
SOCIAL SECURITY BENEFITS

Retirement Benefits

**Windfall Benefits
Elimination Provision (WEP)**

Family Benefits

Government Pension Offset (GPO)

Dual Entitlement

Earnings Limitations

Social Security Benefits

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Social Security Contributions

Social Security Programs:

Social Security is made up of four programs: Old Age (Retirement) Insurance, Survivors Insurance, Disability Insurance and Medicare. Social Security is designed to provide partial replacement of earnings lost or reduced due to retirement, disability or death of the wage earner.

Social Security Contributions (Social Security Tax):

Employees covered by Social Security currently contribute 6.2% of wages to Social Security up to a maximum taxable amount (MTA) which can increase annually. The 2013 MTA is \$113,700. Employees who earn more than the MTA do not pay Social Security contributions on earnings above the MTA.

All employees contribute 1.45% of all wages to Medicare. There is no maximum taxable amount (MTA) on earnings for Medicare contribution.

2013 Contribution Rates:

Old Age (Retirement), Survivors & Disability Insurance

2013 = 6.2%

Maximum Taxable Amount (MTA) = **\$113,700**

Medicare = 1.45%

No Maximum Taxable Amount for Medicare



Social Security Eligibility

Required Credits (Quarters of Coverage)

To qualify for Social Security retirement benefits you must be “fully insured,” having earned at least the minimum number of credits based on your year of birth. If born before 1929, the number of credits required is equal to your year of birth plus 11. Anyone born 1929 or later must have 40 credits to qualify for benefits for retirement benefits.

Required Credits

Born before 1929: Credits required = YOB + 11

Born 1929 or later: Credits required = 40

Earning Credits of Coverage (previously Quarters of Coverage - QCs):

Prior to 1978, one quarter of coverage was earned for each calendar quarter in which the employee earned \$ 50 subject to Social Security. Beginning in 1978, employees earned one credit of coverage for every \$ 250 earned subject to Social Security, regardless of the calendar quarters of the year. This dollar figure changes annually. In 2013, employees **earn one credit of coverage for each \$1,160 in covered annual earnings, up to a maximum of four credits in a calendar year. If an employee earns \$ 4,640 in January of 2013, he or she earns four credits of coverage.** The dollar amount used to determine credits of coverage earned is established yearly.

Earning Credits

In 2013: 1 Credit is granted for each \$1,160 earned up to a maximum of 4 Credits in a calendar year.

Before 1978: 1 Credit is granted for each calendar quarter in which employee earned \$50.



Amount of the Social Security Benefit

The dollar amount of the Social Security Benefit (for Federal Employees) is based upon:

1. A.I.M.E.
2. The number of years of substantial earnings under Social Security
3. Age at retirement

Average Indexed Monthly Earnings - AIME

The Social Security benefit is based upon lifetime earnings. The highest 35 years of earnings (subject to Social Security taxes) are indexed to inflation, totalled and then averaged over the 35 year period. This figure is then divided by 12 to produce the **average indexed monthly earnings (AIME)** over the entire career - 35 years. If there are fewer than 35 years of Social Security earnings, Social Security will add zero dollar (\$0) earning years to reach the 35 years.

A.I.M.E. **Average
Indexed
Monthly
Earnings**

Primary Insurance Amount - PIA

The Social Security benefit payable at Normal Retirement Age (65 - 67) is called the **Primary Insurance Amount (PIA)**. The Primary Insurance Amount is based on the AIME (Average Indexed Monthly Earnings).

Primary Insurance Amount (full benefit formula)

For workers who are age 62 in 2013:

$$\begin{array}{rcl} & 90\% \text{ of the first } \$ 791 * \text{ of the AIME} & \\ + & 32\% \text{ of AIME between } \$ 791 \text{ and } \$ 4,768 * & \\ + & 15\% \text{ of AIME over } \$ 4,768 & \\ \hline = & \text{PIA} = \text{Retirement Benefit at age Normal Retirement Age (NRA).} & \end{array}$$

* These amounts are based on the increase or decrease in average wages and change every year.

Calculating the AIME: Past Social Security Earnings

(Worker attains age 62, dies, or becomes disabled in 2013 or later)

Year	A Maximum Taxable Amount	B Enter Taxable Earnings	C Index Factor	D = Indexed Earnings	E Substantial Earnings (WEP)	F √ Sub. Earnings
1959	\$ 4,800		11.15		\$ 1,200	
1960	\$ 4,800		10.73		\$ 1,200	
1961	\$ 4,800		10.52		\$ 1,200	
1962	\$ 4,800		10.02		\$ 1,200	
1963	\$ 4,800		9.78		\$ 1,200	
1964	\$ 4,800		9.39		\$ 1,200	
1965	\$ 4,800		9.23		\$ 1,200	
1966	\$ 6,600		8.70		\$ 1,650	
1967	\$ 6,600		8.24		\$ 1,650	
1968	\$ 7,800		7.71		\$ 1,950	
1969	\$ 7,800		7.29		\$ 1,950	
1970	\$ 7,800		6.95		\$ 1,950	
1971	\$ 7,800		6.62		\$ 1,950	
1972	\$ 9,000		6.02		\$ 2,250	
1973	\$ 10,800		5.67		\$ 2,700	
1974	\$ 13,200		5.35		\$ 3,300	
1975	\$ 14,100		4.98		\$ 3,525	
1976	\$ 15,300		4.66		\$ 3,825	
1977	\$ 16,500		4.39		\$ 4,125	
1978	\$ 17,700		4.07		\$ 4,425	
1979	\$ 22,900		3.74		\$ 4,725	
1980	\$ 25,900		3.43		\$ 5,100	
1981	\$ 29,700		3.12		\$ 5,550	
1982	\$ 32,400		2.96		\$ 6,075	
1983	\$ 35,700		2.82		\$ 6,675	
1984	\$ 37,800		2.66		\$ 7,050	
1985	\$ 39,600		2.55		\$ 7,425	
1986	\$ 42,000		2.48		\$ 7,875	
1987	\$ 43,800		2.33		\$ 8,175	
1988	\$ 45,000		2.22		\$ 8,400	
1989	\$ 48,000		2.14		\$ 8,880	
1990	\$ 51,300		2.04		\$ 9,525	
1991	\$ 53,400		1.97		\$ 9,900	
1992	\$ 55,500		1.87		\$ 10,350	
1993	\$ 57,600		1.86		\$ 10,725	
1994	\$ 60,600		1.81		\$ 11,250	
1995	\$ 61,200		1.74		\$ 11,325	
1996	\$ 62,700		1.66		\$ 11,625	
1997	\$ 65,400		1.57		\$ 12,150	
1998	\$ 68,400		1.49		\$ 12,675	
1999	\$72,600		1.41		\$ 13,425	
2000	\$76,200		1.34		\$ 14,175	
2001	\$80,400		1.31		\$ 14,925	
2002	\$84,900		1.29		\$ 15,750	
2003	\$87,000		1.26		\$ 16,125	
2004	\$87,900		1.21		\$ 16,275	
2005	\$90,000		1.16		\$16,725	
2006	\$94,200		1.11		\$17,475	
2007	\$97,500		1.06		\$18,150	
2008	\$102,000		1.04		\$18,975	
2009	\$106,800		1.06		\$19,800	
2010	\$106,800		1.03		\$19,800	
2011	\$106,800		1.00		\$19,800	
2012	\$110,100		1.00		\$20,475	
		Total Indexed Earnings	\$		# yrs.Sub. √	

Examples:

Primary Insurance Amount

Example 1: AIME= \$500 w/o WEP

$$\begin{aligned} &90\% \text{ of the first } \$791 \text{ of the AIME} &&= \$450 \\ + &32\% \text{ of AIME between } \$791 \text{ and } \$4,768 &&= \$0 \\ + &15\% \text{ of AIME over } \$4,768 &&= \$0 \\ &&&= \mathbf{\$450} \end{aligned}$$

Note: PIA of \$450 represents a 90% replacement of the lifetime working earnings average of \$500.

Example 2: AIME= \$3,000 w/o WEP

$$\begin{aligned} &90\% \text{ of the first } \$791 \text{ of the AIME} &&= \$712 \\ + &32\% \text{ of AIME between } \$791 \text{ and } \$4,768 &&= \$707 \\ + &15\% \text{ of AIME over } \$4,768 &&= \$990 \\ &&&= \mathbf{\$1,419} \end{aligned}$$

Note: PIA of \$1,419 represents a 47% replacement of the lifetime working earnings average of \$3000.

NOTE: *Note that the 90% factor in the first tier of the formula produces a higher benefit, in proportion to earnings, for lower income earners.*

Social Security Replacement Rates	AIME	PIA	% Replacement
	\$500	\$450	90%
	\$1,000	\$779	78%
	\$3,000	\$1,419	47%
	\$5,000	\$2,019	40%

Windfall Benefits Elimination Provision

Example 3: AIME= \$300 w/o WEP

$$\begin{array}{rcl} 90\% \text{ of the first } \$791 \text{ of the AIME} & = & \$270 \\ + 32\% \text{ of AIME between } \$791 \text{ and } \$4,768 & = & \\ + 15\% \text{ of AIME over } \$4,768 & & \\ & = & \$270 \end{array}$$

Note: PIA of \$270 represents a 90% replacement of the lifetime working earnings average of \$300.

Windfall Benefits Elimination Provision

Windfall Benefits Elimination Provision is a modified Social Security Formula that reduces the Social Security benefit if you are eligible for a retirement benefit from employment which was not covered by Social Security (such as CSRS) and you have less than 30 years of substantial earnings under Social Security.

Note: The modified formula does not apply if you were age 62 before 1986 or you were eligible for Civil Service retirement before 1986. The modified formula is phased in if you became age 62 between 1986 and 1989.

Generally, those with a work history of less than 30 years of substantial earnings under Social Security will appear to have a lower average earnings level (AIME). Social Security generally provides a higher proportion of benefits to lower income employees than it does for those who were higher paid. The reduction that results from the Windfall Elimination Provision is designed to, cancel out this effect, particularly for those who reach age 62 in 1990 or later. The modified formula is not used in computing survivor benefits payable by Social Security. It is used in computing Social Security retirement benefits, spousal benefits and disability benefits.

Employees who transferred from CSRS to FERS are not exempt from the Windfall Benefits Elimination Provision. Many transfer employees, however, lessen the negative impact of the WEP by earning more than 20 years of substantial earnings.



Windfall Benefits Elimination Provision

The Modified Formula (WEP)

The modified formula reduces the benefit based on the number of years of substantial earnings under Social Security as shown on the following charts.

Under the regular Social Security benefit formula (the PIA formula), the first portion of the AIME is multiplied by 90%, the second portion of the AIME is multiplied by 32% and any part of the AIME remaining is multiplied by 15%. In the modified formula of the Windfall Benefit Elimination Provision, the 90% factor used in the first calculation is reduced.

Substantial Earnings:

In the modified formula, you are credited with a year of substantial earnings for each year in which your earnings exceed the substantial amounts shown in column E of the AIME worksheet. Total credited earnings from 1937-50 are divided by \$900 to get the number of years of coverage (maximum of 14 years).

Retirees with less than 30 years of substantial earnings covered by Social Security will have the first bendpoint in the PIA formula modified as shown in the table below:

WEP Formula

Substantial Years	1st Bendpoint % Becomes
29	85%
28	80%
27	75%
26	70%
25	65%
24	60%
23	55%
22	50%
21	45%
20 or less	40%

Example 4: The Modified Formula (WEP) AIME = \$300 (with WEP)

$$\begin{array}{rcl} 40\% \text{ of the first } \$791 \text{ of the AIME} & = & \$120 \\ + 32\% \text{ of AIME between } \$791 \text{ and } \$4,768 & = & \\ + 15\% \text{ of AIME over } \$4,768 & & \\ & = & \mathbf{\$120} \end{array}$$



Social Security Benefit Estimates

Social Security Earnings Record and Benefit Estimates

- You can now obtain a statement of past earnings under Social Security and Medicare and benefit estimates on the Social Security Administration website (www.ssa.gov).
- This statement will provide your past Social Security taxed wage earnings, and estimates of your Social Security Benefits at age 62 (first eligibility), at full retirement age (65-67) and at age 70 (maximum benefits). These benefits are calculated with this year's Social Security benefit figures and formula. If you do not have enough work credits to qualify for Social Security, the number of work credits on record will be provided.
- If you receive a pension that is based on work not covered by Social Security, such as CSRS, your Social Security benefit will be calculated using a smaller benefit formula. The estimate provided does not reflect this reduced benefit formula. Use this Windfall Benefits Elimination Provision (WEP) version of line calculator described below to estimate your benefits.

Social Security Benefit Calculators

- You may estimate your Social Security benefit using the "Retirement Estimator" available on the Social Security Administration website (www.ssa.gov). Estimates are based on real time access to your earnings record. You can create multiple scenarios to adjust the date you plan to stop working or to change your expected future earnings. Windfall Benefits Elimination Provision (WEP) is not considered in this estimate.

Windfall Benefits Elimination Provision (WEP) Calculator

- To obtain an estimate of your Social Security benefit reflecting the Windfall Benefits Elimination Provisions, you may use the WEP version of the benefit calculator. Go to "Retirement Estimator". Go to bottom of text on left to "calculators". Use the WEP version of the calculator.



Adjusting the Social Security Benefit Estimate for WEP

If you don't want to calculate your own benefits, here's a shortcut to re-estimate the amount of benefits shown on your Social Security estimate. This adjustment will show you the effect of the Windfall Benefits Elimination Provision. The benefit after adjustment for Windfall Benefits Elimination Provision will be the **higher** of the following calculations:

- a) Multiply your Social Security provided estimate by 40/90, which is 44%. This shortcut works well if you just barely earned your 40 work credits, thus your A.I.M.E. (Average Indexed Monthly Earnings) is less than \$791.

Example

SS Estimate =
\$200 per month

$\$200 \times .44 = \88 actual benefit payable at full benefit age.

- b) Subtract \$396 (50% of \$767) from your monthly estimate. This represents the maximum amount of possible reduction this year due to Windfall Benefits Elimination Provision.

Example

SS Estimate =
\$850 per month

1) $\$850 \times .44 = \374 per month
2) $\$850 - \$396 = \$454$ per month

The actual Social Security payable would be \$454 (calculation # 2), which is higher.

Use the shortcut technique (1) or (2) above which results in the highest re-estimation of benefits.

- c) If you have more than 20 "substantial" Social Security wage earning years, then the Windfall Elimination Provision will not reduce the benefit as drastically as shown above.

Adjusting the Social Security Benefit Estimate for WEP

The maximum change in PIA in 2013 due to the Windfall Benefits Elimination Provision is the difference between 90% of the first tier of the first \$791 of the AIME and 40% of the first \$791 of the AIME = a difference of 50% of \$791 = \$396 per month.

If you have more than 20 years of substantial earnings, the loss due to WEP is the difference between 90% of \$767 and the WEP percentage of PIA based upon your years of substantial earnings.

To adjust the estimate provided by SSA for Windfall Benefits Elimination Provision, **subtract the following amount from your full benefit age estimate**. The result is your PIA (Primary Insurance Amount) which is payable at Full Retirement Age (65-67). You must reduce this if you plan to receive benefits before your Full Retirement Age.

Reduction for WEP

Years of Substantial Earnings	1st bendpoint % of \$749	Subtracted from 90% (full formula)	Loss in PIA (Subtract)
20	40% of \$791	- 50% of \$791	-\$396
21	45% of \$791	- 45% of \$791	-\$356
22	50% of \$791	- 40% of \$791	-\$316
23	55% of \$791	- 35% of \$791	-\$277
24	60% of \$791	- 30% of \$791	-\$237
25	65% of \$791	- 25% of \$791	-\$198
26	70% of \$791	- 20% of \$791	-\$158
27	75% of \$791	- 15% of \$791	- \$119
28	85% of \$791	- 10% of \$791	- \$79
29	85% of \$791	- 5% of \$791	- \$40
30	90% of \$791	no reduction	- \$0

Example

Full Retirement Age (FRA) full benefit age estimate provided by Social Security Administration = \$ 1,230

25 years of substantial earnings = Adjustment of - \$198

$$\text{\$1,230} - \text{\$198} = \text{\$1,032}$$

= Full Retirement Age Benefit adjusted for WEP



Retirement Options Based on Age

Full Benefits: Full Retirement Age (Age 65 – 67)

The PIA formula produces the benefit payable at Full Retirement Age (FRA) which is 65 for anyone born before 1938. The Social Security Normal Retirement Age is increasing for anyone born in or after 1938. Benefits can be significantly higher or lower than the PIA, depending upon the age at retirement. The Full Retirement Age (FRA) may also be referred to as the Normal Retirement Age (NRA).

Actuarially Reduced Benefits

A retiree may elect to receive Social Security benefits as early as age 62, but will suffer a reduction of 5/9 of one percent per month under age 65. For a person (born before 1938) electing to receive benefits at age 62, this would result in a 20% reduction.

Persons born 1938 or later may also elect to receive Social Security benefits at age 62. The reduction factor will be 5/9 of one percent for each of the first 36 months, then 5/12 of one percent for each of the next 24 months a benefit is paid prior to the full retirement age. For a person born 1960 or later electing to receive Social Security at age 62, this would result in a 30% reduction.

Delayed Retirement Credit (DRC)

A retiree may delay receipt of Social Security beyond normal retirement age (65-67) and receive Delayed Retirement Credits (DRCs) for each year that he/she does not receive Social Security benefits. The DRC is 5½% for anyone born in 1933-1934, 6% if born 1935-1936, 6.5% if born 1937-1938, 7% if born 1939-1940, 7.5% if born 1941-1942, and 8% for anyone born 1943 and later.

Retirement Options Based on Age

Full Benefits FRA		Reduction Factors Benefit as a % of PIA			Delayed Retirement Credits Benefit as a % of PIA				
Year of Birth	Full Retirement Age (FRA)	Retirement Benefits Age 62	Spousal Benefits Age 62	Survivor Benefits Age 60	DRC% credit	Age 65	Age 66	Age 67	Age 70
1930	65	80	37.5	71.5	4.5	100	104.5	109	122.5
1931	65	80	37.5	71.5	5	100	105	110	125
1932	65	80	37.5	71.5	5	100	105	110	125
1933	65	80	37.5	71.5	5.5	100	105.5	111	127.5
1934	65	80	37.5	71.5	5.5	100	105.5	111	127.5
1935	65	80	37.5	71.5	6	100	106	112	130
1936	65	80	37.5	71.5	6	100	106	112	130
1937	65	80	37.5	71.5	6.5	100	106.5	113	132.5
1938	65-2 mo.	79.17	37.08	71.5	6.5	98.89	106.42	111.92	131.56
1939	65 - 4 mo.	78.33	36.67	71.5	7	97.78	104.67	111.67	132.67
1940	65 - 6 mo.	77.50	36.25	71.5	7	96.67	103.5	110.5	131.5
1941	65 - 8 mo.	76.66	35.84	71.5	7.5	95.56	102.5	110	132.5
1942	65 - 10 mo.	75.83	35.42	71.5	7.5	94.44	101.25	108.75	131.25
1943-54	66	75	35	71.5	8	93.33	100	108	132
1955	66 - 2 mo.	74.17	34.59	71.5	8	92.22	98.89	106.67	130.67
1956	66 - 4 mo.	73.33	34.17	71.5	8	91.11	97.78	105.33	129.33
1957	66 - 6 mo.	72.50	33.75	71.5	8	90	96.67	104	128
1958	66 - 8 mo.	71.66	33.34	71.5	8	88.89	95.56	102.67	126.67
1959	66 - 10 mo.	70.83	32.92	71.5	8	87.78	94.44	101.33	125.33
1960 & later	67	70	32.5	71.5	8	86.67	93.33	100	124

The full benefit age for widow(er)s is increasing from 65 to 67 on a slightly different schedule than the full benefit age for retirement benefits and spousal benefits. The reduced benefit for widow(er)s at age 60 will continue to be 71.5% of PIA.



Family Benefits

Auxiliary Benefits

Certain family members may also be entitled to monthly benefits (auxiliary benefits) based on your entitlement. A spouse and children are eligible when you apply for benefits. A former spouse may be entitled to benefits when you are eligible for benefits, even though you have not yet applied.

A wife or husband or former spouse of a Social Security recipient may be eligible for 50% of the Worker's PIA at the spouse's full benefit age. The spouse's or former spouse's insurance benefits are reduced by 25/36 of 1% (or 1/144) for each month of entitlement before the spouse's full benefit age, up to 36 months. Spouse's or former spouse's benefits are reduced 5/12 of 1% for each month of reduction in excess of 36 months.

Survivor Benefits

Upon application, survivor benefits may be paid to family members of a deceased worker, if the worker was fully insured or currently insured (provides limited eligibility). To be fully insured, the deceased must have one quarter of coverage for each calendar year after 1950, or after the calendar year in which the worker attained age 21, whichever is later, up to the calendar year in which the worker dies. To be currently insured, the deceased must have earned six quarters of coverage during the last 13 calendar quarters.

A widow or widower may be eligible for 100% of the deceased's Social Security benefit. The widow(er)'s benefits are reduced by 19/40 of 1% (or 19/4000) for each month of entitlement between 60 and full benefit age. The maximum reduction in widow(er)'s benefit is 28.5% at age 60.

Maximum Family Benefit (MFB)

Family benefits payable on one employee's Social Security record are limited to a maximum set by law. The maximum family benefit (MFB) is based upon the employee's PIA. The maximum monthly benefit payable to a family (including the employee, but not including any amount paid to a former spouse) ranges from 150 percent to 188 percent of the employee's PIA in retirement and survivor cases and from 100 percent to 150 percent of the PIA in disability cases. If the sum of the individual benefits based on the worker's earnings record is more than the MFB amount, the benefit for each family member (but not the worker or a former spouse) will be reduced proportionately to bring the total within the MFB limit.

Lump-Sum Death Benefit

A one-time payment of \$ 255 may be paid to spouse or child in addition to the monthly cash benefits described above.

Family Benefits

Auxiliary Benefits	% of PIA
Spouse: Full Benefit Age (65-67) Age 62 Any Age w/ Eligible child	50 32.5-37.5 50
Eligible Child: - Unmarried - Under age 18 - Under age 19 if in high school - Any age disabled before age 22	50
Former Spouse Full Benefit Age (65-67) Age 62 - Married 10 or more years - Doesn't remarry before age 60	50 32.5-37.5

Survivor Benefits	% of Deceased Worker's Benefit
Surviving Spouse: Age 65 Age 62 Age 60	100 82.9 71.5
Disabled Spouse: Age 50 - 59	71.5
Spouse under 60: caring for eligible child	75
Former Spouse: Age 65 Age 62 Age 60 - Married 10 or more years - Doesn't remarry before age 60	100 82.9 71.5
Eligible Child:	75
Dependent Parents: 1 parent 2 parents	82.5 75

Dual Entitlement

Employees who qualify for Social Security benefits on their own record and are also eligible for benefits as a spouse will not receive both benefits in full.

The “Dual Entitlement” provision of the Social Security law does not allow payment of a full Social Security spouse’s benefit in addition to a Social Security worker’s benefit. The worker’s earned benefit is paid in full and the spousal benefit is offset dollar for dollar by the worker’s benefit. If the amount of the spousal benefit is higher than the worker’s benefit, the worker’s benefit is supplemented by the difference between the worker’s benefit and his/her spousal benefit. Often this offset is described as “Social Security pays the higher of the two benefits.”

Example

John’s Social Security PIA (at 66)	=	\$2,000
Mary’s spousal benefit based on John’s record (at 66)	=	\$1,000
Mary’s (earned) Social Security PIA	=	\$1,200

Dual Entitlement

Mary’s spousal benefit...	=	\$1,200
... is offset dollar for dollar by her own benefit	=	<u>- \$1,000</u>
	=	\$0

*Mary will NOT receive spousal benefit
based upon John’s SS (Dual Entitlement)*

Survivor Benefits

If John were to predecease Mary, then Mary would be entitled to up to 100% (at full benefit age) of John’s PIA...

John’s PIA...	=	\$2,000
... less her own benefit		<u>- \$1,200</u>

This leaves Mary with a survivor benefit...

... plus her (earned) Social Security	=	\$800
	=	<u>+ \$1,200</u>
	=	\$2,000

Government Pension Offset (GPO) Public Pension Offset (PPO)

The Social Security spouse's benefit is offset if the spouse receives a government pension from work not covered by Social Security. The Social Security spousal or survivor benefit is reduced \$2.00 for every \$3.00 in government pension.

Example

John's Social Security PIA	=	\$2,000
Alice's (age 66) former spouse benefit (Based on John's PIA)	=	\$1,000
Alice's CSRS benefit	=	\$2,400

Government Pension Offset (GPO)

Alice's former spouse benefit...	=	\$1,000
... is reduced \$2 for every \$3 of her own CSRS pension = - 2/3 of \$2,400	=	-\$1,600
	=	\$0

Alice will not receive any spousal benefit based upon John's SS because GPO has reduced the benefit payable to \$0.

Survivor Benefits

If John were to predecease Alice,
then Alice would be entitled to

100% (at full benefit age) of John's benefit.	=	\$2,000
... less 2/3 of her CSRS	=	-\$1,600
survivor benefit	=	\$ 400

Note: *Civil Service survivor annuities will not affect Social Security benefit entitlements.*

Exemptions from Government Pension Offset Provision:

- 1) Employees who transfer to FERS after June 30, 1988 and work for five years under FERS before retiring are exempt from the Government Pension Offset Provision.
- 2) Employees who transferred to FERS between July 1987 and June 1988 were immediately exempt from Government Pension Offset.
- 3) Civil Service Offset employees are exempt from Government Pension Offset.

Note: Transfer employees and CSRS Offset employees are subject to Dual Entitlement.

Example:**Coordination of Benefits
CSRS Retiree/Social Security Spouse**

Dan	Dorothy
<p>CSRS retiree.</p> <p>Small Social Security benefit (based on 40 credits of Social Security) subject to the WEP modified formula.</p> <p>Dan elected full survivor benefits for wife, Dorothy.</p> <p>Dan is not entitled to a Social Security Spousal benefit. (Government Pension Offset)</p>	<p>Full Career Social Security.</p>
<p>Dan predeceases Dorothy.</p>	<ol style="list-style-type: none">1. Dorothy continues to receive her full Social Security benefit.2. Dorothy receives the full CSRS survivor benefit. There is no reduction in the Social Security earned benefit or the CSRS survivor benefit.3. Dorothy will not receive a Social Security survivor benefit. (Dual Entitlement Provision)
<ol style="list-style-type: none">1. Dan's CSRS annuity is restored to the full life rate.2. Dan will continue to receive his own earned Social Security.3. Dan will not receive a Social Security survivor benefit. (Government Pension Offset and Dual Entitlement Provisions)	<p>Dorothy predeceases Dan.</p>

Example:**Coordination of Benefits
FERS Retiree/Social Security Spouse**

Frank	Flora
<p>FERS retiree.</p> <p>Full Career Social Security.</p> <p>Elected full survivor benefits for Flora.</p> <p>Frank is not entitled to a Social Security Spousal benefit. (Dual Entitlement)</p>	<p>Full Career Social Security.</p> <p>Flora is not entitled to a Social Security Spousal benefit. (Dual Entitlement)</p>
<p>Frank predeceases Flora.</p>	<ol style="list-style-type: none">1. Flora continues to receive her full Social Security benefit.2. Flora receives any portion of Frank's Social Security survivor benefit which exceeds her full earned benefit. (Dual Entitlement)3. Flora receives the full FERS survivor Benefit.
<ol style="list-style-type: none">1. Frank's FERS annuity is restored to the full life rate.2. Frank continues to receive his full earned Social Security benefit.3. Frank receives any portion of Flora's Social Security survivor benefit which exceeds his earned benefit (Dual Entitlement).	<p>Flora predeceases Frank.</p>



Family Benefits / Suspended Benefits and Delayed Retirement Credits

Under Full Retirement Age:

If you are under full retirement age and qualify for benefits based upon someone else's record and based on your own record, Social Security Administration will pay your earned benefit amount first. If you qualify for a higher amount as a spouse, former spouse, widow or widower on another record, you will receive a combination of benefits that equals the higher amount.

Full Retirement Age:

If you have reached your full retirement age, you can apply for retirement benefits and then have the payments suspended so that your spouse (or ex-spouse) can receive a spouse's benefit and you can continue to earn delayed retirement credits (DRCs) until age 70.

Hank - Age 66	Helen - Age 66
PIA = \$2,000 per month Hank applies for his Social Security benefit and then suspends his benefit to age 70 to earn delayed retirement credits.	Helen is not eligible for an earned Social Security benefit and she is not receiving a CSRS retirement benefit or state or local government benefit. (See GPO.) Helen receives a spousal benefit of \$1,000 per month based on Hank's record.
≥ 4 years later: Hank, age 70, collects his Social Security benefit with 32% Delayed Retirement Credits (DRCs) DRCs = 8% per year. = \$2,640 per month.	≥ 4 years later: Helen continues to receive a spousal benefit of \$1,000 per month based on Hank's record. Spousal benefits do not include DRCs.
Hank predeceases Helen.	Helen receives a survivor benefit of \$2,640 per month. Survivor benefits include DRCs.
Hank receives \$2,640 per month.	Helen predeceases Hank.

Example does not reflect Cost of Living Adjustments.

Example:

Family Benefits / Suspended Benefits and Delayed Retirement Credits

Full Retirement Age:

If you have reached your full retirement age and are eligible for a spouse's or ex-spouse's Social Security benefit and your own Social Security retirement, you may choose to receive only spouse's benefits and suspend your own retirement benefit until a later date to take advantage of delayed retirement credits.

Norm - Age 66	Nancy - Age 62
PIA = \$2,400 per month Norm collects a spousal benefit based upon Nancy's record of 50% of Nancy's PIA = \$1,000 per month. (Norm "restricts" his application to spousal benefits only.) Norm does not apply for his benefit until to age 70 to earn 32% delayed retirement credits.	PIA = \$2,000 per month Nancy applies for benefit at age 62 and receives 75% of her PIA . = \$1,500 per month
≥ 4 years later: Norm, age 70, collects his Social Security benefit with 32% DRCs Delayed Retirement Credits. DRCs = 8% per year. = \$3,168 per month.	≥ 4 years later: Nancy, age 66, is still collecting her \$1,500 Social Security benefit which was reduced for age.
Norm predeceases Nancy.	Nancy receives a survivor benefit of \$3,168 -\$2,000 earned PIA \$1,168 survivor benefit + <u>\$1,500 earned benefit</u> \$2,668 per month
Norm receives \$3,168 per month.	Nancy predeceases Norm.

Example does not reflect Cost of Living Adjustments.



Social Security Earnings Test

The Social Security benefit is reduced if earnings from wages or self-employment exceed the annual exempt amount. The Earnings Test applies to Social Security retirement benefits and survivor benefits. Earnings of the worker may affect the total family benefits. Earnings of individual family members affect only the benefit of that family member.

Earnings Limitation: 2013

Years Under Full Retirement Age	\$15,120 (\$1,260/month in year of retirement) The Social Security benefit is reduced \$1 for every \$2 earned above the limit.
Year Individual Reaches Full Retirement Age	\$40,080 Applies only to earnings for months prior to attaining full retirement age. The Social Security benefit is reduced \$1 for every \$3 earned above the limit.
Full Retirement Age	No limit

Special Rule in First Year of Retirement

In the first year of retirement, a full Social Security benefit is payable for any whole month in which earnings do not exceed the monthly earnings limit shown above, regardless of the total earnings for the year.

Earnings

“Earnings” include wages and net self-employment income.

Income from pensions, Thrift Savings Plan, investments, interest, savings, capital gains, or other government benefits are **not included** in the earnings limitation.

In determining the earnings limitation, income from wages count in the year in which it is earned, not when in the year received. If a payment, such as a lump sum annual payment, is deferred to the following year, it should not be counted as income for the year that it is received.

Federal Taxes on Social Security

If you file a federal tax return as an individual and your combined income * is between \$25,000 and \$34,000, you may have to pay taxes on 50 percent of your Social Security benefits. If your combined income* is above \$34,000, then up to 85 percent of your Social Security benefit is subject to income tax.

If you file a joint return, and you and your spouse have a combined income* that is between \$32,000 and \$44,000, you may have to pay taxes on 50 percent of your benefits. If your combined income* is more than \$44,000, up to 85 percent of your Social Security benefits is subject to income tax.

***Combined income** is the sum of your adjusted gross income, plus nontaxable interest plus one-half of your Social Security benefits.

Income Tax Filing Status	Combined Income	Taxable Social Security
single taxpayer	less than \$25,000 \$25,000 - \$34,000 more than \$34,000	0 up to 50% up to 85%
married filing joint return	less than \$32,000 \$32,000 - \$44,000 more than \$44,000	0 up to 50% up to 85%
married filing separately and live with spouse	any amount	up to 85%

To have Federal Taxes Withheld from Your Social Security Benefit:

You are not required to have Federal taxes withheld from your Social Security benefit. You may file quarterly estimated tax payments or you may elect to have Federal income tax withheld from your benefit by completing IRS Form W-4V (Voluntary Withholding Request). Obtain IRS Form W-4V by calling 1-800-TAX-FORM (829-3676) or download the form from the Social Security website, <http://ssa.gov>.

For Additional Information

IRS Publication 915: Social Security and Equivalent Railroad Retirement Benefits is available by calling 1-800-TAX-FORM (829-3676) or you may download the publication from the IRS website: www.irs.ustreas.gov.



Contacting the Social Security Administration

Telephone Service: 1-800-772-1213

Automated telephone service is available 24 hours per day to request forms or publications, to obtain general information. Customer service representatives are available from 7 a.m to 7 p.m. to answer questions by telephone.

Local Social Security Office

You may also visit your local Social Security Office to speak with a customer Service Representative. Call 1-800-772-1213 for the office nearest you.

Applying for Benefits

You may apply for you benefits on-line on www.ssa.gov. three months before you want your benefits to begin. You may also call 1-800- 772-1231 to make an appointment to apply for benefits. Applications can be taken over the telephone or at your local Social Security Office .

You will need the following information to apply for benefits:

- your Social Security number;
- your birth certificate;
- your W-2 or self-employment tax return for last year;
- military discharge, if you had military service,
- your spouse's birth certificate and Social Security number, if applying he or she is applying for benefits;
- children's birth certificate and Social Security numbers, if applying for children's benefits; and
- the name of your bank and account number for direct deposit of your payments.

You must submit original documents or copies certified by the issuing office. Social Security will make copies and return the originals to you.

Social Security Publications

The following publications can be obtained free of charge at any Social Security office or by calling the toll-free number 1-800-772-1213 or on the Social Security website, www.ssa.gov.

- Understanding Social Security (Pub.# 05-10024) An Overview of Social Security
- Retirement (Pub.# 05-10035) A guide to Social Security retirement benefits
- Disability (Pub.# 05-10029) A guide to Social Security disability benefits
- Survivors (Pub.# 05-10084) A guide to Social Security survivors benefits
- Medicare (Pub.# 05-10043) A guide to the Medicare programs

Social Security Internet Address: <http://www.ssa.gov>

Calculating the AIME: Past Social Security Earnings

(Worker attains age 62, dies, or becomes disabled in 2012 or later)

Year	A Maximum Taxable Amount	B Enter Taxable Earnings	C Index Factor	D = Indexed Earnings	E Substantial Earnings (WEP)	F √ Sub. Earnings
1959	\$ 4,800		11.15		\$ 1,200	
1960	\$ 4,800		10.73		\$ 1,200	
1961	\$ 4,800		10.52		\$ 1,200	
1962	\$ 4,800		10.02		\$ 1,200	
1963	\$ 4,800		9.78		\$ 1,200	
1964	\$ 4,800		9.39		\$ 1,200	
1965	\$ 4,800		9.23		\$ 1,200	
1966	\$ 6,600		8.70		\$ 1,650	
1967	\$ 6,600		8.24		\$ 1,650	
1968	\$ 7,800		7.71		\$ 1,950	
1969	\$ 7,800		7.29		\$ 1,950	
1970	\$ 7,800		6.95		\$ 1,950	
1971	\$ 7,800		6.62		\$ 1,950	
1972	\$ 9,000		6.02		\$ 2,250	
1973	\$ 10,800		5.67		\$ 2,700	
1974	\$ 13,200		5.35		\$ 3,300	
1975	\$ 14,100		4.98		\$ 3,525	
1976	\$ 15,300		4.66		\$ 3,825	
1977	\$ 16,500		4.39		\$ 4,125	
1978	\$ 17,700		4.07		\$ 4,425	
1979	\$ 22,900		3.74		\$ 4,725	
1980	\$ 25,900		3.43		\$ 5,100	
1981	\$ 29,700		3.12		\$ 5,550	
1982	\$ 32,400		2.96		\$ 6,075	
1983	\$ 35,700		2.82		\$ 6,675	
1984	\$ 37,800		2.66		\$ 7,050	
1985	\$ 39,600		2.55		\$ 7,425	
1986	\$ 42,000		2.48		\$ 7,875	
1987	\$ 43,800		2.33		\$ 8,175	
1988	\$ 45,000		2.22		\$ 8,400	
1989	\$ 48,000		2.14		\$ 8,880	
1990	\$ 51,300		2.04		\$ 9,525	
1991	\$ 53,400		1.97		\$ 9,900	
1992	\$ 55,500		1.87		\$ 10,350	
1993	\$ 57,600		1.86		\$ 10,725	
1994	\$ 60,600		1.81		\$ 11,250	
1995	\$ 61,200		1.74		\$ 11,325	
1996	\$ 62,700		1.66		\$ 11,625	
1997	\$ 65,400		1.57		\$ 12,150	
1998	\$ 68,400		1.49		\$ 12,675	
1999	\$72,600		1.41		\$ 13,425	
2000	\$76,200		1.34		\$ 14,175	
2001	\$80,400		1.31		\$ 14,925	
2002	\$84,900		1.29		\$ 15,750	
2003	\$87,000		1.26		\$ 16,125	
2004	\$87,900		1.21		\$ 16,275	
2005	\$90,000		1.16		\$16,725	
2006	\$94,200		1.11		\$17,475	
2007	\$97,500		1.06		\$18,150	
2008	\$102,000		1.04		\$18,975	
2009	\$106,800		1.06		\$19,800	
2010	\$106,800		1.03		\$19,800	
2011	\$106,800		1.00		\$19,800	
2012	\$110,100		1.00		\$20,475	
		Total Indexed Earnings	\$		# yrs.Sub. √	

Projecting Estimated Future Social Security

(Earnings in current dollars)

	A	B	C	D	E	F
Year	Maximum Taxable Amount	Enter Taxable Earnings	Index Factor	= Indexed Earnings	Substantial Earnings (WEP)	√ Sub. Earnings
2013	\$113,700		1.00		\$ 21,075	
2014	\$113,700		1.00		\$ 21,075	
2015	\$113,700		1.00		\$ 21,075	
2016	\$113,700		1.00		\$ 21,075	
2017	\$113,700		1.00		\$ 21,075	
2018	\$113,700		1.00		\$ 21,075	
2019	\$113,700		1.00		\$ 21,075	
2020	\$113,700		1.00		\$ 21,075	
2021	\$113,700		1.00		\$ 21,075	
2022	\$113,700		1.00		\$ 21,075	
2023	\$113,700		1.00		\$ 21,075	
2024	\$113,700		1.00		\$ 21,075	
2025	\$113,700		1.00		\$ 21,075	
2026	\$113,700		1.00		\$ 21,075	
2027	\$113,700		1.00		\$ 21,075	
2028	\$113,700		1.00		\$ 21,075	
2029	\$113,700		1.00		\$ 21,075	
2030	\$113,700		1.00		\$ 21,075	
		Total Future Earnings		\$	# yrs.Sub. √	
		Total Previous Indexed Earnings		\$	# yrs.Sub. √	
		Total Earnings Past & Future		\$	# yrs.Sub. √	

1. Calculate Your A.I.M.E.

Index Earnings:

- 1) Enter your actual earnings in column B, but not more than the amount shown in column A. (MTA)
(Enter \$0 for any calendar years in which you had no SS earnings.)
- 2) Multiply the amounts in column B by the "index factors" shown in column C. Enter the results in column D = "indexed earnings".

Average Monthly:

- 1) Cross out lowest earnings shown in column D in excess of 35 years.
- 2) Total remaining indexed earnings \$ _____
- 3) Divide by 420 (35 years times 12 months). ÷ _____ 420

Result is **Average Indexed Monthly Earnings** over your lifetime = **AIME**. \$ _____

2. Estimate the Monthly Benefit

Primary Insurance Amount Full Benefit Formula (No WEP)

Multiply the first \$791 of the AIME by 90%
= _____

Multiply any amount of the AIME over \$791
and less than \$4,768 by 32%
= _____

Multiply any amount of the AIME
over \$4,768 by 15% = _____

Total
= Primary Insurance Amount (PIA)
= Normal Retirement Age Benefit
= _____

Adjustment for Age:
Age 62 Social Security Benefit
Multiply PIA by % shown on page 14 _____%

Age 62 Benefit: = \$ _____

Primary Insurance Amount Modified Formula Reduced for WEP * Identify WEP Factor (page 7)

Multiply the first \$791 of AIME by _____ %
= _____

Multiply any amount of the AIME over \$791
and less than \$4,768 by 32%
= _____

Multiply any amount of the AIME
over \$4,768 by 15% = _____

Total
= Primary Insurance Amount (PIA)
= Normal Retirement Age Benefit
= _____

Adjustment for Age:
Age 62 Social Security Benefit
Multiply PIA by % shown on page 14 _____%

Age 62 Benefit: = \$ _____