Can you benefit from Social Security International Reciprocity?
I can. Maybe you can too.

Understanding the Social Security International Agreements

The foreign-born percentage of the US population is 14%, or 45 million. It is a large group of people that keeps growing. Some of these individuals arrived as adults after having worked in their home countries for a few years. Many of them may be able to benefit from the Social Security Totalization Agreements the US has with many countries. Most people are not aware of it.

Conversely, many US-born citizens that work abroad for some years may qualify for international retirement pensions, and again, they are probably not aware of it.

What are social security totalization agreements?

Social Security Totalization Agreements allow individuals to use contribution time in certain other countries to qualify for US Social Security benefits in the United States. It also allows individuals in those same other countries to be eligible for their local benefits based on time contributed to the US Social Security System. These agreements are based on the principle of reciprocity and cooperation between the US and key partner countries.

According to the Social Security Administration totalization agreements have three primary purposes:

First, they eliminate double social security taxation, which occurs if a worker and his or her employer are required to pay social security taxes to two countries on the same earnings.

Second, they help fill gaps in the coverage records of people who have divided their careers between two countries by combining, or totalizing, the periods of coverage earned in each country.

Finally, totalization agreements permit unrestricted payment of benefits to residents of the two countries.

All these agreements share basic principles, but the specific laws of each partner country make each one unique in the implementation details.

What are the countries covered by these agreements?

As of November 2019, agreements with 30 countries are in force.

Australia	Czech Republic	Hungary	Luxemburg	Slovenia
Austria	Denmark	Iceland	Netherlands	Spain
Belgium	Finland	Ireland	Norway	Sweden
Brazil	France	Italy	Poland	Switzerland
Canada	Germany	Japan	Portugal	United Kingdom
Chile	Greece	South Korea	Slovak Republic	Uruguay

What is the Basic Mechanism?

When a worker divides her career between the US and a partner country, there is a change that the contribution time in one or both countries is not enough to qualify for benefits. The agreement allows for a ***totalization of the contribution time for purposes of establishing eligibility***.

Once the benefits are established, the calculation of benefits in the United States proceeds as follows:

- Establishment of a theoretical earnings record (here are the details).
- Calculate the theoretical Primary Insurance Amount (PIA) using the theoretical earnings record and the regular breakpoints.
- Calculate the prorated PIA by multiplying the theoretical PIA by the following ration – (number of years worked in the US divided by 35)

The application of the totalization agreement for someone who worked for less than ten years in the US can be valuable.

For workers that have more than 40 quarters (10 years) of US contribution, there is no need to apply for eligibility based on the totalization agreement. The US record alone suffices.

Can I receive benefits from the US and a partner country for extra retirement income?

Yes. Pensions can be collected simultaneously in the US and abroad. It can represent a nice extra income stream in retirement. In some instances, the application of the totalization agreement is what allows workers to qualify.

As an example, I can explain my personal Social Security story. I moved permanently from Brazil to the US when I was 28. I had started working in Brazil, and I had five years of contribution there. The minimum contribution time to qualify for pension benefits is 20 years.

With no agreement, I would not qualify for any retirement benefits in Brazil. It all changed in 2018 when the agreement with the United States was signed. It allows me to use my US contribution time to become eligible for Brazilian pension benefits.

The specifics of the calculation of my benefits are complex, and they are changing due to the pension reform that is taking place this year.

After the new rules are settled and transition provisions are well understood, I will be able to estimate my pension from Brazil.

This pension will need to be reported for income tax purposes, and I should also inform the social security administration. The Windfall Elimination Provision (WEP) could apply to my case. It is a provision that prevents excessive double dipping of Social Security pensions with other pension benefits. Pensions from other countries do impact the WEP.

How can I claim US benefits based on an international agreement?

The best approach is to visit an office of the Social Security Administration in person. The SSA phone service is not well equipped to deal with these cases.

Because of the added complexity, filing online is not advisable. It is better to find an excellent book to read and face the long lines of a physical office.

After the initial visit, you should go back with all the requested documents from the US and the partner country. The SSA will contact its foreign counterparts directly to verify the information and award the US benefit.

The same process should be done to claim benefits from the partner countries. In some cases, this can be done in the US at consulates and foreign embassies. In some other cases going in-person to the country may be needed. A good first step is to contact your local consulate about pension benefits based on the agreement with the US.