Social Security Seminar for Public Employees

Barbara Duckett
Public Affairs Specialist

Social Security Administration
Local SSA Offices

North Las Vegas District Office
4340 Simmons
North Las Vegas, NV  89032

Henderson District Office
10416 S Eastern Ave
Henderson, NV  89052

Las Vegas District Office
1250 S Buffalo Dr, Ste 150
Las Vegas, NV  89117

Hours:  9:00 – 4:00; Wednesday, 9:00 – 12:00
All requests for Social Security Cards must be processed thru:

Las Vegas Social Security Card Center
1250 S Buffalo Dr, Ste 100
Las Vegas, NV 89117

Hours: 9:00 – 4:00 Monday thru Friday
30 minutes from now, you’ll know the answers

- Will it even be there?
- How do I qualify for Social Security?
- How are benefits figured?
- What about Medicare?
And those darn offsets!!!!

- One reduces your own benefit
- The other offsets any benefits you might be due on your spouse’s Social Security record
- And I know you won’t believe this, but I’m going to try to convince you they are fair!!
Social Security’s Impact on America

- It has made an enormous difference in the lives of millions of Americans
- It has allowed families to stay together after times of crisis
- It has raised the standard of living for lower income Americans
Social Security is More than a Retirement Program

- Disability Insurance
- Survivors Insurance
- Philosophy 101: Sometimes life doesn’t turn out as planned!
Will it even be there?

- Of course! A better question to ask: How will Social Security change?

- Major Social Security reforms will be long-range and phased in over decades (i.e. affect young rather than old)
Low Income Americans Get a Higher Replacement Rate

- Rich people will collect Social Security too, but only about 24% of taxed earnings
- Very low earners will get a benefit that’s closer to 90% of taxed earnings
- The average American will get about 40% of taxed earnings
Will you get something?

- Must have 40 credits (formerly called “quarters”)
- That means roughly 10 years of Social Security taxed work (not consecutive)
- In 2017 earn 1 credit for each $1,300 earned, but no more than 4/year
How Your Retirement Benefit is Computed

- **Step 1**
  - Wages are adjusted for inflation

- **Step 2**
  - Your highest 35 years of earnings are added together and divided by 420 months.
  - The result is the “Average Indexed Monthly Earnings” (AIME)
How Your Retirement Benefit is Computed (cont.)

- **Step 3**
  - The benefit is computed by applying a three-tier computation to the “AIME”—EFFECTIVE 01/201
    - 90% of first $885
    - 32% of next $5336
    - 15% of remainder
Example:

AIME = $1500

- 90% X 885 = 796.50
- 32% X 5336 = 196.80
- 15% X 0 = 0
- Primary Insurance Amount 993.30
Replacement Rates

Low Income Worker: 55 - 90%

Average Income Worker: 40%

Upper Income Worker: 25%
Public employees look “poor”

- The addition of all those “zero” years gives us an artificially low average wage
- So our computer thinks we’re poor and gives us the 90% rate of return
But we’re not “poor”

- A public employee is not the kind of low-income worker the weighted benefit formula is trying to compensate
- We’re an average paid worker and should get rate of return for average Americans
**Windfall Elimination Provision**

**Standard Computation**
- 90% of first $885
- 32% of next $5336
- 15% of remainder

**WEP Computation**
- 40% of first $885
- 32% of next $5336
- 15% of remainder
Example:

AIME = $1500

40%

- 90% X 885 = 796.50
- 32% X 615 = 196.80
- 15% X 0 = 0
- Primary Insurance Amount = 993.30

Total = 550.80
## Exception To The Windfall Formula

<table>
<thead>
<tr>
<th>Years of Coverage</th>
<th>% Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 or more</td>
<td>90</td>
</tr>
<tr>
<td>29</td>
<td>85</td>
</tr>
<tr>
<td>28</td>
<td>80</td>
</tr>
<tr>
<td>27</td>
<td>75</td>
</tr>
<tr>
<td>26</td>
<td>70</td>
</tr>
<tr>
<td>25</td>
<td>65</td>
</tr>
<tr>
<td>24</td>
<td>60</td>
</tr>
<tr>
<td>23</td>
<td>55</td>
</tr>
<tr>
<td>22</td>
<td>50</td>
</tr>
<tr>
<td>21</td>
<td>45</td>
</tr>
</tbody>
</table>
# Substantial Social Security Wages for Exception

<table>
<thead>
<tr>
<th>Year</th>
<th>Substantial earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937–1954</td>
<td>$900</td>
</tr>
<tr>
<td>1955–1958</td>
<td>$1,050</td>
</tr>
<tr>
<td>1959–1965</td>
<td>$1,200</td>
</tr>
<tr>
<td>1966–1967</td>
<td>$1,650</td>
</tr>
<tr>
<td>1968–1971</td>
<td>$1,950</td>
</tr>
<tr>
<td>1972</td>
<td>$2,250</td>
</tr>
<tr>
<td>1973</td>
<td>$2,700</td>
</tr>
<tr>
<td>1974</td>
<td>$3,300</td>
</tr>
<tr>
<td>1975</td>
<td>$3,525</td>
</tr>
<tr>
<td>1976</td>
<td>$3,825</td>
</tr>
<tr>
<td>1977</td>
<td>$4,125</td>
</tr>
<tr>
<td>1978</td>
<td>$4,425</td>
</tr>
<tr>
<td>1979</td>
<td>$4,725</td>
</tr>
<tr>
<td>1980</td>
<td>$5,100</td>
</tr>
<tr>
<td>1981</td>
<td>$5,550</td>
</tr>
<tr>
<td>1982</td>
<td>$6,075</td>
</tr>
<tr>
<td>1983</td>
<td>$6,675</td>
</tr>
<tr>
<td>1984</td>
<td>$7,050</td>
</tr>
<tr>
<td>1985</td>
<td>$7,425</td>
</tr>
<tr>
<td>1986</td>
<td>$7,875</td>
</tr>
<tr>
<td>1987</td>
<td>$8,175</td>
</tr>
<tr>
<td>1988</td>
<td>$8,400</td>
</tr>
<tr>
<td>1989</td>
<td>$8,925</td>
</tr>
<tr>
<td>1990</td>
<td>$9,525</td>
</tr>
<tr>
<td>1991</td>
<td>$9,900</td>
</tr>
<tr>
<td>1992</td>
<td>$10,350</td>
</tr>
<tr>
<td>1993</td>
<td>$10,725</td>
</tr>
<tr>
<td>1994</td>
<td>$11,250</td>
</tr>
<tr>
<td>1995</td>
<td>$11,325</td>
</tr>
<tr>
<td>1996</td>
<td>$11,625</td>
</tr>
<tr>
<td>1997</td>
<td>$12,150</td>
</tr>
<tr>
<td>1998</td>
<td>$12,675</td>
</tr>
<tr>
<td>1999</td>
<td>$13,425</td>
</tr>
<tr>
<td>2000</td>
<td>$14,175</td>
</tr>
<tr>
<td>2001</td>
<td>$14,925</td>
</tr>
<tr>
<td>2002</td>
<td>$15,750</td>
</tr>
<tr>
<td>2003</td>
<td>$16,125</td>
</tr>
<tr>
<td>2004</td>
<td>$16,275</td>
</tr>
<tr>
<td>2005</td>
<td>$16,725</td>
</tr>
<tr>
<td>2006</td>
<td>$17,475</td>
</tr>
<tr>
<td>2007</td>
<td>$18,150</td>
</tr>
<tr>
<td>2008</td>
<td>$18,975</td>
</tr>
<tr>
<td>2009–2011</td>
<td>$19,800</td>
</tr>
<tr>
<td>2012</td>
<td>$20,475</td>
</tr>
<tr>
<td>2013</td>
<td>$21,075</td>
</tr>
<tr>
<td>2014</td>
<td>$21,750</td>
</tr>
<tr>
<td>2015</td>
<td>$22,050</td>
</tr>
</tbody>
</table>
WEP Guarantee:

Amount of reduction can never exceed one half of the public pension amount.
Who Can Get a *Statement* Online?

You must be at least 18 years old and have:

- A valid E-mail address;
- A Social Security number; and
- A U.S. mailing address.
How Do I Get My Statement Online?

To get your Statement online, you must first create a my Social Security account with us. Once you have an account, you can view your Social Security Statement at any time.

Sign In or Create an Account

New Users

You must be able to verify some information about yourself and:
- have a valid email address,
- have a Social Security Number,
- have a U.S. mailing address, and
- be at least 18 years of age.

Existing Users

Username:  
Forgot Username

Password:  
Forgot Password

Sign In  
Create An Account  Learn More
How much could I get from Social Security?
Create a my Social Security account today and find out
How The Retirement Estimator Works

The Retirement Estimator gives estimates based on your actual Social Security earnings record. Please keep in mind that these are just estimates. We can't provide your actual benefit amount until you apply for benefits. And that amount may differ from the estimates provided because:

- Your earnings may increase or decrease in the future.
- After you start receiving benefits, they will be adjusted for cost-of-living increases.
- Your estimated benefits are based on current law. The law governing benefit amounts may change because, by 2033, the payroll taxes collected will be enough to pay only about 77 cents for each dollar of scheduled benefits.
- Your benefit amount may be affected by military service, railroad employment or pensions earned through work on which you did not pay Social Security tax.

Who Can Use The Retirement Estimator

You can use the Retirement Estimator if:

- You have enough Social Security credits at this time to qualify for benefits and
- You are not:
  - Currently receiving benefits on your own Social Security record;
  - Waiting for a decision about your application for benefits or Medicare;
  - Age 62 or older and receiving benefits on another Social Security record; or
  - Eligible for a Pension Based on Work Not Covered By Social Security.

If you are currently receiving only Medicare benefits, you can still get an estimate and Retirement Information For Medicare Beneficiaries.

If you cannot use the Retirement Estimator or you want a survivors or disability benefit estimate, please use one of our other benefit Calculators.
Some Federal employees and employees of State or local government agencies may be eligible for pensions that are based on earnings not covered by Social Security.

If you didn’t pay Social Security taxes on your government earnings and you are eligible for Social Security benefits, the formula used to figure your benefit amount may be modified, giving you a lower Social Security benefit.

**If You Are Eligible For Social Security Benefits On Your Own Record**

- The “How It Works” section of the [Windfall Elimination Provision](#) (WEP) fact sheet explains the formula Social Security may use to modify your benefit amount.

  **Note:** Some government pensions do not affect your benefit amount when you apply on your own record.

- [How the Windfall Elimination Provision Can Affect Your Social Security Benefit](#) provides a chart to show how your benefit amount changes based on your years of substantial earnings and the year you became eligible for benefits.

  **Note:** You can find a table that lists the amount of substantial earnings for each year at the bottom of the second page of our [Windfall Elimination Provision](#) fact sheet.

- Use the [WEP Online Calculator](#) to calculate your estimated retirement or disability benefits if you are affected by the WEP.
Two Important Points

- If you have 40/more credits ("quarters") you will definitely get a SS check
- But if you have paid SS taxes for fewer than 30 years, your benefit will be adjusted (and your Social Security statement is wrong)
Government Pension Offset

- Applies to Spouses and Widow(er) benefits only
- Two thirds of the amount of the government pension will be used to reduce the Social Security Spouses/Widow(er) benefit

Example

2/3 of a $900 government pension = $600
If spouses benefit = $900

Spouses benefit = $300
Key to understanding GPO

- Understanding that “dependents” benefits should be paid to someone who is “dependent”
- Consider history of spouse’s benefits under Social Security
Before GPO...

- Tom & Sue paid SS
- Tom gets $1000 SS
- Sue gets $1000 SS
- Sue can’t get wife’s benefit because her own SS “offsets” it
- Law recognizes that Sue was not dependent on Tom
- Al paid SS & Ann was a teacher
- Al gets $1000 SS
- Ann gets $1000 PERS
- We also paid Ann $500 in SS wife’s benefits!
- Old law didn’t see Ann not dependent
GPO ensures fairness...

- It treats Ann, the teacher, the same way we treat Sue, the non-teacher
- It says you can’t get a dependent’s benefit unless you truly are dependent
Medicare & Public Employees

- Even if not paying Social Security tax, some of you are paying Medicare tax
- If SS reduced (WEP), Medicare is not
- Those who don’t pay Medicare tax may get it on a spouse’s SS record
- You will get Medicare on spouse’s record even if your cash benefit is offset (GPO)
What is Medicare?

- Hospital Insurance (Part A)
- Medical Insurance (Part B)
- Medicare Advantage Plans (Part C)
- Prescription Drug Insurance (Part D)
Part A

- In general Part A covers:
  - Hospital care
  - Skilled nursing facility care
  - Nursing home care (as long as custodial care isn’t the only care you need)
  - Hospice
  - Home health service
Part B

- **Medically necessary services:** Services or supplies that are needed to diagnose or treat your medical condition and that meets accepted standards of medical practice.

- **Preventive services:** Health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best.
2017 Costs at a Glance

- Part B premium: Most people pay $134.00 each month
- Hold Harmless Provision $109.00 (on average)
Medicare Enrollment Periods

- IEP - Initial Enrollment Period
- GEP - General Enrollment Period
- SEP - Special Enrollment Period
## Wealthier Seniors will Pay More for their Part B in 2017

<table>
<thead>
<tr>
<th>Beneficiaries who file an individual tax return with income:</th>
<th>Beneficiaries who file a Joint tax return with income:</th>
<th>Income Related Monthly Adjustment amount</th>
<th>Total Monthly Premium amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $85,000</td>
<td>Less than or equal to $170,000</td>
<td>$0.00</td>
<td>$134.00</td>
</tr>
<tr>
<td>Greater than $85,000 and less than or equal to $107,000</td>
<td>Greater than $170,000 and less than or equal to $214,000</td>
<td>$53.50</td>
<td>$187.50</td>
</tr>
<tr>
<td>Greater than $107,000 and less than or equal to $160,000</td>
<td>Greater than $214,000 and less than or equal to $320,000</td>
<td>$133.80</td>
<td>$267.80</td>
</tr>
<tr>
<td>Greater than $160,000 and less than or equal to $214,000</td>
<td>Greater than $320,000 and less than or equal to $428,000</td>
<td>$214.30</td>
<td>$348.30</td>
</tr>
<tr>
<td>Greater than $214,000</td>
<td>Greater than $428,000</td>
<td>$294.60</td>
<td>$428.60</td>
</tr>
</tbody>
</table>
And Now There’s Part D!

- When you become eligible for Medicare, you can purchase Part D Prescription Drug Plans
- You want to sign up when first eligible, or you will pay more
- Program is voluntary
- [www.medicare.gov](http://www.medicare.gov) “compare prescription drug plans”
New to Medicare?

Health & Drug Plans

Facilities & Doctors

MyMedicare.gov

Getting Started

Are You a New Beneficiary?

Find Out if You’re Eligible

Choosing or Changing Your Coverage?

Medicare & You 2010 Handbook

Apply Online for Medicare Now

What's New?

Hear Medicare's official message about the $250 Part D rebate check

Information on the $250 Rebate

Medicare and the New Health Law - What It Means for You

Watch Video: Secretary Sebelius Introduces the New Medicare.gov Website

Stop Medicare Fraud

Stay Healthy

Smoking

Benefits of Quitting Smoking

Talk with Your Doctor

On Tuesday, June 8 at 11:15am EDT, President Obama and Secretary Sebelius participated in a national town hall with senior citizens to discuss the Affordable Care Act. Watch the video of this event at WhiteHouse.gov.
Medicare Plan Finder

Use this tool to search for and compare coverage options available in your area.

Find Your Medicare Plan!

Enter Your ZIP Code: [Box]

For a Personalized Search, Enter Your Medicare Information:

Enter Medicare Number:
Example: 123456789A [Box]
Where can I find this? [Link]

Last Name: [Box]

Effective Date for Part B:
Not Part B? Click here. [Link]
Month [Select] Year [Select] [Box]

Date of Birth:
Month [Select] Day [Select] Year [Select] [Box]

Do you have Medicare Supplement Health Insurance (Medigap)?: [Link]
What is this?
The Affordable Care Act and You

- President Obama signed the Affordable Care Act into law March 23, 2010.

- Key parts of the Affordable Care Act took effect January 1, 2014.

- Every plan will offer comprehensive coverage – from doctors’ visits to medications to hospital visits.

- If your employer doesn’t offer health insurance, you can buy insurance directly at the “Marketplace,” available at www.healthcare.gov.
The Affordable Care Act

- Open enrollment period for 2015 is November 15, 2014 through February 15, 2015.
- If you have 2014 Marketplace coverage and don’t do anything, you will automatically be enrolled in the same plan you had in 2014 or a similar plan, and your coverage will start on January 1, 2015.
- Visit the Health Insurance Marketplace at www.HealthCare.gov now to get information about how the Affordable Care Act can help you.
- You may call the following toll free number to get your Marketplace questions answered by a customer service representative available 24/7: 1-800-318-2596 (TTY:1-855-889-4325).
Thank you.