



# PERA and SOCIAL SECURITY

As a PERA member, you do not contribute to Social Security,\* so you will not receive a Social Security benefit for your PERA-covered employment when you retire. If you anticipate a Social Security benefit through your spouse or other employment, that benefit may be reduced because of your membership in PERA. The reductions explained in this fact sheet 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.

It is PERA's understanding that your Social Security benefit may be reduced as a result of receiving a PERA benefit or rolling over/refunding your PERA account. According to the Social Security Administration, any rollover/refund that includes a matching amount subjects the member's Social Security benefits to reductions under the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). If you do not receive a match with your rollover/refund, you will not be subject to the WEP or GPO reductions. For more information on matching amounts, see the *Refund/Rollover Request* booklet.

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

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

## 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.

### Offset Calculation Example

$$\begin{array}{rclcl} \text{PERA Benefit} & & & & \text{Offset Amount} \\ \$600 & \times & 2/3 & = & \$400 \end{array}$$

$$\begin{array}{rclcl} \text{Social Security} & & & & \text{Reduced} \\ \text{Before Offset} & & \text{Offset} & & \text{Social Security} \\ \$450 & - & \$400 & = & \text{Spouse's Benefit} \\ & & & & \$50 \end{array}$$

## The GPO reduction does not apply to the following situations:

- » If you qualified for a PERA retirement benefit before July 1, 1983, and were receiving one-half support from your spouse.
- » 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 State and Local Government Division retirees who were 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.

*(continued on next page)*



# PERA and SOCIAL SECURITY

## WINDFALL ELIMINATION PROVISION (WEP) REDUCTION

Applies to PERA retirees who also 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 2018 is \$447.50.

Full Social Security benefits are calculated as a percent 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 2018 (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 2018

90% of first \$895	\$805*
32% of \$896 through \$5,397	\$33*
15% of amount over \$5,397	\$0
<b>Total Social Security Benefit</b>	<b>\$838*</b>

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.

### SOCIAL SECURITY FORMULA WITH WEP REDUCTION |

Worker with AIME of \$1,000 and retiring in 2018

40% of first \$895	\$358*
32% of \$896 through \$5,397	\$33*
15% of amount over \$5,397	\$0
<b>Total Social Security Benefit</b>	<b>\$391*</b>

\* Social Security always rounds down to the exact dollar.

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	1993	\$10,725
1955–58	1,050	1994	11,250
1959–65	1,200	1995	11,325
1966–67	1,650	1996	11,625
1968–71	1,950	1997	12,150
1972	2,250	1998	12,675
1973	2,700	1999	13,425
1974	3,300	2000	14,175
1975	3,525	2001	14,925
1976	3,825	2002	15,750
1977	4,125	2003	16,125
1978	4,425	2004	16,275
1979	4,725	2005	16,725
1980	5,100	2006	17,475
1981	5,550	2007	18,150
1982	6,075	2008	18,975
1983	6,675	2009	19,800
1984	7,050	2010	19,800
1985	7,425	2011	19,800
1986	7,875	2012	20,475
1987	8,175	2013	21,075
1988	8,400	2014	21,750
1989	8,925	2015	22,050
1990	9,525	2016	22,050
1991	9,900	2017	23,625
1992	10,350	2018	23,850

### 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.
- » You also paid Social Security tax on the PERA-covered employment. (This applies to some retirees in the State and Local Government Divisions who were covered by both PERA and Social Security.)

## WHEN TO CONTACT SOCIAL SECURITY

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

### ▶ Social Security Contact Information

- » Call Social Security at 1-800-772-1213.
- » Visit [www.ssa.gov](http://www.ssa.gov) and use the online WEP and GPO calculators.
- » Social Security can give you the location of an office nearest you.

## OTHER INFORMATION

- » Request or download the following pamphlets from Social Security:
  - #05-10007, *Government Pension Offset*
  - #05-10045, *Windfall Elimination Provision*
- » These reductions do not affect your Medicare benefits or eligibility.