the most common questions I get asked about these benefits.

- *Do veterans receive any special consideration from the SSA?* Yes, but it takes the form of extra work credits rather than more money. Veterans who served on active duty from 1957 to 1977 will receive an extra \$300 worth of earnings credits per quarter. Those who served on active duty anytime between 1978 and the end of 2001 will receive \$100 worth of earnings credits for every \$300 of military pay received during that period—up to an annual maximum of \$1,200.
- *Who is eligible to receive veterans benefits?* Veterans benefits are available to women and men who were engaged in active service in one of the uniformed branches of the U.S. military, including the Army, Navy, Air Force, Marines, Coast Guard, Women’s Army Auxiliary Corps (WAAC), and Women’s Air Service Pilots (WASP). VA benefits include disability compensation and training, education, home loans, insurance services, burial benefits, health-care services, and vocational rehabilitation. For a complete listing of services and benefits, access the VA Website at www.va.gov.
- *What about the National Guard?* Generally, members of the National Guard aren’t eligible for VA benefits unless the National Guard has been called up for active duty. This situation is known as “active duty for training,” and it’s considered the same as active duty.
- *Who is eligible for disability benefits for veterans?* If you’re a veteran suffering from a disability that occurred while you were on active duty in the

military service, you're eligible for benefits. Your disability, injury, or aggravation of a past injury has to have occurred while you were serving on active duty or active training.

- *What if I was disabled during peacetime?* The VA is relatively lenient, especially since much of active duty is actually daily responsibilities and preparation. Even if you sustained your injury while you were on leave during a time of war, the VA will still allow you to be compensated for your injury.
- *How much are the typical benefits offered to a disabled serviceperson?* The amounts vary. In 2019, the payments ranged from \$140 a month to \$277 a month for a slight disability, to \$3,352 a month for a major disability. Payments are higher for disabled veterans with a spouse, children, or dependent parents. Disability is given a rating by VA doctors and other military personnel, according to the extent to which your disability interferes with ability to earn a living.
- *Does the VA provide survivors benefits to the spouses of men and women who have served on active duty?* Yes. Survivors must have been married to the veteran in question for at least one year, and they must have been married to that person when he or she died. Unlike regular Social Security survivors benefits, VA survivors benefits can't be claimed if a spouse is divorced or separated from the veteran at the time of his or her death. If the spouse

remarries following a death of the veteran, he or she is also prohibited from claiming survivors benefits. However, if that second marriage ended for whatever reason—divorce or death—then the spouse is once again eligible for survivor benefits based on the marriage to the veteran.

- *What's the DIC benefit?* DIC stands for the dependency and indemnity compensation benefit. This benefit is given to the surviving spouse of a serviceperson who died while engaged on active duty or as a result of a service-connected disability after he or she was discharged from the armed forces. The basic monthly rate of DIC is \$1,283 (effective 2019) for eligible surviving spouses if the death was after 1993. The payment is increased by \$317 a month for each dependent child under age 18. In some cases, the VA can pay more. Call 800-827-1000 or visit the VA's Website, www.va.gov, for more information about specific benefits.
- *If I'm a veteran, am I automatically eligible for medical care at a Veterans Health Administration hospital?* If you're a veteran with a service-connected disability (or a veteran's dependent or survivor) and you're unable to afford medical care at a traditional hospital, then you're eligible for full care at one of the many VA hospitals across the United States. The only downside to VA hospitals is that they're often fully occupied, so you may not be able to get the care you need

when you need it. For this reason, the VA has set out a triage system for people needing care, with veterans in emergency getting first priority, and survivors and dependents who need care and can't afford it elsewhere coming in last.

- *How can I find out more about the programs the Department of Veterans Affairs offers veterans and their dependents?* The VA operates hundreds of offices around the country, both in cities and in small towns. Look in the yellow pages under U.S. Government, or access the Department of Veterans Affairs Website at www.va.gov.

Social Security Benefits May Be Taxable

About 30 percent of people who get Social Security have to pay taxes on their benefits. The people who are taxed have substantial income in addition to their Social Security. Whether or not your Social Security benefits are taxable depends on your modified adjusted gross income (MAGI).

To calculate your MAGI and whether or not you owe taxes, see what your adjusted gross income is on your tax return. Add to that figure all the interest you may have received from any tax-exempt investments, such as municipal bonds. Then add 50 percent of your Social Security benefits. If the grand total of your MAGI is \$25,000 or less (\$32,000 for a couple filing jointly), then your Social Security benefits won't be taxed. If your MAGI exceeds those limits, compare the amount by which it exceeds the limit to 50 percent of your Social Security benefits. The lesser amount is the amount that will be subject to income tax. The higher your modified gross income is, the

more of your Social Security you will probably pay taxes on.

Here's an example of how to figure out if your Social Security benefit is taxable: Let's say you're retired, married, and enjoying an adjusted gross income of about \$27,000 a year. Your combined Social Security benefits are \$18,000 a year. The first thing to figure out is whether your Social Security benefits are taxable. In order to do this, take *half* of your combined Social Security benefits (\$9,000) and add that to your adjusted gross income of \$27,000. This gives you a MAGI of \$36,000. Since that's more than the \$32,000 threshold amount allowed, you have to pay taxes on part of your benefits.

Next, you need to determine what amount of your benefits will be taxable. To figure that out, take your MAGI of \$36,000 and subtract from that figure the \$32,000 threshold amount for a couple. This will give you \$4,000. Now take 50 percent of that \$4,000—\$2,000—and compare that figure to what 50 percent of your Social Security benefit is (\$9,000). The law says that the lesser of these amounts is subject to tax. Therefore, you owe taxes on \$2,000.

The maximum percentage you'll pay taxes on is 85 percent of your Social Security benefits. If you live with your spouse but are filing a separate return, then you may be taxed on your Social Security regardless of what your income is, for your Social Security benefits may be taxable from the very first dollar. If you are single and your income is above \$34,000 or married filing jointly and have income of more than \$44,000, you will pay 85 percent. Please consult with your tax adviser to make sure that the laws haven't changed and that you're making the correct assumptions and calculations.

There are 13 states that also tax Social Security. They are Colorado, Connecticut, Minnesota, Missouri, Kansas, Vermont, West Virginia, Rhode Island, Montana, Nebraska, New Mexico, North Dakota, and Utah.

The Future of Social Security

In my opinion, the Social Security system is an archaic one, because it really is pay-as-you-go. By this I mean that what we put in now pays for the benefits of retired and disabled workers today—it's not paying for our future benefits. Many people think that their Social Security tax contributions are held in interest-bearing accounts earmarked for their personal future retirement needs. But Social Security is actually an intergenerational compact—the Social Security taxes paid by today's workers and their employers, for the most part, are benefit payments for today's retirees.

Another issue is that we're living longer and not having as many children. Seventy-six million baby boomers began retiring in 2008, and in about 30 years there will be twice as many older Americans as there are today. At the same time, the number of workers paying into Social Security per beneficiary will drop from 3.3 to 2, straining our retirement system.

Social Security is now taking in more taxes than it's paying out in benefits, and the excess funds are credited to Social Security's trust fund. There's more than a trillion dollars in the trust fund right now, and it's projected to grow to more than four trillion in the next 20 years. Even so, benefit payments will begin to exceed taxes paid in 2018, and the trust fund will be exhausted in 2034. At that time, Social Security will be able to pay only about three-quarters of benefits owed—that is, if no changes are made to the current system.

You can see why this is such an important political issue—the security of future generations is at stake. The depletion of this system would be a terrible legacy to leave our children.

About the Author

Suze Orman has been called “a force in the world of personal finance” and a “one-woman financial advice powerhouse” by *USA Today*. A two-time Emmy Award–winning television host, *New York Times* mega-best-selling author, magazine and online columnist, writer/producer, and one of the top motivational speakers in the world today, Orman is undeniably America’s most recognized expert on personal finance.

Orman for 16 years was the contributing editor to *O, The Oprah Magazine* and for 13 years hosted the award-winning *The Suze Orman Show*, which aired every Saturday night on CNBC. Over her television career, Suze has accomplished what no other television personality ever has before. Not only is she the single most successful fund-raiser in the history of public television, but she has also garnered an unprecedented eight Gracie awards, more than anyone in the 41-year history of this prestigious award. The Gracies recognize the nation’s best radio, television, and cable programming for, by, and about women.

In 2010, Orman was also honored with the Touchstone Award from Women in Cable Telecommunications, was named one of “The World’s 100 Most Powerful Women” by *Forbes*, and was presented with an Honorary Doctor of Commercial Science degree from Bentley University. In that same month, Orman received the Gracie Allen Tribute Award from the American Women in Radio and Television (AWRT), which is bestowed upon an individual who truly plays a key role in laying the foundation for future generations of women in the media.

In October 2009, Orman was the recipient of a Visionary Award from the Council for Economic Education for being a

champion on economic empowerment. In July 2009, *Forbes* named Orman 18th on their list of “The Most Influential Women In Media.” In May 2009, Orman was presented with an honorary Doctor of Humane Letters degree from the University of Illinois. In May 2009 and May 2008, *Time* magazine named Orman as one of *Time’s* “100 Most Influential People in the World.” In October 2008, Orman was the recipient of the National Equality Award from the Human Rights Campaign.

In April 2008, Orman was presented with the Amelia Earhart Award for her message of financial empowerment for women. *Saturday Night Live* spoofed Orman six times during 2008–2011. In 2007, *Businessweek* named Orman one of the top 10 motivational speakers in the world—she was the ONLY woman on that list, thereby making her 2007’s top female motivational speaker in the world.

Orman, who grew up on the South Side of Chicago, earned a bachelor’s degree in social work at the University of Illinois, and at the age of 30 was still a waitress making \$400 a month.