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4 Social Security Changes Coming in 2011

by Emily Brandon
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The Social Security program will be tweaked in several important ways in 2011. Workers will get a temporary tax break on the amount they pay into the entitlement program, and several claiming options for retirees will be eliminated. Here's a look at how the Social Security program will change this year.

Lower Social Security taxes. The amount workers pay into the Social Security trust fund will temporarily drop from 6.2 percent of taxable wages up to \$106,800 annually to 4.2 percent in 2011 only. For self-employed workers, the Social Security tax rate will drop from 12.4 percent to 10.4 percent next year, due to provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, signed by President Obama on December 17. Employers will continue to pay 6.2 percent of wages into the entitlement program.

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The Social Security system's finances are not expected to be harmed because the trust fund will be reimbursed for the full amount of the tax break from the general fund of the Treasury. However, this change also means that the Social Security trust fund will no longer be completely funded directly by citizen contributions. "This pretty much ends the claim that Social Security is self-financing or that it doesn't contribute to the budget deficit," says Andrew Biggs, a resident scholar at the American Enterprise Institute and a former deputy commissioner of the Social Security Administration.

Free loan option eliminated. Retirees will no longer be able to get an interest-free loan from the Social Security trust fund this year. The Social Security Administration announced in December 2010 that individuals will not be able to begin payments at age 62, pay back all the benefits received at age 70 without interest, and then reclaim at a higher rate due to delayed claiming. Under the new rules, Social Security beneficiaries may withdraw an application for retirement benefits only within 12 months of their first Social Security payment and are limited to one withdrawal per lifetime. "This free loan costs the Social Security trust fund the use of money during the period the beneficiary is receiving benefits with the intent of later withdrawing the application and the interest earned on these funds," says the Social Security Administration in a statement about the rule change. The Center for Retirement Research at Boston College calculated that mass utilization of this claiming strategy could cost the system between \$5.5 billion and \$11 billion, primarily going to high-income households with enough liquid assets to pay back the benefits.

Retroactive benefit suspensions discontinued. Retirees will still be allowed to temporarily suspend their benefits and restart them later, which can result in bigger Social Security checks to account for the months or years in which payment was not received. However, beneficiaries will not be able to retroactively suspend benefits and pay back money already received in exchange for higher payments going forward. Retirees will be allowed to voluntarily suspend benefits only for months in which they did not receive payments or future benefits beginning the month after the request is made.

Paper checks retired. Retirees who apply for Social Security benefits on or after May 1, 2011, will no longer have the option of receiving a paper check in the mail. Seniors can have their entitlement payments directly deposited into a bank or credit union account or loaded onto a prepaid Direct Express Debit MasterCard. "This important change will provide significant savings to American taxpayers who will no longer incur the annual \$120 million price tag associated with paper checks and will save Social Security \$1 billion over the next 10 years," says Richard Gregg, Treasury Fiscal Assistant Secretary. Retirees already receiving paper checks will need to switch to direct deposit or the prepaid debit card by March 1, 2013.

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Mike, We expect the minority to work - it's even in the bible that we all need to work. The housing market was ruined in large part by young people who wanted a house without any savings and bad credit on top of that. In years gone by, people were expected to save and put 25% down when buying a home. Both political parties served over all these years, and many Presidents and Congressman and Senators all bear responsibility for stealing from the SS fund - as we all do for not stopping it sooner. In a global government which you seem to be recommending by the United Nations it will be the end of our freedoms.

[Reply](#)**U R ALL IGNORAMUSES** 32 seconds ago | [Report Abuse](#) 0 0

GET RID OF SOCIAL SECURITY BENEFITS!!! - I make a modest income, and have the privelgde of paying \$3k each year to SS alone! I love our senior citizens (and others on SS) but if I am going to give to them, it will be due to my charitable nature and not a stupid government program.

How much of my contribution for SS goes to administrative costs? I would bet my life savings that a private company could do it better than the government.

Additionally, how much better could I prepare for retirement with an extra \$3k a year for the next 25 years. My ROI would be better than SS benefits (if there is anything left by then).

You have to know how to swim before saving someone else from drowning. It is a little difficult to fund my own retirement when I must pay for everyone else too.

[Reply](#)**Achmed** 57 seconds ago | [Report Abuse](#) 0 0

Livewire, look at the thumbs down, idiot. No one is buying your B_S. lol.

[Reply](#)**TBS** 1 minute ago | [Report Abuse](#) 0 0

politicians robbed the kitty over and over, no wonder s.s. all messed up

of course paying illegals and hosing natural born citizens hasn't helped either

[Reply](#)**Sophie** 1 minute ago | [Report Abuse](#) 0 0

You want to really know where ss money went, just check the 8 years Bush was in office. he raided that fund to pay for the War he put us in and many others things he used it for instead of what it was intended. It was intended only for retirement now it is being used for eveeeything else too.

From all the ramblings of live wire I have read , he is one heartless cold blooded animal.

[Reply](#)

Pichardo 1 minute ago | [Report Abuse](#) 0 0

Some SS improvements are good. Additionally raise the limit of those who are paying into Social Security to \$250,000. Then limit the SS pay out to a fixed sum without having to pay any federal tax on the fixed SS pay out for everybody.

For the sake of fairness, all the profit, all the money in excess of the money paid in

could be invested in government bonds. The income in excess of the money invested could then be put into SS. Cut Medicaid and make Medicare be funded by Medicare recipients. Medicaid recipients would provide tax deductions to all Doctors and Hospitals treating them.

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Barb 1 minute ago | [Report Abuse](#) 0 0

The first provision is bad. Besides not continuing the practice of having the fund funded from the participants & their employers it is a first step in giving the Republicans the fuel they need to finally destroy it like they have been trying to do for years.

Provision two & three sound like good ideas.

Eliminating paper checks will save money for the government and will stop muggings of old folks on their way back from cashing their check. The only problem I see is the debit card for those that don't have bank or credit union accounts. I have heard some very bad things in the past about the MasterCard and VISA debit cards that are used this way. I have heard stories about fees for using the card & fees for keeping the money in the card so that the recipient of the card ends up not getting the full amount of their money. That needs to be eliminated.

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R. 1 minute ago | [Report Abuse](#) 0 0

Its time congress pass a bill that allowed those who have earned the number of credits needed to draw social security, should be not have any more taken out of their checks. That fund could be put in thrift or cd, or an account.. If the government will not have my share of social security when I retire. I am 59. Then compensate me with a 4 bed room house a new vehicle and a check for 25,000. I will sign that letter of compensation. If I retire at 62 and not 66 or 70 than only penalize me 10%. Ifs not fair to keep feeding those who doot put into the system. Min. Roy I McCray 2911

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Marie 1 minute ago | [Report Abuse](#) 0 0

What happened to the money that people had taken out of their paychecks and never lived to collect?

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Greenbrier Rose 2 minutes ago | [Report Abuse](#) 0 0

Take away some of the Pres. , Vice Pres. ,Representives, senators etc money , make them take a 20% cut in pay!

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