



PERA and SOCIAL SECURITY

As a Colorado PERA member, you do not contribute to Social Security,* so you are not earning Social Security benefits while working for a PERA employer. You may, however, have contributed to Social Security before or after your PERA employment. Or your spouse may have earned a Social Security benefit to which you are entitled. That benefit may be reduced because of your PERA membership.

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

** Some members in the State and Local Government Divisions are covered by both PERA and Social Security.*

WHAT YOU NEED TO KNOW

- » There are two provisions in federal law that could reduce or eliminate your Social Security benefit because of your membership in either the PERA Defined Benefit or Defined Contribution Plan. While your PERA benefit will not be reduced, the amount of the benefit is used to calculate your potential Social Security reduction.
 - The **Windfall Elimination Provision (WEP)** reduction applies to PERA retirees who receive a Social Security earned benefit from other employment. The WEP may reduce your Social Security benefit, but the reduction cannot be more than one-half of your monthly PERA benefit. The maximum monthly reduction in 2020 is \$480.
 - The **Government Pension Offset (GPO)** reduction 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.
- » These reductions may apply if you receive a retirement benefit from PERA or if you refund your PERA account and it includes a matching amount.
- » Social Security benefits received by PERA cobeneficiaries and survivors are not impacted by these reductions.
- » These reductions do not affect your Medicare benefits or eligibility.
- » Prior to reaching eligibility for Social Security benefits, request an estimate of your Social Security benefit from the Social Security Administration. Let them know that you are or will be receiving a PERA benefit and when you plan to retire. Without accurate information, your Social Security benefit can be miscalculated and you may have to repay any excess Social Security benefits you receive.
- » Advise Social Security whenever your PERA benefit changes, as they may need to adjust your Social Security benefit.
- » PERA has no control over eligibility requirements for Social Security nor how these reductions are calculated.
- » Social Security is your best source for information and can answer any questions.

▶ Social Security Information

- » Call Social Security at 1-800-772-1213.
- » Visit www.ssa.gov and use the online WEP and GPO calculators.
- » Request or download the following pamphlets:
 - #05-10007, *Government Pension Offset*
 - #05-10045, *Windfall Elimination Provision*
- » Social Security can give you the location of an office nearest you.

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REDUCTION CALCULATION EXAMPLES

WEP Reduction

Full Social Security benefits are calculated as a percentage of your "average indexed monthly earnings" (AIME). 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 2020 (the increments increase each year) and have 20 years or less of substantial Social Security earnings, a Social Security benefit payment would include:

REGULAR SOCIAL SECURITY FORMULA | Worker with AIME of \$1,000 and retiring in 2020

90% of first \$960	\$864*
32% of \$961 through \$5,785	\$12*
15% of amount over \$5,785	\$0
Total Social Security Benefit	\$876*

The WEP reduction changes the first percentage from 90% to 40% 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% factor is reduced proportionally to between 45% to 85%.

SOCIAL SECURITY FORMULA WITH WEP REDUCTION | Worker with AIME of \$1,000 and retiring in 2020

40% of first \$960	\$384*
32% of \$961 through \$5,785	\$12*
15% of amount over \$5,785	\$0
Total Social Security Benefit	\$396*

* Social Security always rounds down to the exact dollar.

The WEP reduction does not apply if you have 30 or more years of substantial Social Security earnings, or if you paid Social Security tax on your PERA-covered employment. Social Security substantial earnings are defined each year. See www.ssa.gov for a complete listing.

SAMPLE OF SUBSTANTIAL EARNINGS PER YEAR

Year	Earnings	Year	Earnings
1985	\$7,425	2005	\$16,725
1990	9,525	2010	19,800
1995	11,325	2015	22,050
2000	14,175	2020	25,575

GPO Reduction

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

The GPO reduction does not apply in the following situations:

- » If you receive a PERA benefit based on work that was also covered by Social Security as of the last day of your employment and your last day was before July 1, 2004.
- » 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.