

Name

Date

Period

**Retirement Benefits****Show Your Work!!!!**

**Example:** Kuong paid \$60,000 in Social Security taxes over 30 years. His monthly Social Security benefit is about 1 ½% of the total contributions. Estimate his monthly Social Security benefit.

$$\begin{array}{rcl} \text{Kuong's contribution} + \text{Employer's contribution} & = & \text{Total} \\ \$60,000 & + & \$60,000 & = & \$120,000 \end{array}$$

$$\$120,000 \times 0.15 = \$1,800$$

If Kuong retires at age 65, his monthly Social Security benefit is about \$1,800.

**Directions:** Use the formula  $B = .015C$  to estimate each monthly benefit. **Round to the nearest dollar.**

	Employee Contribution	Employer Contribution	Total Contribution	Retirement Benefit (based on 1 ½%)
1	\$40,000			
2	\$50,000			
3	\$90,000			
4	\$75,000			
5	\$28,500			
6	\$38,920			
7	\$61,308			
8	\$57,091			

**Directions:** Complete. Use 1 ½% of total Social Security contributions to calculate monthly benefit. **Round to the nearest dollar.**

	Total Contribution	Monthly Benefit	Annual Benefit	Years of Retirement	Total Retirement Benefit	Benefits Greater or Less Than Contributions?
9	\$42,000			19		
10	\$50,000			6		
11	\$91,050			2		
12	\$57,100			7		
13	\$46,230			5		
14	\$73,258			10		
15	\$81,191			3 ½		

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**More Retirement Benefits Practice**

**Show Your Work!!!**

**Example:** Carla worked for the same company for 20 years and retired at age 65. Her average monthly pay was \$2,800. Her Social Security benefit is \$800 a month. Calculate Carla's monthly pension, using the following steps.

**Step 1** Find 60% of average monthly pay.  $.60\% \times \$2,800 = \$1,680$

**Step 2** Find 50% of monthly Social Security benefit.  $.50\% \times \$800 = \$400$

**Step 3** Subtract Step 2 from Step 1  $\$1,680 - \$400 = \$1,280$

**Step 4** Divide years worked for the company (up to 35) by 35.  $20/35 = .571$

**Step 5** Multiply Step 3 by Step 4  $\$1,280 \times .571 = \$730.88 \sim \$731$

Carla's monthly pension from her company is \$731.

**Directions:** Use Steps 1-5 above to find each monthly pension benefit. **Round money to the nearest dollar.**

	<b>Average Monthly Payment</b>	<b>Social Security Benefit</b>	<b>Year Worked</b>	<b>Years Worked Divided by 35</b>	<b>Monthly Pension Benefit</b>
<b>1</b>	\$3,000	\$1,600	17		
<b>2</b>	\$5,000	\$2,300	25		
<b>3</b>	\$2,400	\$1,000	30		
<b>4</b>	\$3,600	\$1,640	24		
<b>5</b>	\$3,850	\$1,850	12		
<b>6</b>	\$4,700	\$2,100	15		
<b>7</b>	\$2,925	\$1,536	34		
<b>8</b>	\$3,275	\$1,700	29		
<b>9</b>	\$4,000	\$2,000	28		
<b>10</b>	\$3,200	\$1,900	34		