



**COLORADO
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**Colorado
Public
Employees'
Retirement
Association**

PERA & Social Security

Effective January 2012

Social Security Information

Your source of information about Social Security benefits should be the Social Security Administration. You can call Social Security at 1-800-772-1213 or visit their Web site at www.socialsecurity.gov.

Prior to eligibility for Social Security benefits, you should request an estimate of your Social Security benefit. When you make your request, let Social Security know that you are or will be receiving a PERA benefit. They can then calculate your benefit estimate using the offset or windfall formula that would apply to you.

The reductions explained in this brochure only apply to Social Security benefits received by PERA retirees; they do not apply to Social Security benefits received by PERA cobeneficiaries or survivor benefit recipients. Eligibility for Medicare at age 65 is not affected by these reductions.

Note: It is PERA's understanding that if you are eligible for a Social Security benefit now or in the future, your benefit with Social Security may be reduced as a result of receiving a PERA benefit or refunding your PERA account.

Your PERA benefit will not be reduced for any Social Security benefit you receive.

Government Pension Offset (GPO) Reduction

The Government Pension Offset Reduction (GPO) applies to PERA retirees who also receive a Social Security spousal or widow(er) benefit. The GPO reduces the Social Security benefit by two-thirds of the PERA benefit and may completely eliminate the Social Security benefit.

Offset Calculation Example

PERA Benefit				Offset Amount
\$600	x	2/3	=	\$400
Social Security Before Offset		Offset Amount		Reduced Social Security Spouse's Benefit
\$450	-	\$400	=	\$50

Since the GPO is based on your PERA benefit amount, you must advise Social Security whenever your PERA benefit changes if you receive a spousal or widow(er) benefit from Social Security.

If your spouse receives a Social Security benefit and dies before you, you will want to have Social Security recalculate the spousal or widow(er) benefit since the amount you are eligible to receive (prior to the GPO reduction) may increase.

The GPO reduction does not apply to the following:

- If you qualified for a PERA retirement benefit before June 30, 1983.
- If you receive a PERA benefit based on work that was also covered by Social Security on the last day of your employment and your last day was before July 1, 2004. (This may apply to some local government retirees who are covered by both PERA and Social Security.)

- If you receive a PERA benefit based on work that was also covered by Social Security during the last five years of employment and your last day of employment was July 1, 2004, or later.

Windfall Elimination Provision (WEP) Reduction

The Windfall Elimination Provision Reduction (WEP) applies to PERA retirees who also receive a Social Security earned benefit. A Social Security earned benefit is paid to a worker who earned enough credits under Social Security-covered employment to qualify for a benefit.

Congress passed WEP to eliminate the advantage that certain workers not covered by Social Security had prior to 1983 that allowed them to receive a higher percentage of Social Security benefits in addition to their other pension.

Full Social Security benefits are calculated as a percent of your “average indexed monthly earnings” (AIME). The AIME is based on the wages on which you paid Social Security taxes for 35 years of employment.

The AIME is divided into three increments, and a portion of each increment is paid as a benefit. Generally, for persons who reach age 62 in 2012 (the increments increase each year), a Social Security benefit payment would include:

- 90 percent of the first \$767 of AIME
- Plus 32 percent of the amount over \$767 and through \$4,624
- Plus 15 percent of remaining amount over \$4,624

The WEP reduction changes the first percentage from 90 percent to 40 percent if you had 20 years or less of substantial earnings under Social Security. If you have 21 to 29 years of substantial Social Security earnings, the 90 percent factor is reduced to between 45 percent to 85 percent proportionally. If you have 30 years or more of substantial earnings, your Social Security payment would include 90 percent of the first \$767 of AIME and no WEP reduction would occur.

The age you will be eligible to start receiving a full Social Security benefit depends on the year you were born. The maximum monthly Social Security benefit payable in 2012 is \$2,513.

Earned Benefit Examples

Average Indexed Monthly Earnings
(AIME) of \$1,000

AIME Increments	Formula Without Reduction	Formula With Reduction
\$0-767	$\$767 \times 90\%$ = \$690*	$\$767 \times 40\%$ = \$306*
\$767-4,624	$\$233 \times 32\%$ = \$74*	$\$233 \times 32\%$ = \$74*

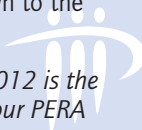
Social Security Benefit:

\$764*

\$380*

* Social Security always rounds down to the exact dollar.

Maximum monthly reduction in 2012 is the lesser of \$383.50 or one-half of your PERA monthly benefit.



Substantial earnings applies if you paid Social Security tax on the earnings listed in this chart.

Substantial Earnings Per Year

Year	Earnings	Year	Earnings
1951-54	\$ 900	1990	\$ 9,525
1955-58	1,050	1991	9,900
1959-65	1,200	1992	10,350
1966-67	1,650	1993	10,725
1968-71	1,950	1994	11,250
1972	2,250	1995	11,325
1973	2,700	1996	11,625
1974	3,300	1997	12,150
1975	3,525	1998	12,675
1976	3,825	1999	13,425
1977	4,125	2000	14,175
1978	4,425	2001	14,925
1979	4,725	2002	15,750
1980	5,100	2003	16,125
1981	5,550	2004	16,275
1982	6,075	2005	16,725
1983	6,675	2006	17,475
1984	7,050	2007	18,150
1985	7,425	2008	18,975
1986	7,875	2009	19,800
1987	8,175	2010	19,800
1988	8,400	2011	19,800
1989	8,925	2012	20,475

The WEP *does not apply* to the following situations:

- You were age 62, disabled, or qualified for a PERA retirement benefit before 1986.
- You have 30 or more years of substantial Social Security earnings. If you have 21 to 29 years of substantial Social Security earnings, the full reduction will not apply.
- You also paid Social Security tax on the PERA-covered employment. (This applies to some local government retirees covered by both PERA and Social Security.)

Medicare and PERACare

Medicare is a federal health insurance program for people age 65 and over, and for some disabled people under age 65. The Social Security Administration determines your eligibility for Medicare, even if you never worked under Social Security.

If you are receiving a PERA retirement benefit and plan to enroll in a health plan through PERACare, PERA's Health Benefits Program, you must be enrolled in Medicare Part B when you turn age 65 (or upon Medicare eligibility, if earlier). Retirees in the PERA benefit structure are not required to have, or to purchase, Medicare Part A. Retirees in the Denver Public Schools (DPS) benefit structure will pay higher PERACare premiums if they are not eligible for Medicare Part A.

You cannot be enrolled in a separate Medicare prescription drug plan (Part D) if you are in a PERACare plan. Three months before your 65th birthday, PERA will send you information concerning your Medicare plan options. Medicare plan information is also available on PERA's Web site.

For More Information

- Contact the Social Security Administration at 1-800-772-1213 or visit their Web site at www.socialsecurity.gov and request or download pamphlets #05-10007, *Government Pension Offset*, and #05-10045, *Windfall Elimination Provision*. Social Security can also give you the location of an office nearest you.
- Contact Medicare at 1-800-MEDICARE (633-4227) or visit their Web site at www.medicare.gov.
- Call PERA at 303-832-9550 or 1-800-759-PERA (7372).
- Visit the PERA offices at 1301 Pennsylvania Street in Denver or in Westminster at 1120 West 122nd Avenue.

This brochure contains brief information about PERA and Social Security. Your rights, benefits, and obligations as a PERA member are governed by Title 24, Article 51, of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this brochure.

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