

Bookkeeping Tips

Be a Social Security “expert” for your company or clients

It may not be fair, but everyone in your company or at your client's company probably expects you to know everything. If you don't, they may be stunned. That is why we give new members 3 special free reports to bring them up-to-date (www.aipb.org/member_benefits.html). The following tip is taken from one of these free reports, "Better Bookkeeping in 15 Minutes—the 25 Best Tips of 2006."

The next time an employee or owner asks you about Social Security benefits, you can provide all the answers, with total confidence. Here they are:

Age 50. Benefits start for a disabled surviving spouse.

Age 60. Benefits start for a nondisabled surviving spouse.

Age 62. Benefits start based on the employee's, spouse's or former spouse's earnings (if the former spouse is still alive).

Age 62-64. In 2006, recipients can earn \$12,480, then lose \$1 in benefits for each \$2 earned. Employees who turn 65 in 2006 can earn \$2,770/mo. in the months before they turn 65, then lose \$1 in benefits for each additional \$3 earned. From the month they turn 65 on, there is no earnings limit.

Age 65 or older. Employees born in 1940 or earlier receive full benefits at age 65. There is no limit on earnings and no reduction in benefits.

Important: Just earning 40 credits (formerly “quarters of coverage”) does not make individuals eligible for the maximum Social Security benefit. It simply makes them eligible for retirement benefits at a certain age. Credits are unrelated to the amount of the benefits.

Social Security benefits are based on average earnings over 35 years of work—not just on the last 5 years, as many people think. An adjustment is made to account for changes in average wages since the year the earnings were received. SSA then calculates average monthly adjusted earnings over the 35 years when the worker earned the most money.

Employees can obtain their Social Security earnings by calling 800-772-1213, by visiting an SSA office, or by visiting www.socialsecurity.gov/mystatement.

Reminder: Withhold Social Security taxes on all wages regardless of age or Social Security benefits status.

BOOKKEEPING TIPS is a free newsletter published by The American Institute of Professional Bookkeepers (www.aipb.org). To subscribe: Send a blank email to bookkeepingtips-on@aipb.org

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

AIPB was founded in 1987 for the following purposes:

- To recognize bookkeepers as accounting professionals
- To make sure that each member has the latest bookkeeping, accounting and tax information
- To answer members' everyday bookkeeping and accounting questions on the telephone at no charge.
- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership