



**COLORADO
PERA®**

**Personal.
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PERA & Social Security

**Colorado
Public
Employees'
Retirement
Association**

Effective January 2009

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 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 municipal 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 2009 (the increments increase each year), a Social Security benefit payment would include:

- 90 percent of the first \$744 of AIME
- Plus 32 percent of the amount over \$744 and through \$4,483
- Plus 15 percent of remaining amount

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 percentage increases from 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 \$744 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 2009 is \$2,323.

Earned Benefit Examples

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

AIME Increments	Formula Without Reduction	Formula With Reduction
\$0-744	$\$744 \times 90\%$ = \$669*	$\$744 \times 40\%$ = \$297*
\$744-4,483	$\$256 \times 32\%$ = \$81*	$\$256 \times 32\%$ = \$81*

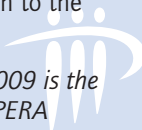
Social Security Benefit:

\$750*

\$378*

* Social Security always rounds down to the exact dollar.

Maximum monthly reduction in 2009 is the lesser of \$372 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	1989	\$ 8,925
1955-58	1,050	1990	9,525
1959-65	1,200	1991	9,900
1966-67	1,650	1992	10,350
1968-71	1,950	1993	10,725
1972	2,250	1994	11,250
1973	2,700	1995	11,325
1974	3,300	1996	11,625
1975	3,525	1997	12,150
1976	3,825	1998	12,675
1977	4,125	1999	13,425
1978	4,425	2000	14,175
1979	4,725	2001	14,925
1980	5,100	2002	15,750
1981	5,550	2003	16,125
1982	6,075	2004	16,275
1983	6,675	2005	16,725
1984	7,050	2006	17,475
1985	7,425	2007	18,150
1986	7,875	2008	18,975
1987	8,175	2009	19,800
1988	8,400		

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 municipal 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 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). You are not required to have, or to purchase, 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, *The 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 1300 Logan 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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