

The Life And Disability Insurance You Didn't Realize You Had



I was on the Social Security website the other day. I highly recommend you spend a little bit of time there. You have to make a log-in to see your personalized information, but you'll eventually need to do that anyway. I learned a lot of things while I was on there. It is interesting to see your earnings record. I see that I made \$711 in 1992. Not bad for a junior in high school. I also see that I never made more than \$40K per year until I graduated from residency 7 years ago. Be sure to look at your "Medicare Earnings" and not your Social Security earnings, since those are limited by a maximum that is currently \$113,700 in 2013. It is fun to add up your total earnings and compare it to your current net worth. It's nice to see I've still got 70% of everything I've ever earned.

SS Retirement Benefits

The site also estimates your future SS benefits. It tells me that I'll get \$1784 per month (\$21,408 per year) if I retire at age 62, \$2662 per month (\$31,944 per year) if I retire at age 67, and \$3334 per month (\$40,008 per year) if I wait until I'm 70. That all assumes, of course, that I'll keep earning \$117K+ from now until retirement. If you want to cut back or

quit before then, you'll need to do a [more complicated calculation](#) to figure out exactly how much less you'll get. Remember that Social Security uses the top 35 years of indexed earnings to calculate your benefit. If you don't work at least 35, then you get a bunch of \$0 years added in to the calculation. Still, \$40K indexed to inflation sounds pretty good, especially when you consider that my wife gets half of that. That's like having a million dollar inflation-indexed annuity.

SS Disability Benefits

I also discovered that I qualify for a disability benefit of \$2023. Now, I carry much more disability insurance than that, but an extra \$2K is always nice. Disability insurance salesman like to argue that it's much harder to collect from the government than from your high quality disability insurance policy, but for a real disability, I'm not sure I believe them. I see an awful lot of people on Social Security disability every day and I'm sure I'm just as good as them at hiring an attorney and qualifying for benefits if I'm truly disabled.

Social Security Life Insurance

The one benefit I hadn't really given much thought to, however, was the life insurance provided by Social Security. I'm not talking about the bizarre \$255 one time payment your family gets when you die. I'm talking about the Survivorship Benefit. If I die, my kids and my "spouse caring for my children" get \$1685 a month, each, up to a limit of \$3932 a month, or \$47,184 a year. When the kids all hit 18, that benefit stops until my spouse hits her full retirement age, at which point



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she'll get \$2247 a month, or \$26,964. If you've got a couple of very young kids when you die, that survivor benefit could pay out more than \$800K over the next 17 years. I never considered that when I bought life insurance, and probably should have. Now, I'm not cancelling any life insurance policies or anything, but it's nice to know I'm getting something besides a retirement benefit for that \$14,508 and climbing that I pay in Social Security taxes each year.

Have you logged into your online Social Security account? What do you think of the Social Security survivorship benefit? Have you or someone you know used it? Did you purchase less life insurance because you knew it was available? Comment below!