How to Calculate Your Pen$ion

Introduction.

A common question we at the Mid-Atlantic Pension Counseling Project are asked is "How do I know what my pension should be?" This guide will help you confirm that your pension is correct or to help you plan for your retirement.

All pension plans have some kind of formula used in determining how much you are entitled to receive. The formulas vary, but all pension plans can be classified into three basic types: (1) Defined Benefit Plans; (2) Defined Contribution Plans; and (3) Cash Balance Plans.

The Defined Benefit Plan.

This is the classic pension that usually pays an annuity - a monthly benefit for life. It is usually offered to public employees and unionized private-sector workers. As the name implies, the benefit you receive is *defined*. That is, the formula will tell you how much your monthly retirement check will be. A typical formula uses your average salary for the final years of your employment, your total years of *credited service* and some sort of factor. As an example, your pension might be calculated this way:

Final Average Salary of last 5 years of employment	X	Number of Years of Credited Service	X	1.5%	=	Annual Pension

Your Annual Pension is then divided by 12 months to give you the amount of your monthly pension check.

The Defined Contribution Plan.

Defined Contribution Plans are also known as individual account plans because an account is established in your name. They include 401(k) plans and profit-sharing-plans. As noted above, in a defined benefit plan, the formula tells you what you will *receive*. In a defined contribution plan, on the other hand, the formula only tells you how much is *put in*. Your employer might therefore contribute a percentage of your salary, or match your own contributions. The money is then invested and your total account balance is what you receive when you retire, usually in a lump sum that you can withdraw or roll over into an Individual Retirement Account ("IRA"). Because your investments might fluctuate, you will not know how much you receive until you actually retire.

The Cash Balance Plan.

This is a relatively new retirement plan that combines elements of both the Defined Benefit Plan and the Defined Contribution Plan. Like a defined contribution plan, an individual account is established in your name. Like a defined benefit plan, however, the value of your account grows by a pre-determined amount and is not affected by the stock market. When you retire, the amount of your benefit is converted into an annuity based on your life expectancy. Unlike most defined benefit plans, however, most cash balance plans allow you to take your benefit in a lump sum based on the present value of the annuity, which is usually not the same amount of the account balance.

Finding the Formula.

To find out what the formula your retirement plan - whether a defined benefit plan, a defined contribution plan, or a cash balance plan - uses, you will need the plan's "Summary Plan Description" or "SPD." In the SPD you will find the actual formula used to determine your benefit and other important information, such as how pension credits are earned. You can get the SPD from your company's human resources office or your union. Many SPDs are now also available on-line. If you have trouble obtaining the SPD, you may request our booklet "Information About Your Pension: Your Right to it and How to Get It."

What to do if there's a Problem.

A common problem occurs when the pension plan does not count all of your years of employment. The SPD will explain how many hours a year you have to work to receive a year of pension credit (usually 1,000 hours) and whether there is a waiting period to start earning credits (many plans don't let you start until you've worked a full year).
This problem often occurs when the plan is a *multi-employer* pension plan. The plans are negotiated by unions and many employers and are common in industries like construction where workers work for many small companies throughout their career. If you work for a company that has not agreed with the union to contribute to the pension plan, you will not receive any pension credit – even if you still paid your union dues. If you have any doubts, you may ask your union representative for a copy of the collective bargaining agreement to see if your employer has agreed to make contributions to the plan.

If you believe you are entitled to a larger pension, you may need to prove that the plan incorrectly excluded some years of service or miscounted your final average salary. To prove how long you were employed or how much you earned, you may need to show old pay stubs, W-2 Forms, or tax returns. It is therefore very important that you retain your records. You may also ask the Social Security Administration for a detailed earnings statement. These statements list the names of every one of your employers and the annual amount you earned from each one. They are not the free summaries you receive every year, but must be purchased using the application form attached to this brochure.

Additional information and assistance can also be obtained by calling us at our toll-free hotline 1 (800) 355-7714 and speaking with one of our counselors for free.

Form Approved
OMB No. 0960-0525

REQUEST FOR SOCIAL SECURITY EARNINGS INFORMATION

*Use This Form If You Need

1. **Certified/Non-Certified Detailed Earnings Information**

   Includes periods of employment or self-employment and the names and addresses of employers.

   OR

2. **Certified Yearly Totals of Earnings**

   Includes total earnings for each year but does not include the names and addresses of employers.

DO NOT USE THIS FORM FOR:

Non-certified yearly totals of earnings

This service is free to the public.

These totals can be obtained by calling 1-800-772-1213 to receive Form SSA-7004, Request for Earnings and Benefit Estimate Statement.

PRIVACY ACT NOTICE: We are authorized to collect this information under section 205 of the Social Security Act, and the Federal Records Act of 1950 (64 Stat. 583). It is needed so we can identify your records and prepare the statement you request. You do not have to furnish the information, but failure to do so may prevent your request from being processed.

PAPERWORK REDUCTION ACT: This information collection meets the clearance requirements of 44 U.S.C. §3507, as amended by Section 2 of the Paperwork Reduction Act of 1995. You are not required to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take you about 11 minutes to read the instructions, gather the necessary facts, and answer the questions.

INFORMATION ABOUT YOUR REQUEST

- **How Do I Get This Information?**

  You need to complete the attached form to tell us what information you want.

- **Can I Get This Information For Someone Else?**

  Yes, if you have their written permission. For more information, see page 3.

- **Who Can Sign On Behalf Of The Individual?**

  The parent of a minor child, or the legal guardian of an individual who has been declared legally incompetent, may sign if he/she is acting on behalf of the individual.

- **Is There A Fee For This Information?**

  1. **Certified/Non-Certified Detailed Earnings Information**

     Yes, we usually charge a fee for detailed information. In most cases, this information is used for purposes NOT directly related to Social Security such as for a private pension plan or personal injury suit. The fee chart on page 3 gives the amount of the charge.

     Sometimes, there is no charge for detailed information. If you have reason to believe your earnings are not correct (for example, you have previously received earnings information from us and it does not agree with your records), we will supply you with more detail for the period in question. Occasionally, earnings amounts are wrong because an employer did not correctly report earnings or earnings are credited to the wrong person. In situations like these, we will send you detailed information, at no charge, so we can correct your record.

     Be sure to show the year(s) involved on the request form and explain why you need the information. If you do not tell us why you need the information, we will charge a fee.

     We will certify the detailed earnings information for an additional fee of $15.00. Certification is usually not necessary unless you plan to use the information in court.

  2. **Certified Yearly Total of Earnings**

     Yes, there is a fee of $15 to certify yearly totals of earnings. Cetification is usually not necessary unless you plan to use the information in court.

  3. **Method of Payment**

     Enclose a check or money order for the entire fee required. Payment can also be made by credit card. To do so, complete page 4 of this form and return it with your request form.

REQUEST FOR SOCIAL SECURITY EARNINGS INFORMATION

1. From whose record do you need the earnings information?

   Print the Name, Social Security Number (SSN), and date of birth below.

   Name ____________________ Social Security Number ____________________

   Other Name(s) Used (Include Maiden Name) ____________________ Date of Birth (Mo/Day/Yr) ____________________

2. What kind of information do you need?

   ☐ **Detailed Earnings Information** (If you check this block, tell us below why you need this information.) For the period(s)/year(s): ____________________

   ____

   ____

   ☐ **Certified Total Earnings For Each Year.** (Check this box only if you want the information certified. Otherwise, call 1-800-772-1213 to request Form SSA-7004, Request for Earnings and Benefit Estimate Statement) For the year(s): ____________________

3. If you owe us a fee for this detailed earnings information, enter the amount due using the chart on page 3 . . . . A. $ ____________

   Do you want us to certify the information? ☐ Yes ☐ No

   If yes, enter $15.00 . . . . B. $ ____________

   ADD the amounts on lines A and B, and enter the TOTAL amount . . . . C. $ ____________

   - You can pay by CREDIT CARD by completing and returning the form on page 4, or
   - Send your CHECK or MONEY ORDER for the amount on line C with the request and make check or money order payble to "Social Security Administration"
   - DO NOT SEND CASH.

4. I am the individual to whom the record pertains (or a person who is authorized to sign on behalf of that individual). I understand that any false representation to knowingly and willfully obtain information from Social Security records is punishable by a fine of not more than $5,000 or one year in prison.

   SIGN your name here (Do not print) > ____________________ Date ____________

   Daytime Phone Number ______ ____________
   (Area Code) (Telephone Number)

5. Tell us where you want the information sent. (Please print)

   Name ____________________ Address ____________________

   City, State & Zip Code ____________________

6. Mail Completed Form(s) To:

   Social Security Administration
   Division of Earnings Record Operations
   P.O. Box 33003
   Baltimore Maryland 21290-3003

   Exception: If using private contractor (e.g., FedEx) to mail form(s), use:

   Social Security Administration
   Division of Earnings Record Operations
   300 N. Greene St.
   Baltimore Maryland 21290-0300

REQUEST FOR SOCIAL SECURITY EARNINGS INFORMATION

How Much Do I Have to Pay For Detailed Earnings?

1. Count the number of years for which you need detailed earnings information. Be sure to add in both the first and last year requested. However, do not add in the current calendar year since this information is not yet available.
2. Use the chart below to determine the correct fee.

Number of Years Requested	Fee	Number of Years Requested	Fee	Number of Years Requested	Fee
1	$15.00	15	$43.75	28	$64.50
2	17.50	16	45.50	29	66.00
3	20.00	17	47.25	30	67.50
4	22.50	18	49.00	31	68.75
5	25.00	19	50.75	32	70.00
6	27.00	20	52.50	33	71.25
7	29.00	21	54.00	34	72.50
8	31.00	22	55.50	35	73.75
9	33.00	23	57.00	36	75.00
10	35.00	24	58.50	37	76.25
11	36.75	25	60.00	38	77.50
12	38.50	26	61.50	39	78.75
13	40.25	27	63.00	40	80.00
14	42.00				

For Requests Over 40 Years, Please Add 1 Dollar for Each Additional Year.

- **Whose Earnings Can Be Requested**

1. **Your Earnings**

   You can request earnings information from your own record by completing the attached form; we need your handwritten signature. If you sign with an "X", your mark must be witnessed by two disinterested persons who must sign their name and address.

2. **Someone Else's Earnings**

   You can request earnings information from the record of someone else if that person tells us in writing to give the information to you. This writing or "authorization" must be presented to us within 60 days of the date it was signed by that person.

3. **A Deceased Person's Earnings**

   You can request earnings information from the record of a deceased person if you are the legal representative of the estate, a survivor (that is, the spouse, parent, child, divorced spouse of divorced parent), or an individual with a material interest (example-financial) who is an heir at law, next of kin, beneficiary under the will or donee of property of the decedent.

   Proof of death must be included with your request. Proof of appointment as representative or proof of your relationship to the deceased must also be included.

YOU CAN MAKE YOUR PAYMENT BY CREDIT CARD

As a convenience, we offer you the option to make your payment by credit card. However, regular credit card rules will apply. You may also pay by check or money order.

Please fill in all the information below and return this form along with your request to:

Social Security Administration
Division of Earnings Record Operations
P.O. Box 33003
Baltimore Maryland 21290-3003

Exception:
If using private contractor (e.g., FedEx) to mail form(s), use:

Social Security Administration
Division of Earnings Record Operations
300 N. Greene St.
Baltimore Maryland 21290-0300

Note: Please read Paperwork/Privacy Act Notice

CHECK ONE →	☐ Visa ☐ American ☐ MasterCard ☐ Discover ☐ Diners Card
Credit Card Holder's Name → (Enter the name from the credit card)	First Name, Middle Initial, Last Name
Credit Card Holder's Address →	Number & Street City, State, & Zip Code
Daytime Telephone Number →	Area Code / Telephone Number
Credit Card Number →	____--____--____--____
Credit Card Expiration Date →	Month / Year
Amount Charged →	
Credit Card Holder's Signature →	

DO NOT WRITE IN THIS SPACE OFFICE USE ONLY	Authorization	
	Name	Date
	Remittance Control #	

PRIVACY ACT NOTICE

The Social Security Administration (SSA) has authority to collect the information requested on this form under section 205 of the Social Security Act. Giving us this information is voluntary. You do not have to do it. We will need this information only if you choose to make payment by credit card. You do not need to fill out this form if you choose another means of payment (for example, by check or money order).

If you choose the credit card payment option, we will provide the information you give us to the banks handling your credit card account and SSA's account. We may also provide this information to another person or government agency to comply with federal laws requiring the release of information from our records. You can find these and other routine uses of information provided to SSA listed in the Federal Register. If you want more information about this, you may call or write any Social Security Office.

Who we are.

The Mid-Atlantic Pension Counseling Project is part of South Brooklyn Legal Services of Legal Services New York City. The Project provides information and counseling to workers and their dependents who are having difficulty finding out about pension benefits that might be owed to them or who believe that they might not be receiving benefits that are owed to them.

We can help you if you or your spouse, your company or your pension plan live or are located in New York or New Jersey. Other projects across the county can help you if we can't.

The Mid-Atlantic Pension Counseling Project can be reached during normal business hours, through our toll-free number (800) 355-7714. Any messages that are left will ordinarily be returned within one business day and at the latest within two business days. You may also find us on the web at http://www.sbls.org/

The Mid-Atlantic Pension Counseling Project is generously funded by the U.S. Administration on Aging.

South Brooklyn Legal Services
Mid-Atlantic Pension Counseling Project
105 Court Street, 3rd Floor
Brooklyn NY 11201