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Military Service and Social Security

By Elaine Floyd, CFP®

There is a great deal of confusion about how military pay is counted for Social Security purposes. If you or someone you love is in the military, don't fall prey to misinformation.

At various seminars around the country veterans are told that unless they show DD Form 214, they could lose out on as much as \$1,200. This is misleading. Only those who served before 1968 are required to provide DD-214. And the \$1,200 they get is not in the form of benefits, but a credit to their earnings record. By the time the earnings are factored into the average indexed monthly earnings (AIME) and the primary insurance amount (PIA), the effect is negligible. If it's not among the 35 top earning years, it's not counted at all.

SERVICE AFTER 1968

Here's how it works. Military people who served on active duty are granted an additional earnings credit of \$300 per quarter, or \$1,200 a year. If the active duty occurred after 1968, this credit has already been applied. The veteran does not have to do anything to get it. For those who served on active duty before 1968, the credit will be applied when they apply for benefits. At that time they will be asked for proof of military service via form DD-214. However, if those years of active duty would not count among their 35 highest earning years, it's moot; the additional credits would not affect their Social Security earnings record anyway.

Here's what the SSA website says about extra earnings for military service:

If your active military service occurred:

- From 1957 through 1967, we will add the extra credits to your record when you apply for Social Security benefits.
- From 1968 through 2001, you do not need to do anything to receive these extra credits. The credits were automatically added to your record.
- After 2001, there are no special extra earnings credits for military service.

WHAT ABOUT VA DISABILITY BENEFITS?

There may also be some confusion about VA disability benefits as they relate to Social Security. One benefit does

not affect the other. That is, a person could be receiving VA disability benefits and also receive full Social Security disability or retirement benefits. Or, a person could qualify for VA disability benefits and not qualify for Social Security disability benefits because the two agencies' definitions of disability are different. For VA purposes, a person may be fully (100%) disabled, or only partially disabled based on how much it impacts the person's ability to perform day-to-day tasks and its likeliness to affect employability. SSA, by contrast, considers you to be totally disabled or not disabled at all. To qualify for SSDI you must not be able to do any kind of work.

Elaine Floyd, CFP® is Director of Retirement and Life Planning for Horseshoeth, LLC, where she helps people understand the practical and technical aspects of retirement income planning.

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