Farm Families and Social Security

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FARM FAMILIES *and* SOCIAL SECURITY

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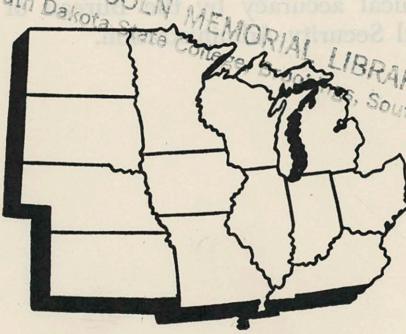

Farm Foundation, and Extension Service, U. S. Department of Agriculture, Cooperating

AGRICULTURAL EXTENSION SERVICE
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FOREWORD

The Federal Social Security Program was broadened considerably by the 1954 and 1956 Amendments to the Social Security Act. The 1954 Amendments extended old-age and survivors insurance coverage to 3½ million farm operators and 2 million more hired farm workers. The 1956 Amendments extended this coverage to the rental income of many farm landlords and made other changes important to farm people.

The purposes of this publication are:

1. To give farm operators, farm landlords, hired farm workers, and their families information on the insurance protection provided to them under the social security program and on the cost of this insurance;

2. To explain to farm families their rights and responsibilities under this program as provided by law.

This bulletin is jointly sponsored by the Social Security Subcommittees of the North Central Farm Management Extension and Land Tenure Research Committees, and by the Farm Foundation of Chicago. The members of these committees made many helpful suggestions in the preparation of the bulletin.

E. A. Johnson of the Federal Extension Office, Washington, D. C., also helped prepare this bulletin. The information in it has been reviewed for technical accuracy by the Bureau of Old-Age and Survivors Insurance, Social Security Administration.

Agricultural Extension Service, South Dakota State College and United States Department of Agriculture Cooperating. In furtherance of Acts of Congress May 8, June 30, 1914. George I. Gilbertson, Director of Extension. (11:56—7M)

IMPORTANT CHANGES IN SOCIAL SECURITY

Changes Effective Immediately
(Calendar year 1956 and after)

1. **Farm Landlords:** Cash or share rental income received by farm landlords who "participate materially" in the management decisions or in the annual work and expense of crop and livestock production on their farms is now taxable and such landlords are now covered. See page 6.

2. **Optional Method of Computing Taxable Income:** The optional method of computing taxable income for social security purposes is now available to all farmers, including farm partners, whether on a cash or accrual basis of computing the Federal income tax. See page 18.

3. **The New Optional Method:** The new optional method permits farmers grossing not more than $1,800 to report as net earnings from self-employment either their actual net earnings or two-thirds of their gross income. Farmers who gross over $1,800 but net less than $1,200 may use either their actual net earnings from farming or $1,200. See page 18.

4. **Soil Bank Payments:** Soil Bank payments are generally to be included as farm income. If received by a landowner who does not participate materially in the farm business, however, they are not included as self-employed farm income. See page 17.

5. **Women, Age 62:** Women may now qualify for old-age, wife's, widow's, or parent's benefits at age 62. See page 11.

Changes Effective After January 1, 1957
(Calendar year 1957 and after)

1. **Farm Workers, 1957 Regulations:** The 1956 Amendments provide new coverage tests for farm workers effective January 1, 1957. See page 9.

2. **The Crew Leader:** The position of a crew leader as to whether he or the farmer is the employer of crew members is clarified. See page 9.

3. **Disability Insurance:** Benefits from disability insurance will be payable to insured persons between the ages of 50 and 65 who are totally disabled for gainful work of any kind and who meet the other requirements for such payments. There is also a provision for the continuation of a child's insurance benefit for persons age 18 and over who were totally disabled before age 18 and who can meet the other requirements for such benefits. See page 20.

4. **Increase in Tax Rate:** Also effective January 1, 1957, is an increase in the social security tax rate of one-fourth of 1 percent each for employees and employers and three-eighths of 1 percent for self-employed persons. This increase is set aside in a separate Disability Trust Fund. See page 22.

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Farm Families and Social Security

EVERETT E. PETERSON AND ELTON B. HILL[1]

THE SOCIAL SECURITY PROGRAM

The original Social Security Act of 1935 provided for several types of assistance, including old age insurance for industrial workers. In 1939, this program was broadened to provide benefits for dependents and survivors of insured workers alive on January 1, 1940 or after. In 1950, some farm workers and domestic employees and many nonfarm self-employed persons were made eligible for this insurance. Beginning January 1, 1955, self-employed farmers and more hired farm workers were included in this insurance program.

Under the 1956 Amendments, cash or share farm rent is covered for social security purposes when received by landlords who, under an agreement, "participate materially" in the management decisions or physical work of farm production. Other changes include a new disability insurance program effective July 1957; lower retirement age for women effective November 1956; and additional provisions affecting farm families.

The Old-Age, Survivors and Disability Insurance program is basically a family group insurance plan operated by the Federal government. Hired workers and their employers and self-employed persons like farm operators and farm landlords pay "premiums" for this insurance while they are earning income. The protection provided for disability and for survivors of an insured person is especially important to young farm families. The retirement income feature is of more immediate interest to older farmers and their wives.

This program, together with an adequate supplementary insurance and the accumulation of savings and other property, will provide greater income security for the families of most farmers and farm workers. Farm families should consider social security as only a part of their plan for good insurance protection and retirement income.

Is Participation in the Program Voluntary? No, if you qualify it is required. All farmers, farm landlords, and hired farm workers whose earnings come within the provisions of the law must report earnings and pay social security taxes regardless of age.

Is Government Subsidy or "Relief" Involved? No, the program is designed to be self-supporting and the amount of revenue from the social security taxes is estimated by actuaries to be sufficient to pay the benefits and administrative costs of the present program.

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All benefits under this insurance program are paid out of the Federal Old-Age and Survivors Insurance and the Disability Insurance trust funds. These funds, according to law, are invested in interest-bearing government bonds. Congress makes no appropriation for these funds at present. They are built up by social security taxes or premiums paid by persons included in the program.

OLD-AGE, SURVIVORS AND DISABILITY INSURANCE

The old-age, survivors and disability insurance program protects against the loss or reduction of family income because of disability, age, or death of insured persons.

What are the Kinds and Amounts of Benefits? Four kinds of benefits are provided under this program to qualified persons:

1. Monthly retirement payments to insured persons and specified dependents;
2. Monthly survivors payments to specified dependents of deceased insured persons;
3. Monthly disability insurance benefit payments; and
4. Lump-sum payment upon the death of an insured person.

Table 1 gives some examples of the kinds and amounts of retirement and survivors payments. The top line lists the minimum payments and the bottom line the maximum payments that may be earned.

RIGHTS AND RESPONSIBILITIES OF FARM FAMILIES

Who Is "Covered" and Required to Pay the Social Security Tax?

Farm Operators: Farm operators are persons farming for themselves as owner-operators, as partners participating in a joint venture, or as tenants or share-farmers. Any who make a combined net profit from farming and any other covered business of $400 or more in a year must pay the social security tax and will be entitled to the protection of the federal social security program.

This coverage of farm operators as self-employed persons took effect January 1, 1955, for farmers reporting their federal income tax on a calendar year basis; it started at the beginning of any fiscal year ending in 1955 for those who report on a fiscal year basis. It is not necessary to live on the farm in order to be covered. Farm owners who operate their farms entirely with hired help or custom work are considered self-employed persons.

Farm Landlords: Effective with taxable years ending after 1955, the Social Security Amendments of 1956 extend coverage to farm landlords who "participate materially" in the production of crops and livestock or in the management of production on their farms. Farm landlords qualifying in 1955 who have in the past filed their income tax on a fiscal year basis may file with the Internal Revenue Service an amended return for

TABLE 1—*Examples of monthly retirement and survivors benefits payable to qualified persons after October 1956*

Average annual net farm income[1]	Average monthly earnings or wages[1]	Retirement payments					Survivors payments			
		Insured person age 65 or over[2]	Married couple, man 65 or over; wife's benefit starting at age:				Widow, child, or parent	Widow and one child	Widow and two children	Lump-sum death payment[3]
			62	63	64	65				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
$ 400	$ 34	$30.00	$41.30	$42.50	$43.80	$45.00	$30.00	$45.00	$50.20	$90.00
1,200	100	55.00	75.70	78.00	80.30	82.50	41.30	82.60	82.60	165.00
1,800	150	68.50	94.30	97.10	100.00	102.80	51.40	102.80	120.00	205.50
2,400	200	78.50	108.00	111.30	114.60	117.80	58.90	117.80	157.10	235.50
3,000	250	88.50	121.80	125.50	129.20	132.80	66.40	132.80	177.20	255.00
3,600	300	98.50	135.50	139.60	143.70	147.80	73.90	147.80	197.10	255.00
4,200	350	108.50	149.30	153.80	158.30	162.80	81.40	162.80	200.00	255.00

[1] After dropping out up to 5 years of lowest (or no) earnings.
[2] Women workers may now choose to retire at age 62 but with permanently reduced retirement payments.
[3] If payment is made on basis of relationship to eligible widow or widower. Otherwise, payment cannot exceed amount of reimbursable burial expenses paid.

their taxable year ending any time during 1956. Thus, they can attain earlier coverage from social security.

Whether or not rental income, either cash or share-rentals, can be counted toward social security depends on whether the rental arrangement calls for participation by the landowner in the farming operation and whether he actually does participate. Whether the participation is material must be determined from all the facts in each case. Essential factors to be considered in this regard are the degree or extent to which the landowner:

1. Actually performs physical work connected with the production of the farm commodity.
2. Periodically inspects the production activities.
3. Pays or assumes liability for a significant part of the production costs.
4. Periodically consults with the tenant regarding the production activities.
5. Furnishes a significant part of the farm equipment used in connection with the production of the commodity.
6. Makes management decisions which may be expected to significantly affect or contribute to the success of the enterprise.

Some farm landlords do not "materially participate" in management decisions or in the actual production of crops and livestock; their rental income would not count for social security purposes. Such landlords would include: (1) absentee landlords who seldom visit the farm and (2) landlords who hire a farm management or other service or person on a fee basis to represent them in handling the management and business end of the farm operations.

Farm Workers, 1950 Amendments: Before 1951, farm work did not count toward social security benefits. From 1951 through 1954, farm work was covered only if the worker was employed regularly by an employer on a full-time basis and for cash wages of $50 or more in a calendar quarter. Coverage was compulsory for those farm workers who met the regularity-of-employment and cash-pay tests.

Farm Workers, 1954 Amendments: Hired farm workers, including farm household help, who were paid as much as $100 cash wages in any calendar year after 1954 from any one farmer-employer, whether the work was regular or not, are covered through December 31, 1956. For 1955 and 1956, a farm worker gets credit for one quarter of coverage if he was paid annual cash wages of $100 to $199.99 by any one farm employer; two quarters if he was paid $200 to $299.99; three quarters for $300 to $399.99; and a full year's credit for $400 or more. Thus, a worker who was paid $100 cash wages by one employer and cash wages of $60 and $70 by two other employers during 1956 would get credit for only one quarter of coverage; he would pay the social security tax only on his earnings of $100 from the one employer. Payments received for farm work other than cash wages (for example, board, room and farm products) do not count for social security.

Farm work is not covered and wages therefore not subject to social security taxes if the work is done: (1) by the employer's son or daughter under age 21, or the employer's father, mother, wife or husband; (2) by foreign agricultural workers lawfully admitted on temporary basis from the British West Indies after 1954, or by Mexican agricultural contract labor after July 11, 1951; and (3) in connection with producing or harvesting gum naval stores (turpentine, etc.) after 1950. Family employment has been excluded since 1939 and does not qualify anyone for benefits.

Farm Workers, 1956 Amendments: The 1956 Amendments provide a new coverage test or requirement for farm workers, effective January 1, 1957. After 1956, cash wages paid to a farm worker (other than a foreign worker of any nationality) by a farmer-employer are covered if: (1) the amount of such wages, including both piece-rate and time-rate cash pay, in a calendar year is $150 or more; or (2) the employee worked for the employer on 20 or more days during the year for cash wages figured by the hour, day, week or month (time-basis rather than a piece-work basis). Cash wages of less than $100 from any one farm employer under the 20-day test are taxable for social security purposes but will not be credited as a quarter of coverage. A farm worker whose cash wages are covered under the 20-day test must receive cash pay of at least $100 in a year to be credited with a quarter of coverage. The 1956 Amendments did not change the 1954 method of crediting quarters of coverage for agricultural wages.

For example, a person works for a farmer for 10 days in 1957 and is paid $120; his wages would not be credited to his account or taxed for social security purposes under either the $150 cash-pay or the 20-day test. A farm youth helping a neighbor with chores earns $1.00 an hour for 2 hours a day on 30 days; his $60 cash wages are taxable and would be credited to his earnings record but would not be sufficient to give him a quarter of coverage unless he had at least $40 more in cash pay from another employer for whom he had met either the $150 or the 20-day test.

A farm hand works by the day for two different farmers during 1957, earning $180 in 15 days from the first and $84 in 7 days from the second; only the $180 would be covered for social security purposes and would count as a quarter of coverage.

A farm employee works by the day for three different farmers in 1957 and is paid $90 cash by each for having worked on 20 or more days for each. All of his earnings count toward benefits and, since they total $270 for the year, he will be credited with two quarters of coverage.

Crew Leaders and Farm Labor Crews: After 1956, the crew leader will be regarded as the employer of the crew he furnishes to perform farm work when the crew leader pays the members of his crew and does **not** have a written agreement with the farmer that he is the farmer's employee. Such a crew leader will be **self-employed** with respect to his services in furnishing the crew and also to any work he performs as a member of the crew.

If you are a farm operator using crew workers on your farm after 1956 and you have entered into a written agreement with the crew leader which shows that he is your employee, then the crew members are also your employees.

How Are Retirement Payments and Survivors Benefits Earned?

Farmers, farm landlords, and farm workers become entitled to benefits by earning enough over a period of time from operating a farm, or from cash wages in farming or other occupations that come under the law.

The Social Security Administration uses detailed rules established by law to determine eligibility and figure payments. In general, payments are based on your average monthly earnings from January 1, 1951, up to the year in which you reach age 65 (age 62 for working women), qualify for benefits, or die.

In figuring average earnings, you are entitled to drop out up to 5 calendar years after 1950 in which your earnings were lowest or in which you were not working in a covered occupation. Persons newly covered in 1956, such as some farm-landlords, may drop out all the years of noncoverage after 1950 and before 1956. After the drop-out, average monthly earnings will be figured by dividing the total taxable earnings in the remaining years by the number of months in that period. If less than 18 months remain, the total earnings will nevertheless be divided by 18.

What is the "disability freeze"? The 1954 amendments provided a "disability freeze" to protect the insurance rights of persons who have had a certain amount of covered work but who have since become totally disabled for work. This provision "freezes" the earnings record so that the disability period does not reduce the benefits payable or change the insured status. The requirements for the "freeze" are quite strict. After you have been disabled for six months, you or someone else should call or visit the nearest Social Security Office for more information. (For information on disability insurance benefits, see page 20.)

How are benefits figured? Benefit payments are figured by taking 55 percent of average monthly earnings after 1950 up to $110 and adding 20 percent of the next $240. This gives an insured person's "benefit amount" or retirement payment.

Payments to members of an insured person's family are certain percentages of this "benefit amount." Total payments to a family cannot exceed 80 percent of the average monthly earnings or $200, whichever is less. Application of this 80 percent limit cannot reduce the total family benefit to less than $50 or 1½ times the benefit amount, whichever is larger. Examples of retirement and survivors payments for different income levels are given in Table 1.

When Do Farm Persons Become Insured?

The amount of time in "covered" work or self-employment necessary to qualify for payments at retirement or for survivors benefits is very important. Farmers, farm landlords, and farm workers who are near or past the retirement age are much concerned with the time required to qualify for retirement payments. Younger farmers will want to know when their families will be protected by survivors insurance.

Certain lengths of time in covered work are necessary to qualify for these social security payments. The time varies with the date a person reaches retirement age or dies. The retirement age for men is 65; for women it is 62. The amount of work required is measured in "quarters of coverage" which are equivalent to calendar quarters or 3-month periods. A farmer after 1954 or a qualified farm landlord after 1955 gets four quarters of coverage for each year in which he has $400 or more in creditable self-employment earnings from farming. After 1954, a hired farm worker gets one quarter of coverage for each $100 of creditable agricultural wages in a year, but no more than four quarters per year.

"Currently Insured" Status: "Currently insured" status provides survivors benefits primarily. It can be attained with a minimum of six quarters of coverage in the last 13 quarters of an insured person's life. A farmer or farm worker covered as of January 1, 1955, for example, became currently insured and his survivors were potentially entitled to some benefits by mid-1956 if he earned enough income for the necessary six quarters of coverage before his death.

"Fully Insured" Status: "Fully insured" status means that benefits will be paid, but not necessarily that the maximum will be paid. This status is required for retirement payments to you and certain dependents. It is also needed for survivors payments to a widow age 62 or over, or dependent widower age 65 or over or to aged dependent parents. Fully insured status generally takes longer to attain than currently insured status, but some special provisions are made for new groups added recently.

You can get fully insured status in any one of the following ways:

1. Forty quarters (10 years) of coverage since January 1, 1937, creates fully insured status for life. These 40 quarters do not need to be consecutive. Work in any covered occupation after 1936 and some military service after September 15, 1940, count toward this requirement.

2. At least one quarter of coverage whenever acquired for each two calendar quarters that have passed since January 1, 1951, or after the quarter of attainment of age 21, whichever is later. This would include quarters up to but excluding the quarter of death or of reaching retirement age. At least six quarters of coverage are required in every case. For this method, Table 2 shows the number of quarters required according to the year a person attained retirement age.

TABLE 2—Quarters of coverage needed for fully insured status, regular rule (acquired at any time after 1936)

Your 65th year[1]	Jan.-June	July-Dec.	Your 65th year	Jan.-June	July-Dec.
1953 or earlier...	6	6			
1954..........	6	7	1963..........	24	25
1955..........	8	9	1964..........	26	27
1956..........	10	11	1965..........	28	29
1957..........	12	13	1966..........	30	31
1958..........	14	15	1967..........	32	33
1959..........	16	17	1968..........	34	35
1960..........	18	19	1969..........	36	37
1961..........	20	21	1970..........	38	39
1962..........	22	23	1971 or later..	40	40

[1] For women workers, their 62nd year.

3. Under a special rule, a person who reaches retirement age or dies before October 1, 1960, will be fully insured if he has quarters of coverage in all but four quarters after 1954 and up to July 1, 1957, or up to the quarter of attaining retirement age or of his death if later than July 1, 1957. At least 6 quarters of coverage are required. This rule is especially important to persons first covered in 1955 or 1956 and who are near retirement age. Table 3 shows the number of quarters required under this method.

TABLE 3—Quarters of coverage needed for fully insured status, special rule, 1956 Amendments (must be acquired after 1954)

Date you reach retirement age[1]	Quarters needed after 1954	Date you reach retirement age	Quarters needed after 1954
Before July, 1957.........	6	Jan.-Mar., 1959.........	12
July-Sept., 1957..........	6	Apr.-June, 1959.........	13
Oct.-Dec., 1957...........	7	July-Sept., 1959.........	14
Jan.-Mar., 1958...........	8	Oct.-Dec., 1959.........	15
Apr.-June, 1958...........	9	Jan.-Mar., 1960.........	16
July-Sept., 1958..........	10	Apr.-June, 1960.........	17.....
Oct.-Dec., 1958...........	11	July-Sept., 1960.........	18
		After Oct. 1, 1960.......	(See Table 2)

[1] Age 65 for men workers; age 62 for women workers.

Farm Landlords: Landlords who "participate materially" in accordance with an agreement with the tenant or share-farmer in the operation of their farms will be included in the social security program for the first time in 1956. It will pay most landlords who were age 63 or over in 1956 to continue their "material participation" for not less than 2 full years. They will then be more sure of earning enough income to qualify for at least the minimum benefit and, perhaps, larger payments. If a farm landlord qualifies for retirement payments on July 1, 1957, but does not apply for these social security benefits until early in 1958, his benefit payments may be retroactive to April 1, 1957.

If you have any questions about your own situation, such as when and how you qualify for social security payments,visit or write your nearest Social Security District Office or talk to the representative of this office on his next visit to your community. The traveling representative's visit schedule is posted in your post office.

How Do Insured Persons Become Entitled to Payments?

Farmers, farm landlords and farm workers become entitled to receive retirement payments when they meet all of the following conditions:

1. Fully insured status;
2. Sixty-five years of age or older (age 62 for women);
3. Retired (see discussion below);
4. File applications for benefits.

When is a person considered to be retired? A retired farmer, farm worker, or farm landlord between the ages of 65 (62 for women) and 72 can earn up to $1,200 in cash wages or from self-employment and still draw all of his retirement payments. If he earns more than $1,200 from any type of employment and works in all months of the year, he may lose one benefit check for each $80 (or fraction of $80) he earns over $1,200. However, he will not lose a benefit payment for any month in which he earns $80 or less in wages or does not render substantial services in self-employment, no matter how much he earns for the whole year.

When the wife of a retired insured person reaches age 62, the couple may become entitled to a combined insurance payment as shown in Table 1, provided they have been married at least 3 years or she has borne him a live child. Note that the monthly payments are permanently reduced if they take the wife's benefit before reaching age 65.

In general, if the couple chooses the wife's reduced benefit for any age between 62 and 65, they will be financially ahead for the first 12 years. However, if they receive the wife's benefit at the reduced rate for more than 12 years, the total amount received will be less than by starting the wife's benefits at age 65.

Each couple reaching retirement age will need to decide for themselves whether it's worth more to them to have the wife's benefits as soon as possible or to wait awhile for higher payments. A wife's full payments are made to the wife of a retired insured person regardless of her age if she has in her care a child who is entitled to benefits on her husband's account. A wife's reduced retirement payment, however, would be changed to a widow's full benefit upon the death of her husband.

Eligibility Requirements for Survivors Monthly Payments

Two conditions must be met for survivors to receive monthly payments: (1) the deceased person must have been "fully" or "currently" insured; and (2) application for benefits must be filed.

Eligible survivors include the following: (1) Widow or dependent divorced wife, regardless of age, if she is caring for a child who is entitled to a child's benefits based on the deceased's social security account, and if she married the deceased at least 1 year before his death or is the mother of his child; (2) widow 62 or over who married a fully insured deceased person at least 1 year before his death or has borne him a live child; (3) unmarried, dependent child under age 18; (4) dependent, unmarried disabled child over 18 whose disability began before age 18; (5) dependent mother 62 or over or father 65 or over, provided there is no eligible widow, dependent widower or child and that the deceased person was fully insured; and (6) dependent widower at 65 if the deceased wife was both fully and currently insured.

What Is the Lump-Sum Payment?

A lump-sum payment is made upon the death of an insured person. This payment can be as much as three times the insured person's monthly retirement benefit but not more than $255. It is in addition to any monthly survivors payments and is made to: (1) the widow or widower if they were living together at the time of death; or (2) the person paying the burial expenses if there is no eligible surviving spouse. In the latter case, the lump-sum cannot be greater than the amount paid for burial expenses.

What Does Old-Age and Survivors Insurance Cost?

Farm operators and farm landlords pay the social security tax like other self-employed persons. Through 1956, this is 3 percent of net farm profit from $400 to $4,200 a year. If a farm operator or farm landlord has covered wages in addition to his farm earnings, he pays social security taxes on only enough farm earnings to bring his total wages plus farm earnings to $4,200. The smallest social security tax a farmer or farm landlord will pay on 1956 income is 3 percent of $400 or $12; the largest social security tax is 3 percent of $4,200 or $126.

For hired farm workers, they and their employers share equally the social security tax which for 1956 is 4 percent of cash wages. Two percent is withheld by the employer from the employee's cash wages. The employer matches this with a like amount and sends the total to the Internal Revenue Service with the employer's report. The farmer-employer must file reports and withhold and pay taxes for each employee to whom he paid $100 or more cash wages in 1956.

The 1956 Amendments changed the procedure for determining when cash wages of hired farm workers must be reported and taxes paid for social security purposes. This change does not apply to wages paid in 1956, but takes effect in 1957. Starting also in 1957 is a higher tax rate to take care of the disability insurance program.

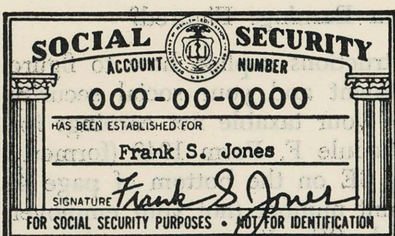
REPORTING EARNINGS AND PAYING THE TAX

Reporting earnings from self-employment and cash wages, and figuring and paying the social security tax involve some extra figuring, filing of returns, and money for taxes beyond those required for income tax. The figuring and reporting has been kept to a minimum by using the income tax procedure as much as possible.

What Needs to be Done?

Account-Number Cards: Every farmer, farm landlord and farm worker who comes under the program must have a social security account-number card. The number on this card is used to identify the individual's social security account and should be on every report of earnings and social security taxes paid.

If you never had such a card or had one and lost it, you can get one by filling out Form SS-5. This form is available at your post office or nearest Social Security Office. Take or mail it to your closest Social Security Office. If you had a number before, you should apply for a duplicate of your old number, not a new number.



Employer's Identification Number. If you hire workers covered by the program, you need an employer's identification number as well as your own social security account-number card. You can get an employer's identification number by filling out Form SS-4 and sending or taking it to the District Director of Internal Revenue. This form is available at the Social Security and Internal Revenue Service district offices. After you have filled out and filed this application with the Internal Revenue Service, you will receive your number and information about the social security tax; at the proper time, you will also receive the necessary return forms. Part of the letter informing you of your employer's number is shown on the next page.

What Records Are Essential? The necessity for making reports and paying social security taxes is another reason for having good farm records. You need reliable information when reporting your own farm income and expenses as well as cash wages paid to farm workers. Record books available from the Agricultural Extension Service in each county and other books prepared by commercial concerns are helpful guides to proper records. Analyzing these records will help you improve your business and increase your farm income as well as provide information needed for social security and income taxes. An up-to-date depreciation schedule is most important since depreciation must be declared as a business expense.

DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

BUREAU OF OLD-AGE AND
SURVIVORS INSURANCE

IN REPLYING, ADDRESS:
SOCIAL SECURITY ADMINISTRATION
DISTRICT OFFICE

NOTICE OF EMPLOYER'S IDENTIFICATION NUMBER
UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT

00-0000000
A

Mr. John A. Farmer

RFD

Anytown, U. S. A.

This is to notify you that the employer identification number shown above (the number with the nine digits and the letter "A") has been assigned to you by the District Director of Internal Revenue. The purpose of this

How Are Self-Employment Farm Earnings Figured?

The federal income tax forms and instructions explain how to figure your net farm earnings from self-employment and your social security tax as well as your income tax. Compute your taxable net earnings for social security purposes on page 4 of Schedule F, Form 1040 (formerly 1040F). You must also complete Schedule SE on the bottom of page 4. Be sure to enter your social security account number (not your employer identification number) on line 4 of Schedule SE. You pay your income and social security taxes at the same time to the District Director of Internal Revenue, so you should plan your finances to have funds for both of these taxes when due. In figuring your self-employment income from farming for social security purposes, you will need to figure first your gross income and, second, your actual net earnings from the farm. The same method of accounting must be used for both social security and federal income taxes.

Figuring Gross Farm Income: Farm income often comes from many sources. Only items that represent the income from farming operations can be included in figuring net farm earnings for social security purposes. The major income items to be included in determining your gross farm income are:

1. The usual cash receipts from sales of farm products such as crops, milk or cream, eggs, poultry, and meat animals;
2. Fair market value of merchandise received for farm products;
3. Crop damage payments, such as hail insurance;
4. Taxable commodity credit loans;

5. Sale of standing crops, if not sold with land held more than 6 months;

6. Custom farm work done off your farm;

7. Acreage-reserve and conservation-reserve payments under the Soil Bank Program;

8. Breeding fees received;

9. Prizes or awards on farm produce or livestock at fairs, etc.;

10. Taxable cooperative patronage dividends; and

11. Farm rental income, whether as cash or shares of crops and livestock, when the landlord "participates materially" in the management decisions or physical work of farm production in accordance with an agreement with the tenant or share-farmer.

Major income and loss items that are not included in figuring your gross income from farming are:

1. Rental income, whether in cash or as shares of crops or livestock, when the landlord does not "participate materially" in the management decisions or physical work of farm production;

2. Gain or loss from the sale or trade of the following regardless of how long held: dairy, breeding or work stock whether raised or purchased; and depreciable property such as machinery and equipment;

3. Capital gains or losses from the sale, exchange or involuntary conversion of land, buildings and other assets not held primarily for sale to customers;

4. Gain or loss from the sale of standing crops sold with land held more than 6 months;

5. Net operating losses deductible from other years;

6. Payments from insurance for damage to capital assets such as buildings, machinery, and dairy, and breeding or draft livestock;

7. Wages received as an employee;

8. Interest, dividends on shares of stock, or any other income or loss not resulting from the operation of your farm business;

9. Personal deductions and exemptions allowed on Form 1040;

10. Value of farm products used by the farm family.

Figuring Net Farm Earnings: In general, "net earnings from self-employment" are the gross farm income less the deductions allowable for income tax purposes. Self-employment income subject to tax is limited to $4,200, minus any wages received during the taxable year on which you paid social security tax.

Farm expense items which must be deducted from the gross farm income include such items as: Hired labor; feed purchased; seeds and plants; depreciation, repairs and maintenance of farm machinery, equipment, farm buildings (except the operator's dwelling), fences, farm drains and permanent erosion control structures; breeding fees; fertilizers; veterinary fees and medicine for livestock; oil, gas and other fuel for the farm business; storage and warehousing; taxes and insurance on farm property (except for the operator's dwelling); interest on farm business debts; water rent or charges; the farm share of electricity and telephone; cash rent paid for the farm, fields or pasture; freight, yardage, express and trucking; the farm share of auto upkeep; soil and water conservation expenses; and other expense items involved in the operation of the farm business.

Options Which May Be Used: A farmer, a member of a farm partnership or a qualified farm landlord with a small income from self-employment in farming who reports on either the cash or accrual basis may use the optional method of reporting earnings for social security purposes. Using the optional method often permits a farmer with low earnings to get coverage for years in which his net farm earnings were less than $400.

If your gross income from agricultural self-employment is not more than $1,800, you may count as your net earnings from farm self-employment either your actual net earnings or two-thirds of your gross farm income.

If your gross farm income is more than $1,800 and your net farm earnings are less than $1,200, you may use either your actual net earnings from farming or $1,200.

If your gross farm income is more than $1,800 and your net farm earnings are $1,200 or more, you must use the actual amount of your net farm earnings.

There is no reporting for social security unless the net earnings from self-employment are at least $400 for the year. Therefore, social security credit can be obtained by using the option only if the gross farm income is $600 or more (or if earnings from other NON-FARM self-employment plus two-thirds of the gross farm income amount to at least $400.)

For example, in line 4 of Table 4, a farmer who has a gross farm income of $900 with net income of less than $400 would not be subject to social security tax under the regular method of reporting. However, the optional method would permit him to report, as earnings from self-employment, two-thirds of his gross farm income, or $600.

TABLE 4—Income requirements of the regular and optional methods of reporting farm earnings for taxable years ending on or after December 31, 1956

Gross farm income	Net farm earnings	Amount to be reported*	
		Regular method	Optional method
(1) Under $400....	Under $400	None...........	None
(2) Under $600....	Under $400	None...........	None
(3) Under $600....	$400-$599	Actual net profit ..	None
(4) $600-$1,800....	Under $400	None...........	⅔ gross
(5) $600-$1,800....	$400-$1,800	Actual net profit ..	⅔ gross
(6) Over $1,800...	Under $400	None...........	$1,200
(7) Over $1,800...	$400-$1,199	Actual net profit...	$1,200
(8) Over $1,800...	$1,200 and over	Actual net profit ..	Actual net profit

***This is for self-employed persons who are engaged in no other business but farming.**

These revisions in the optional method apply to the calendar year of 1956 and also to taxable years ending after December 31, 1956.

How Will Partnerships Report? In a legal farm partnership, each partner is considered a self-employed person and thus pays his social security tax. After qualifying, each partner is eligible for old age and survivors insurance benefits. A partnership as such does not pay an income or social security tax, but an information return must be filed by the partners on Internal Revenue Form 1065. When filing his federal income tax return on Form 1040, each partner will have to attach the special schedule which shows the amount of his self-employment income and his social security tax.

Reporting and Paying Taxes for Farm Workers

Regular and Seasonal Workers: Any farmer who paid a farm worker $100 or more cash wages in 1956 must report all cash wages up to $4,200 paid to that employee in the year. He must send the social security tax of 4 percent of taxable wages to the Internal Revenue Service. Two percent of cash wages is the employer's tax and the other 2 percent is the employee's tax.

The $100-a-year test applies separately to each farm worker paid in 1956. If the worker from whom the tax was collected in 1956 was not paid $100 cash wages during the year, the employer should return to the worker the amount of tax deducted.

A farmer who pays a total of **less than $2,500** in cash wages to all of his farm workers covered by social security makes only one report and one payment of taxes in the year. This report goes on Form 943. The farmer sends it to the District Director of Internal Revenue by January 31, 1957, along with the social security tax payment for each employee who meets the $100-a-year test. The farmer's employer identification number and each worker's name, social security account number, and cash wages must be shown on the report.

Farmers who paid a total of **$2,500 or more** of taxable cash wages to all their farm workers in 1956 were required to deposit the social security taxes on a cumulative basis. They make these deposits after any month or series of months in which the total liability exceeded $100 ($2,500 x 4 percent = $100) even though the liability for any single month may be less than $100.

For example, a farmer-employer whose taxes for workers hired in 1956 totalled $34 per month during the year would have made deposits of $102 on April 15, July 15, and October 15. He could deposit $102 for the fourth quarter in January, 1957, if he wanted to. He makes one return for the year on Form 943. The return would be due January 31 unless the entire tax was paid by means of the depository receipts; in that case, the return would be due on February 10. These deposits are made with a Federal Reserve Bank or authorized commercial bank. Forms and instructions are available from the District Office of Internal Revenue.

The law does not say when the employer should make the social security tax deductions from the worker's wages. The employer might deduct the social security tax for 1957 (2¼ percent) from the first cash wage payment in 1957. Or he might wait until one of the following tests is met: the worker is paid at least $150 or has worked for 20 days during the year for cash wages computed on a time-basis.

Contract Labor: Some specialized farming areas depend on seasonal farm workers hired in crews or gangs to help produce and harvest special crops such as fruit, vegetables and sugar beets. A farmer may hire his help directly from labor sources in nearby towns. Or he may get the needed labor through a contractor, growers' association, food processor or other source. The question then arises: Who is responsible for collecting and paying the social security tax? The actual employer is responsible for the tax payments. To decide who is the employer, see page 9.

Entire families sometimes work in the fields. If a farmer hires several members of a family to work for him, he is responsible for keeping a wage record, collecting the tax and reporting for each member of the family.

A farmer sometimes hires the head of the family to perform certain jobs — although nothing is said about other members of the family working, they might come along and help. If, in such cases, cash wages go only to the head of the family, the employer can collect and report the tax for the family head alone.

DISABILITY INSURANCE

One of the most important changes made by the 1956 Amendments to the Social Security Act is to establish a system of disability insurance. This insurance provides protection against loss of earning power because of a disability which keeps the insured person from engaging in any gainful work.

The same occupational groups are covered by this new insurance as by old-age and survivors insurance. This includes farm operators, qualified farm landlords and hired farm workers. Like old-age and survivors insurance, disability insurance is compulsory for those whose earnings are "covered" according to the social security law.

Benefits from disability insurance will be payable to insured persons between the ages of 50 and 65 who are so severely disabled that they are not able to engage in any substantial work, and who meet the other requirements for such payments. Under this program, qualified persons can start receiving monthly disability payments as early as July 1957.

Rights and Responsibilities of Farm People

What Are the Requirements? Farmers, farm workers and qualified farm landlords can become entitled to receive monthly disability payments after a 6-month waiting period when they meet all of the following conditions:

1. Totally disabled (see following discussion);
2. Fully and currently insured;
3. Twenty quarters of coverage out of the 40-quarter period and 6 quarters of coverage out of the 12 quarters before the established beginning date of your disability;
4. Age 50 or over but not age 65;
5. Application has been made at the social security office and proof of disability supplied as required.

What Is Meant by "Disability"? An insured person is considered disabled when his disability is so severe that he cannot do any substantial work and when the disability is expected to continue indefinitely or end in death. The disability may be either mental or physical. Medical evidence is required as to the severity and permanence of the disability. Disability is decided according to provisions of the social security law. Receiving payments for "total disability" from another agency, an insurance company or his employer will not necessarily mean that the person will be entitled to social security disability benefits.

How Much Will the Disability Payment Be? The monthly disability payment to an insured person who meets the work and disability requirements is the same as the old-age retirement payment he would get at retirement age. Some examples are given in Column 3 of Table 1. Note that dependents of a disabled worker do not receive any benefits until he dies or is entitled to retirement benefits.

For How Long a Period Are Disability Payments Made? Disability payments to eligible persons begin after at least a 6-month's waiting period from the start of the disability. They continue until the disability ends, the insured person dies, or becomes entitled to old-age insurance benefits. Benefit payments are not made for any month in which the disabled person refuses without good cause to accept vocational rehabilitation under an approved state plan. The amount of other Federal disability benefits or State or Federal workman's compensation payments are offset against any disability insurance benefits payable.

When Do Farmers, Farm Workers and "Covered" Farm Landlords Become Insured?

Since most farmers and farm workers came under the social security program for the first time in 1955, they will have only 2 years or 8 quarters of coverage at the end of 1956 – if their earnings were high enough to be covered. To be insured for disability benefits, they must have at least 20 quarters of coverage. This means that they will need 3 more years (12 quarters) of coverage to meet this requirement. Coverage obtained in other occupations will count toward this requirement. "Materially participating" farm landlords will be covered for the first time in 1956; they will have only 4 quarters of coverage at the end of 1956, provided their net earnings amount to $400 or more.

What Should an Insured Disabled Person Do? He or someone else should visit the nearest social security office to get more detailed information on applying for the disability freeze and, if he is over age 50, for any disability benefits.

What Does This Disability Insurance Cost? The 1956 Amendments provide for a new Federal Disability Insurance Trust Fund from which disability benefits and administrative costs will be paid. **Effective January 1, 1957,** social security taxes paid by self-employed persons and hired workers will increase enough to cover the estimated cost of the disability insurance program.

The rate or "premium" paid by self-employed persons such as farmers will be three-eighths of 1 percent. For hired workers, it will be one-fourth of 1 percent each for employees and employers. These will be **in addition** to the 2 percent social security tax each from employees and employers and to the 3 percent from self-employed persons. Thus, beginning with earnings for 1957, farmers will pay 3⅜ percent of their taxable net farm earnings for the combination of disability, old-age, and survivors insurance. Hired farm workers will pay 2¼ percent of cash wages received after 1956, and their employers will contribute another 2¼ percent. These percentages are scheduled to go up in 1960. There are also scheduled increases in 1965, 1970, and 1975.

Disabled Child's Benefits

Another change made by the 1956 Amendments is the payment of a child's insurance benefit to persons age 18 and over who were totally disabled before age 18. The requirements for these benefits are: total disability before reaching age 18; unmarried; and entitled to or eligible for child's benefits before age 18, or if not, was receiving over half his support from the insured person when the child applied for benefits or when the insured person died. Mother's benefits are provided for the mother who has in her care a disabled child entitled to benefits. Disabled child's benefits can be payable for months beginning with January 1957.

PLANNING FOR RETIREMENT

Planning Income For Larger Retirement Payments: Older farmers, especially those who were near age 63 or older January 1, 1955, may wish to plan for the highest possible net farm income (up to $4,200) in order to qualify for the largest retirement payments possible for their situations. Those whose net or gross farm income is below but near the minimum level for social security coverage should try to increase their net farm earnings enough to be included in the program. Farmers with net farm incomes between $400 and $4,200 may want to strive for average net earnings as close as possible to $4,200.

Each farmer should size up his own farm, family and personal situation as a basis for deciding what level of average net farm earnings between $400 and $4,200 he will try to attain. Factors to be considered in making this decision include: the size and organization of his farm; the equity he has in the farm, machinery and livestock; his savings and other insurance; the arrangement planned for transferring the farm operation to a son, son-in-law or other person; and his own physical ability. Increasing net farm earnings will also mean paying higher income taxes, but many older farmers will find it to their advantage to pay the additional taxes in order to qualify for larger retirement payments.

Farmers who plan to retire or to partially retire within the next year or two have considerable flexibility in managing income and expenses to increase taxable net income and social security benefits. Where choices of the methods of handling certain items of income and expenses are optional, they may wish to choose the method that will give greater income and smaller deductions for a specific year. Examples of such choices would include: (1) Timing of the sale of cash crops and market livestock; (2) shifting from the rapid depreciation method to the slower straight-line method for grain storage facilities, other improvements, machinery, etc. acquired after December 31, 1953; (3) electing to treat soil and water conservation costs as capital investments rather than as current operating expenses; (4) disposing of some depreciable capital items to reduce the total depreciation; and (5) reducing operating costs to a minimum.

Active farmers and farm landlords should remember that the following items cannot be included in figuring their gross income from farming for the purpose of computing self-employment earnings for social security tax purposes: (1) The gain or loss from the sale or trade of the following regardless of how long held – dairy, breeding or work stock whether raised or purchased; machinery; equipment; and real estate; or (2) the sale of property, such as feed grains and roughage, not held primarily for sale. However, if they were selling out or reducing their feeding operations in preparation for retirement, income from the sale of feed grains and roughage would count toward social security benefits.

Older landlords, especially those who were age 63 or older January 1, 1955, may also wish to increase their efforts to obtain the highest possible income (up to $4,200) in order to qualify for the largest retirement payments possible for their situations. In the first place, landlords in cooperation with their tenants can do all of the things listed in the preceding section for older farmers. Even without the tenants' cooperation, landlords could keep at a minimum all of their own expenses such as for repair and maintenance of all farm improvements. Older landlords, if able and desiring to do so, might also supplement their income by obtaining employment in a job covered by social security.

Supplementing Income After Retirement: Once a farmer, farm landlord or worker has reached age 65, he can supplement his retirement payments from social security in several ways.

1. He can work for cash wages or have net earnings from self-employment up to $1,200 a year and still receive all his monthly payments from age 65 to 72. After age 72, he can earn any amount.

2. A retired person, age 65 or older, can receive any amount of income from dividends on stocks, interest on investments, insurance policies and interest and principal payments from the sale of a farm or other property without losing any retirement payments.

3. A landlord, age 65 or older, and who has a "fully insured" status may now decide to give up entirely any "material participation" in the management or actual production operations of the farm business. He could employ a professional farm management service or other agency or person on a fee basis to represent him in collecting the rent. For example, he could rent his farm to a tenant, go to Florida or elsewhere, and have a local banker, lawyer, or farm management service collect the rent and represent the landlord in dealing with the tenant. Renting the farm on a cash basis would simplify this arrangement, but renting for cash by itself does not mean there is no "material participation." Rental income under such circumstances would not be considered as self-employment income; thus, it would not be taxable for social security purposes.

4. A fully-insured landlord could also sell his farm. Income from interest and principal payments would not affect his retirement payments. A plan to sell the farm to the farm-operating son or son-in-law on a land contract basis would thus fit such a situation nicely.

5. A "retired" owner-operator has another possibility for increasing or "stretching" his retirement income from social security payments. He can continue to live on the farm but rent out the land on a crop-share basis and maintain one or more livestock enterprises from his share of the crops for self-employment income (up to $1,200). Also, as long as the owner's net rental earning from the farm is $1,200 or less, he can, if he wishes, continue to rent his farm, "participate materially" in management and production, and still receive all of his social security payments unless he has other earnings from employment or self-employment.

GENERAL COMMENTS

The full impact of the 1954 and of the 1956 Amendments to the Social Security Act on farming, farmers, farm landlords, and farm workers is yet to be discovered. Will farmers retire earlier or later than in the past? Will they sell or continue to own their farms earlier or later? Will the amendments affect farm land values and, if so, how and how much? What adjustments will be made in finances for family living or the business in order to pay the social security tax?

How will the program affect a farmer's or farm worker's plans to continue to build up his own security for old age through savings, by accumulating private property, and by an adequate insurance program with commercial insurance companies? In general, it is believed that farmers and farm workers will be well advised to continue to make additional provisions for death or disability and for security in old age. The social security program is not designed to replace but rather to supplement the individual's own insurance and savings program.

Old-age, survivors, and disability insurance does not build up estates, as do some types of insurance. In order to start receiving benefit payments (other than disability benefits or the small lump-sum payment at death), the insured person must live to and past the age of 65, or his wife or widow to age 62, or have surviving children under 18 years of age.

Many farmers and farm workers do not carry adequate life and disability insurance for the protection of their families. Furthermore, many persons do not have adequate reserves for old age. This program, together with additional life insurance and savings and investment, should help to provide greater security to the families of many farmers and farm workers.

On the basis of our present knowledge of the law, it appears that the new amendments to the social security program should help to give greater stability to farming. Farmers, farm landlords, and farm workers may be able to work out an earlier and more satisfactory retirement program. This may make it possible for an interested son to take over the management of the home farm business at an earlier date than has been convenient in the past. The program may also be a great help in making family plans for earlier transfer of the home farm to the farm operating heir. In the past, this transfer, or plan for such a transfer, has often been delayed too long. The results in many instances have been dissatisfaction by the son and his family and real losses to the parents.

QUESTIONS AND ANSWERS

1. What are the social security benefit payments in the following situation? A young farmer, age 33, is killed in a farm accident. The survivors are his widow, age 31; one child, age 8; and one, age 10. The husband was "currently insured" under social security and his average yearly earning record was $2,400.

Answer: A lump-sum death benefit in the amount of $235.50. Monthly benefits for 8 years or until the oldest child reaches the age 18 would be $157.10 a month or a total of $15,081.60. For the next 2 years, until the youngest son also reaches age 18, the monthly benefit payments would be $117.80, or a total of $2,827.20. Thus, the total benefit payments until both children reach 18 would be $18,144.30. Also, if the young farmer was fully insured and if the widow does not remarry, she can claim monthly payments of $58.90 at age 62.

2. Is a birth certificate required in order to receive social security payments?

Answer: No. If a birth certificate is available, it is usually acceptable evidence. Other records are also acceptable, such as baptismal certificates, family Bible, school, lodge or military records, and insurance policies.

3. Farmer A died at age 60. Can Mrs. A use his social security number and continue the farm business, or does she have to get her own number? Do his quarters of coverage accrue to her?

Answer: She must get her own social security number. Quarters of coverage never accrue to another person. The widow must start building her own coverage.

4. A farmer's son carries on special activity (such as 4-H or FFA projects) all by himself. Is he self-employed?

Answer: Yes. If his net earnings amount to $400 or more, he must get a social security number, file a tax return, and pay the self-employment tax no matter how young he is.

5. A farmer is now 30 years old. Will he have to continue paying the social security tax after he has 40 quarters of coverage and fully insured status?

Answer: Yes. He must report earnings and pay the tax as long as he has taxable wages or self-employment income, regardless of age or insured status. Furthermore, the amount of his benefit depends on the average of earnings to his account throughout the period he could have been under the program. Although he might be permanently insured for some benefits, his benefit amount would drop sharply if he did not keep up his average earnings to the time of his retirement or death.

6. Do both the husband and wife need social security account numbers?

Answer: Not normally. If the husband and wife are not actual business partners, even though both help out on the farm, the net earnings go only to the one who has the management and control of the farm. Usually this is the husband, and the net earnings for social security purposes should be reported for him alone. This is so even though they file a joint income tax return. The wife can qualify for social security benefits based on her husband's earning record without having a social security number of her own.

7. Suppose a farmer's wife has worked in a "covered occupation" long enough to be "fully covered". How would the couple's retirement payments be affected?

Answer: If the wife's monthly benefit payments were less than what she would receive as the wife of her retired husband, she would receive an additional amount to bring the total up to the amount listed in Table 1. A wife entitled to social security payments of her own cannot qualify for wife's benefits if her social security payments are based on a primary insurance amount which equals or exceeds one-half the amount of her husband's social security payments.

8. Can a son hire his father in order to qualify the father for social security benefits?

Answer: No, if the son employs his father, the father's wages are not covered by social security. A parent working for his child is never covered. (This applies to foster or step-relationships as well as to natural or adoptive relationships). Children under age 21 working for their parents are not covered.

9. How about the proceeds of a farm auction sale? Do they count in figuring eligibility for social security benefits?

Answer: Only amounts received for harvested crops and market livestock (except dairy, breeding or work stock) count. Amounts received for sale of the following types of items cannot be counted for social security; equipment (tractors, balers, combines, etc.); land and improvements; dairy, breeding and work stock; crops sold with the land, where the land has been held for more than 6 months; any other capital assets.

10. What happens if a farmer works on a job in town besides operating his own farm?

Answer: He will use the same social security number for both kinds of work. When he applies for his social security benefits, the credits from both sources will be added together up to $4,200 (the maximum on which a person pays security tax) a year, and his eligibility for benefits will be based on the combined record.

11. Can a "fully insured" person increase his social security retirement payments after he reaches age 65.

Answer: Yes. A farmer, a member of a farm partnership or a qualified farm landlord might have a bad year such as from a drought or other reason during his qualifying years previous to age 65. He could increase his social security payments if in continuing to farm he has a more successful year or years. Or he might get a job in a "covered" occupation paying enough cash wages to boost his retirement payments. This also applies to farm workers. Self-employed persons and workers covered by social security must, of course, continue to pay the social security tax on their earnings at any age. They can, under certain circumstances, ask to have a recomputation of their retirement benefits based on their total earnings.

12. Must a "fully insured" farmer, member of a farm partnership, farm landlord or farm worker actually retire at age 65 to receive his social security payments?

Answer: No. He can continue to work if he wishes. If his wages or his net earnings from self-employment, or a combination of both, do not exceed $1,200 for the year, he will still receive all of his monthly social security payments. For every $80 (or fraction of $80) in excess of the $1,200 earned, however, he will lose 1 month of his social security payment. After age 72, he can earn any amount and receive all of his social security payments.

FOR MORE INFORMATION

Information about social security coverage can be obtained by either a visit or a letter to your nearest Social Security District Office. District offices, located in major cities in all states, can furnish information (1) as to when you are currently or fully insured; (2) what earnings are considered in figuring the amount of your coverage; and (3) other questions relating to any phase of social security.

Information on taxes is available from any district office of the Internal Revenue Service. Representatives from these offices also regularly visit county seats and other communities.

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