

PREMIER SOCIAL SECURITY CONSULTING, LLC



Leaders in Social Security Consulting and Education



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- Graduate of University of Cincinnati
- Bachelors of Science degree in Accounting & Finance
- Masters Degree in Tax
- Licensed CPA in Ohio – 41 years.
- Co-founder of National Social Security Advisor Certificate program.



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- Graduate of University of Cincinnati
- Bachelors of Science degrees:
 - Administrative Management
 - Personnel Administration
- **Air Force (#1)/ NSA**
- 35 years with Social Security Administration (46 total years-SS)
- Specializing in claims for Retirement, Survivors, Disability and Medicare
- Co-founder of National Social Security Advisor Certificate program.

2021 SOCIAL SECURITY & MEDICARE FACTS

- Retirement, Spousal, Survivor, and Disability Benefits
 - Qualifying, Calculating and Filing for Benefits
 - Medicare and Medicare Advantage • Taxation of Social Security Benefits • Government Pension Offset/ Windfall Elimination Provision • Loss and Reduction of Benefits • Delayed Retirement Credits • Changes in Medicare Supplement Plans • Military and Veterans Benefits • Government Retirement Benefits • Railroad Retirement • Medicaid • Case Studies and Benefit Maximization

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The National Underwriter Company



729 pages, 972 questions, Case studies (Excellent resource/NSSA discount)

Test Your SS Knowledge

1. How many years of earnings are included in benefit calculation?
 - a. Last 3, 5 ,10
 - b. Highest 3, 5,10
 - c. Best 20 quarters
 - d. Thirty-five

2. At a Super Bowl party, **Harold** told Darlene Snell (Ozark Netflix series) that she can claim benefits off her ex if married for 7 years. Is this advice correct? (Be careful Harold. Google Jacob Snell's death!)

3. Provision impacting public employees seeking both government pension and SSB on their own record.
 - a. Government Pension Offset
 - b. Windfall Elimination Provision
 - c. Public Employee SSB Reduction

Growth In SS Program

First COLA increase 9/50 – 77.00%

1977 Amendments – increased payroll tax from 6.45% to 7.65%.

Growth	Year	Beneficiaries	Benefits Paid
	1937	52,236	\$ 1,278,000
	1950	3.4m	\$961,000,000
	1980	39m	\$247,000,000,000
	2000	45m	\$407,000,000,000
	2020	65m	\$1,096 TRILLION

Above table reflect both total program activity (OASDI)

Annual Earnings Test over FRA – repealed – April 7, 2000

Other Tidbits



Submitted to Congress as:
Economic Security Act. (Changed
upon signing of legislation).

Social Security Payments began in 1937.

John Sweeney in NY—
first SSN account number record.

Grace Owen – lowest SSN – 001-01-0001

Ernest Ackerman – received first
SS lump-sum payment. In program
for 1 day and paid in .05 cents. He
received a lump-sum payment of
.17 cents. Lump-sum payments
1937-1940.

Ida May – received first monthly
retirement check in January, 1940 -
\$22.54. *Ms. May lived to 100!!!*

Ethel (106 Years Old!!!!)



Situational Social Security

Every Client is in a different situation. Understand the issues relating to clients and questions to ask.

- 1) Single
- 2) Married (narrow vs wide age differences)
- 3) Public Employees
- 4) Restricted Application
- 5) Children
- 6) Ex-spouse with one or more exes
- 7) Surviving spouse with one or more deceased spouses
- 8) Retroactivity of benefits
- 9) Full Retirement Age (66 – 67)

Probing SS Questions

- Unlocking additional Social Security benefits for your clients.

Inflation Cola Adjustments

Urban Wage Earners and Clerical Workers

(Only CPI Index Available by BLS when COLA was enacted into law in 1972)
Based on the average **CPI-W** Index for the third quarter over the third quarter average of the prior year.

Recent COLA adjustments: (effective in December of prior year)

2021	1.3%	2015	1.7%
2020	1.6%	2014	1.5%
2019	2.8%	2013	1.7%
2018	2.0%	2012	3.6%
2017	0.3%	2011	0%
2016	0%	2010	0%

Claiming Trends – Age 62

According to Boston College's Center for Retirement Research – Claiming rate at age 62:

<u>Year</u>	<u>Males</u>	<u>Females</u>
1996	56%	63%
2013	42%	48%
2018	27%	31%
Future???	Same	Increase

SS Annual Statistical Supplement to the SS Bulletin

Two Big Questions:

“How do I maximize my benefits”

“Will it be there for me?”

6 out of every 10 non-retirees believe that the Social Security system will not be able to pay them benefits when they stop working.



Federal Old Age & Survivors Trust Fund

Balance - \$2.908 trillion (12/31/2020)

- Trust fund grew in 2020 by \$11 billion (OASDI)
- Beginning with 2021 – Deficit projected)

2020 Activity (OASDI)

- Receipts - \$1,118,000,000,000 (\$1,001/\$41/\$76)
- Expenditures - \$1,107,000,000,000 (includes admin costs)
- Surplus - \$11,000,000,000

Future of Social Security

- SS Trust Fund (combined) to disappear by 2034.
- Social Security cannot operate in the red.
- Beginning in 2034, SS can only pay out 78% of benefits. ([voluntary donatns— www.ssa.gov](http://www.ssa.gov))
- Potential changes
 - Move FRA from 67 to 70.
 - All earnings subject to SS tax. (Current level - \$142,800)
 - Means testing (Bend Points!!!!) (Change to a welfare program)
 - Decrease % Delayed Retirement Credits / Do not adjust DRCs if FRA is increased to age 70.
 - Delay eligibility from age 62 to age 64.
 - Restricted Application (Done)
 - Reduce COLA adjustments – Chained CPI-U Index

Voluntary Donations - Gifts & Bequests

2020	\$ 182,000 (typo?)
2019	\$ 182,000
2018	\$ 188,000
2017	\$ 374,000
2016	\$ 3,000
2015	\$ 0
2014	\$ 5,000
2013	\$ 0
2012	\$ 1,000
2011	\$1,000,000

Source – Social Security Annual Trustees Report

Charitable Contribution Deduction!!!!!!!!!!!!!!

How To Maximize Benefits

1. Help your clients to “Make A Plan”.
2. Social Security may be a joint lifetime benefit.
3. Do not base decision on benefits at ages 62, FRA,70.
(INSIDE THE BOX)
4. SSS - “Restricted Application”/Single, Married, Survivors, Children, Divorced. Spousal benefits coordination.
(OUTSIDE THE BOX)
5. Remember – greater than 90% of all recipients do not maximize their Social Security benefits.
6. SS reps are basically just order takers. Do not expect assistance.

Restricted Application

Allows **WORKER** to file only for spousal benefits even if own benefits would be higher. **WORKER** can wait to age 70 to draw own benefits and received Delayed Retirement Credits – 32%. (Must have been born by the MAGIC BIRTHDATE OF January 1, 1954.)

Coordination of Spousal Benefits

ONLY AVAILABLE AT FULL RETIREMENT AGE

Strategies Social Security Benefits- Couples



One spouse
delays to 70.

Coordinate spousal
benefits/Situational
Social Security

Maximize
surviving
spouse benefits.

Your Statement Contains

- Estimated benefits
- Earnings record
- Taxes paid summary
- Contact information

61,000,000+ Online Accounts

<http://www.ssa.gov>

<http://www.socialsecurity.gov>



Your payment would be about
\$2,355 a month
at full retirement age

Name _____ November 18, 2017

Your Social Security Statement

Are you thinking about retirement? Are you ready for retirement?
We have tools that can help you!

- Estimate your future retirement benefits using our retirement estimator
- Apply for retirement, spouse's, Medicare, or disability benefits using our *Online Applications*
- And once you receive benefits you can manage your benefits within *my Social Security*

Your *Social Security Statement* tells you about **how much you or your family would receive** in disability, survivor, or retirement benefits. It also includes our record of your lifetime earnings. Check out your earnings history, and **let us know right away if you find an error**. This is important because we base your benefits on our record of your lifetime earnings.

Social Security benefits are **not intended to be your only source of income when you retire**. On average, Social Security will replace about 40 percent of your annual pre-retirement earnings. You will need other savings, investments, pensions, or retirement accounts to live comfortably when you retire.


Nancy A. Berryhill
Acting Commissioner

Follow the Social Security Administration at these social media sites.   

Your Statement (page 2)

Retirement

Disability

Survivors

Medicare

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until... your full retirement age (66 and 4 months), your payment would be about..... \$ 2,252 a month age 70, your payment would be about..... \$ 2,915 a month age 62, your payment would be about..... \$ 1,711 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now your payment would be about..... \$ 2,220 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits: Your child..... \$ 1,674 a month Your spouse who is caring for your child..... \$ 1,674 a month Your spouse, if benefits start at full retirement age..... \$ 2,232 a month Total family benefits cannot be more than..... \$ 3,905 a month Your spouse or minor child may be eligible for a special one-time death benefit of \$255.
Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare. * Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2034, the payroll taxes collected will be enough to pay only about 79 percent of scheduled benefits. We based your benefit estimates on these facts: Your date of birth (please verify your name on page 1 and this date of birth)..... 1956 Your estimated taxable earnings per year after 2018..... \$40,050 Your Social Security number (only the last four digits are shown to help prevent identity theft).....

Your Statement *(page 3)*

**Your Taxed
Social Security
Earnings**

**Your Taxed
Medicare
Earnings**

Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1972	280	280
1973	1,332	1,332
1974	4,446	4,446
1975	4,085	4,085
1976	1,955	1,955
1977	2,222	2,222
1978	6,686	6,686
1979	9,472	9,472
1980	13,231	13,231
1981	17,113	17,113
1982	7,692	7,692
1983	11,265	11,265
1984	22,276	22,276
1985	25,060	25,060
1986	29,812	29,812
1987	31,384	31,384
1988	34,364	34,364
1989	36,925	36,925
1990	34,610	34,610

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
2003	47,995	47,995
2004	0	0
2005	0	0
2006	0	0
2007	0	0
2008	34,679	34,679
2009	21,155	21,155
2010	11,230	11,230
2011	18,733	18,733
2012	43,440	43,440
2013	60,969	60,969
2014	78,231	78,231
2015	110,787	110,787
2016	104,013	104,013
2017	40,050	40,050

Qualifying for Retirement Benefits

- **40 credits are need for retirement**
 - Averages out to 10 Years of part time work
 - 1 Credit = \$1,470 FICA wages/earnings (Annual \$5,880)
 - Maximum of 4 credits earned annually
- **Age requirements**
 - 62 (Partial benefit) (Must attain age 62 for entire month!! Attain age, the day before birthday.)
 - 66 to 67 (Full benefits) (Full Retirement Age)
 - FRA to 70 (Full benefits + Delayed Retirement Credits)
- **Must file an application (Entitled)**
 - SSA will not come calling!

Full Retirement Age

Year of Birth	Full Ret. Age	
1937	65	
1938	65 & 2 months	
1939	65 & 4 months	
1940	65 & 6 months	
1941	65 & 8 months	
1942	65 & 10 months	
1943-1954	66	
1955	66 & 2 months	
1956	66 & 4 months	
1957	66 & 6 months	
1958	66 & 8 months	
1959	66 & 10 months	
1960 & later	67	

How Social Security Retirement Benefits Are Figured

Based on earnings:

Step 1 – Adjust all FICA wages for inflation.

Step 2 – Add highest **35 years** together and divide by 35 years, then 12 months.

Step 3 – You receive a percentage of this “average indexed monthly earnings” as your retirement benefit. **AIME**

Benefit Examples

Low Income Worker

- \$18,168 annual avg.
- \$1,062 – PIA (70% of earnings)

Middle Income Worker

- \$40,375 annual avg.
- \$1,654 – PIA (49% of earnings)

Higher Income Worker

- \$75,000 annual avg.
- \$2,854 – PIA (45% of earnings)



Full Retirement Age/Reduction

Year of Birth	Full Ret. Age	% at Age 62
1937	65	80%
1938	65 & 2 months	79.2%
1939	65 & 4 months	78.2%
1940	65 & 6 months	77.5%
1941	65 & 8 months	76.7%
1942	65 & 10 months	75.8%
1943-1954	66	75%
1955	66 & 2 months	74.2%
1956	66 & 4 months	73.3%
1957	66 & 6 months	72.5%
1958	66 & 8 months	71.7%
1959	66 & 10 months	70.8%
1960 & later	67	70%

2021 Annual Earnings Test (AET)

	Earnings Test	Benefits to be Withheld
If You Are Younger Than Full Retirement Age (FRA)	\$18,960/year (\$1,580/month)	\$1 for every \$2 over the annual limit
The Year You Reach Full Retirement Age	\$50,520/year (\$4,210/month)	\$1 for every \$3 over the annual limit
Once You Reach the MONTH of Full Retirement Age	No Limit on Earnings	No Limit on Earnings

**First Year of Retirement Rule-SSA excludes wages prior to your retirement from the above limits. (Monthly Test)*

Delayed Retirement Credits

Social Security benefits are increased if benefits begin after reaching month of FRA.

Delayed Retirement Credits are credited in the year after they are earned. Exception at age 70.

The benefit increase stops when a person reaches age 70.

Increase is Permanent

Spouse Benefits

You must be at least age 62

- Your spouse must be receiving a Social Security **retirement** or **disability** benefit or (if at full retirement age by May 1, 2016) file and suspend by April 29, 2016.
- Duration of Marriage - 12 months or more.
(continuous)
- ❑ Exception: you can be any age if caring for the worker's minor child (under 16) or disabled adult child

Spousal Benefit Boost - Examples

<i>Half of higher-earning spouse's PIA</i>	<i>\$1,000</i>
<i>Subtract lower-earning spouse's PIA</i>	<i>750</i>
	<hr/>
<i>Spousal benefits at FRA</i>	<i>250</i>
	<hr/>

<i>Half of higher-earning spouse's PIA</i>	<i>\$1,250</i>
<i>Subtract lower-earning spouse's PIA</i>	<i>750</i>
	<hr/>
<i>Spousal benefits at FRA</i>	<i>500</i>
	<hr/>

<i>Half of higher-earning spouse's PIA</i>	<i>\$1,000</i>
<i>Subtract lower-earning spouse's PIA</i>	<i>1,000</i>
	<hr/>
<i>Spousal benefits at FRA</i>	<i>None</i>
	<hr/>

Spouse Benefits - Amount

**“How much can
you get from a
living spouse or
ex-spouse?”**

Maximum is 50% of the spouse or
ex-spouse's PIA.

You'll receive the **Higher** calculated benefit
amount, based upon your own record **OR**
your spouse's. (Deemed Filing)

Reduction at age 62 – 30%

***Note:** You cannot collect both benefit
amounts.*

Spouse Benefits - Divorce

- ❑ Divorced spouse benefits if you:
 - are single
 - are at least age 62
 - were married at least 10 years (continuous?)
 - ex-spouse must be receiving a Social Security **retirement** or **disability** benefit or (if at full retirement age) file and suspend.

- ❑ Independently Entitled Divorced Spouse benefits if you:
 - were divorced for at least 2 years
 - are single
 - are both at least age 62
 - were married at least 10 years
 - ex-spouse does not have to be receiving (or claim and suspend) benefits.

Ex-Spouse Benefits

Hard to get along with? And more than 1 ex?

You have options!!!!



Examples - Spousal Benefits

Paul's PIA \$2,000

Mary is not eligible for own benefits. Spousal benefits:

Age 66 (FRA)	\$1,000
Age 62	\$700 (48-month reduction)
Age 67	\$1,000
Age 70	\$1,000

Examples - Spousal Benefits (continued)

Mary begins SSB on own work record at age 62 and receives \$750. (PIA is \$1,000). Mary becomes eligible for the spousal boost at FRA. How much is Mary's total benefit at FRA? Paul's PIA is \$2,500.

Spousal Benefit Boost

½ of Paul's PIA	\$1,250
Less Mary's PIA	<u>-1,000</u>
Spousal Benefit Boost	\$250

Add Mary's age 62 benefit (Own)	<u>+750</u>
Mary's benefit at FRA	<u>\$1,000</u>

Surviving Spouse Benefits

<u>Age</u>	<u>Pct of Death PIA</u>
Full Benefit Age	100.0
Age 60 (reduced by 28.5%)	71.5
Age 50 (Disabled)	71.5

SSA – Widow(er) benefits

Social Security Benefits on **Steroids**

Let's look at two options to
super-charge Social Security Benefits.



Spouse - Restricted Application

If born by January 1, 1954:

File a restricted application at FRA for Spousal benefits and file for benefits on your own work record at a later date (no later than age 70).
(Worker and spousal benefits are unbundled).

Strategies Social Security Benefits- Couples



One spouse
delays to 70.

Maximize
surviving spouse
benefits.

Coordinate Spousal
Benefits/Situational
Social Security

Strategies - Single Folks



Age (62, 66, 70)

Earnings - ET

Death ends
benefits

Strategies - Divorce



Ex – spouse
(living or
deceased)

Earnings - ET

Spousal/Restricted
Application

Strategies – Surviving Spouse



Own benefits Age
(62, 66, 70)

Earnings - ET

SS benefits –
Age 60/66

Applying for SSB

Four Ways To Apply

- Online at www.ssa.gov or www.socialsecurity.gov.
 - Need a My SS Account. (Spells Trouble right here in River City with a capital T.)
- Visit the local SS office (and bring a good book)!
- Call 1-800-772-1213 to schedule an office visit or a phone call.

Services

Social Security Consulting - \$545

Social Security Education - \$450 - \$795
(ondemand or webinar) \$1,095 – live
classroom.

www.premiernssa.com



Excellent Resource for Advisors and Client

Support

- Gold Standard of Support
 - Questions / Answers
 - Webinars

Contact

- Marc Kiner
 - 513 218 8505
 - mkiner@mypremierplan.com

Coordinating Spousal Benefits (TOTB) – Married Couple

- Higher income earner to begin benefits prior to age 70 allowing payment of spousal benefit payable (or spousal boost).
- Wife to collect own benefit at 62 - 66. Husband to wait to age 70. Maximizes surviving spouse benefit. Wife probably to receive widow benefit. Husband can file a RA if age deadline is met.
- H & W meets RA deadline. Only one can file a RA.
 - Husband begins benefits and wife files a RA.
 - Wife begins benefits and husband files a RA.
- Neither husband or wife meets deadlines. RA and F&S are not available. (Bummer!!!)

Harold & Belinda

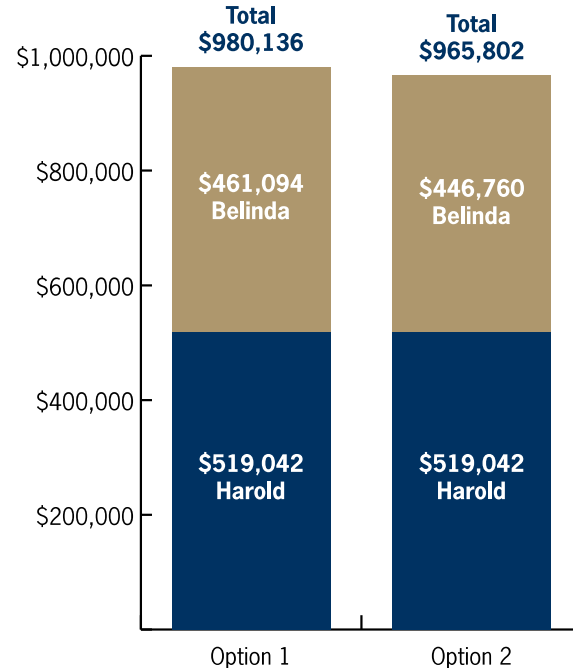
Harold:

- DOB: June 10, 1957
- Full Retirement Age Benefit: **\$2,331** at **66** year & **6** months
- Expected Death Age: **84.06**

Belinda:

- DOB: April 3, 1953
- Full Retirement Age Benefit: **\$1,738** at **66** year & **0** months
- Expected Death Age: **86.09**

Harold and Belinda, a married couple four years apart in age. Harold will reach full retirement age (FRA) at age sixty-six and six months. Belinda will reach FRA at age sixty-six. The husband, Harold, made moderately more than his wife, Belinda. Although Belinda is expected to live to age eighty-six and nine months, she is expected to die approximately 2 years before Harold.



Option 1

- Apr, 2023 Belinda files for worker benefits (\$2,294) at age 70 for 132.00% of PIA (48 Months Delayed Retirement Credit).
- Jun, 2027 Harold files for worker benefits (\$2,983) at age 70 for 128.00% of PIA (42 Months Delayed Retirement Credit).
- Survivor benefit \$2,983

Option 2

- Jul, 2020 Belinda files for worker benefits (\$1,842) at age 67, 3 months for 106% of PIA (9 Months Delayed Retirement Credit). Jan, 2021 benefit increases to \$1,911 to 110% of PIA (15 months Delayed Retirement Credits).
- June, 2027 Harold files for worker benefits (\$2,983) at age 70 for 128.00% of PIA (42 Months Delayed Retirement Credit).
- Survivor benefit \$2,983

Jerry & Lyn

Jerry:

- DOB: Dec 14, 1956
- Full Retirement Age Benefit: **\$3,017** at **66** year & **4** months
- Expected Death Age: **84.05**

Lyn:

- DOB: Nov 5, 1954
- Full Retirement Age Benefit: **\$0** at **66** year & **0** months
- Expected Death Age: **86.07**

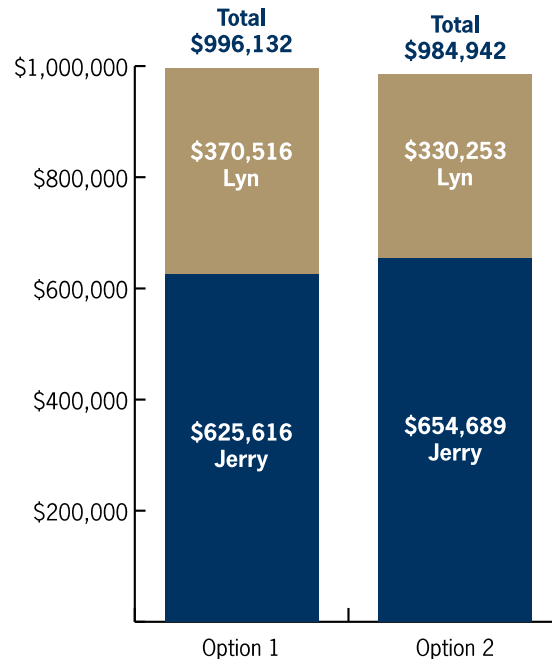
Jerry is a high earner. Lyn has no earnings under Social Security and is not eligible for a benefit from her own record. She must wait for Jerry to file for benefits before she can file for spousal benefits. If Jerry delays filing past Lyn attaining age 65 she will be able to enroll in Medicare only and receive Part A, Hospital Insurance premium free because Jerry will be past age 62 when she attains age 65.

Option 1

- Jan, 2021 Jerry files for worker benefits (\$2,564) at age 64, 1 month for 85.00% of PIA (27 Months Reduction).
- Jan, 2021 Lyn files for 100.00% of spousal benefits (\$1,508) at age 66, 2 months.
- Survivor benefit \$2,564

Option 2

- Apr, 2023 Jerry files for worker benefits (\$3,017) at age 66, 4 months for 100.00% of PIA.
- Apr, 2023 Lyn files for 100.00% of spousal benefits (\$1,508) at age 68, 5 months.
- Survivor benefit \$3,017



Bob & Lisa

Bob:

- DOB: August 16, 1959
- Full Retirement Age
Benefit: **\$2,540** at **66** year
& **10** months
- Expected Death Age: **84.08**

Bob and Lisa are a married couple who have no ex-spouses or children eligible for benefits on their earnings record. Bob is a high wage earner and Lisa is an above average wage earner. They are close in age, however, Bob's full retirement age is 66, 10 months and Lisa's full retirement age is 67. They have 9 reasonable options. The determination of the best option, however, belongs to Bob and Lisa. Factors to take into consideration are dependent on when they want benefits to begin.

Lisa:

- DOB: January 9, 1960
- Full Retirement Age
Benefit: **\$1,777** at **67** year
& **0** months
- Expected Death Age: **87.02**

Benefits before full retirement age lowers the monthly benefit amount and this reduction is permanent. Earnings from employment or the net profit from self-employment may increase benefits paid. The importance of survivor benefits (widow or widower benefits) will determine if Bob's benefits are taken at age 62, 1 month, age 70 or somewhere in between.

Bob and Lisa want to make sure they maximize benefits. To maximize benefits, one of them (normally the higher earner) will wait until age 70 to take benefits. This directly effects and maximizes the survivor benefit. Keeping in mind with all options they will want to coordinate benefits to maximize benefits for the household.

Bob & Lisa

Bob:

- DOB: August 16, 1959
- Full Retirement Age
Benefit: **\$2,540** at **66** year
& **10** months
- Expected Death Age: **84.08**

Lisa:

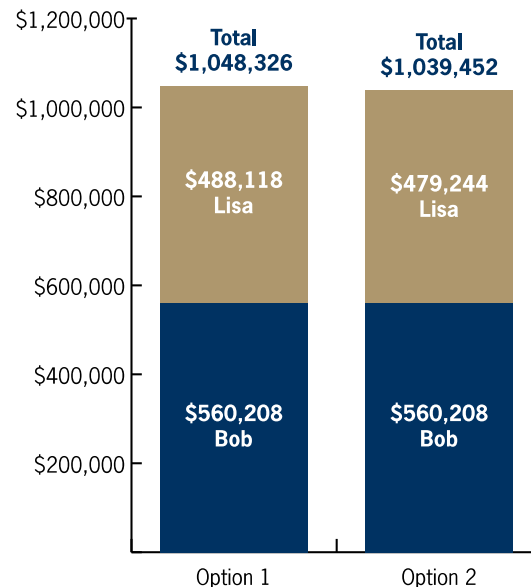
- DOB: January 9, 1960
- Full Retirement Age
Benefit: **\$1,777** at **67** year
& **0** months
- Expected Death Age: **87.02**

Option 1

- Aug, 2029 Bob files for worker benefits (\$3,183) at age 70 for 125.33% of PIA (38 Months Delayed Retirement Credit).
- Jan, 2030 Lisa files for worker benefits (\$2,203) at age 70 for 124.00% of PIA (36 Months Delayed Retirement Credit).
- Survivor benefit \$3,183

Option 2

- Jan, 2027 Lisa files for worker benefits (\$1,777) at age 67 for 100.00% of PIA.
- Aug, 2029 Bob files for worker benefits (\$3,183) at age 70 for 125.33% of PIA (38 Months Delayed Retirement Credit).
- Survivor benefit \$3,183



Public Employees/Gov't Pension

WEP – Windfall Elimination Provision

GPO – Government Pension Offset

➤ **Public employees in 12 states do not pay FICA taxes**

WEP applies if you have 40 Social Security credits & a pension from a non-Social Security system (PERS, STRS, SERS, etc)—you are guaranteed a benefit in this case! (1% of all beneficiaries)

GPO applies to any Social Security spouse/widow benefits you might receive if you also have a non-Social Security system pension. (2.7% of beneficiaries)

States with largest % of public employees not covered by Social Security:

California	56.4%
Colorado	70.9%
Illinois	45.4%
Louisiana	72.1%
Massachusetts	95.9%
Ohio	97.5%
Texas	52.1%

WEP PIA

2021 Bend Points

- 40% of the first \$996 (vs 90%)
- 32% over \$996 to \$6,002
- 15% over \$6,002

Years of Substantial Earnings

30 or more	90%	25	65%
29	85%	24	60%
28	80%	23	55%
27	75%	22	50%
26	70%	21	45%
		20 or less	40%

Applicable percentages as it applies to the first Bend Point

Substantial Earnings

2021	\$26,550	2007	\$18,150
2020	\$25,575	2006	\$17,475
2019	\$24,675	2005	\$16,725
2018	\$23,850	2004	\$16,275
2017	\$23,625	2003	\$16,125
2015/16	\$22,050	2002	\$15,750
2014	\$21,750	2001	\$14,925
2013	\$21,075	2000	\$14,175
2012	\$20,475	1999	\$13,425
2011	\$19,800	1998	\$12,675
2010	\$19,800	1997	\$12,150
2009	\$19,800		
2008	\$18,975		

Fact Sheet – 05-10045

WEP Examples

Tom's AIME is \$1,500. Tom is receiving a state pension and does not have any years of substantial earnings. His PIA is computed as follows:

Without WEP

Bend Point #1 ($\$996 \times .9$)	\$896
Bend Point #2 ($\$504 \times .32$)	<u>161</u>
PIA	<u>\$1,057</u>

With WEP

Bend Point #1 ($\$996 \times .4$)	\$398
Bend Point #2 ($\$504 \times .32$)	<u>161</u>
WEP PIA	<u>\$559</u>

Reduction of \$498

WEP Examples (*continued*)

Tom's AIME is \$1,500. Tom is receiving a state pension and has 21 years of substantial earnings. His WEP PIA benefit is computed as follows:

Bend Point #1 ($\$996 \times .45$)	$\times \$448$
Bend Point #2 ($\$504 \times .32$)	<u>161</u>
WEP PIA	<u>\$609</u>

Reduction of \$448

Government Pension Offset

GPO applies to any Social Security spouse/widow benefits you might receive if you also have a non-Social Security system pension.

Offset equals two-thirds of public employee pension. Reduce eligible Social Security Benefit by two-thirds of public employee pension. Recipient receives Social Security benefit remaining after offset.

GPO may (will) reduce Social Security benefits to zero.

Fact Sheet 05-10007

GPO Example

Mary is receiving a state pension of \$3,000 per month. She is entitled to \$1,000 in spousal benefits. Mary's spousal benefit is reduced to \$0.

Spousal benefit at FRA	\$1,000
GPO offset ($\$3,000 \times .667$)	<u>- 2,000</u>
Spousal benefit	<u>None</u>

Example (continued)

Mary is receiving a state pension of \$3,000** per month. She is entitled to SSB of \$3,500 as a widow. Mary's widow SS benefit is computed as follows.

Widow benefit at FBA	\$3,500
GPO offset (**\$3,000*.667)	<u>- 2,000</u>
Widow benefit	<u>\$1,500</u>

Finale

Thank You For Attending

Marc Kiner and Jim Blair

