

CTA General Membership Meeting: 1 / 18 / 18



Social Security Presentation
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Social Security Eligibility

You qualify for SS benefits by earning credits when you work in a job and pay SS taxes. The credits you earn remain on your SS record even if you change jobs or have no earnings going forward.

In 2018 you will receive one credit for each \$1,320 of earnings, up to the maximum of 4 credits per year.

Anyone born in 1929 or later needs **40 credits (10 years)** to be eligible for retirement benefits.

If you have the 40 credits (10 years) your benefits are calculated based on your best 35 years of employment while paying SS taxes. **Zeros are averaged in for any years less than 35...**

A complex formula determines how your Social Security benefits are calculated. The following factors all go into the formula:

- ✓ How long you work
- ✓ How much you make each year
- ✓ Inflation
- ✓ What age you begin taking your benefits



Why Teachers Aren't Covered by Social Security

40% of public school teachers **nationwide** are not covered by Social Security. That goes back to the initial draft of the Social Security Act in 1935. Most states have since opted into Social Security for their public-sector employees, but 15 states haven't. RI allowed school districts to vote whether or not to participate, **Coventry voted no in the early 1970's (only 14 of 37 RI districts participate)**. Therefore our teachers are exempt from paying Social Security taxes and instead must rely on the state-run pension plan and any other private plans we set up ourselves.

What Does This Mean For Us?

The short answer:

We are not covered by Social Security because we don't pay into the system.

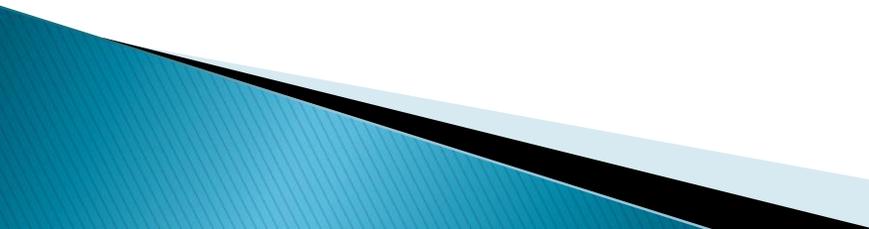
But, even if you've paid in at some point in your lifetime; Social Security benefits, including retirement, disability, and survivors benefits will be reduced by law since you also have a state pension.



The SS Laws That Affect Us

The retirement and disability benefit reduction is due to a rule called the **Windfall Elimination Provision (WEP)**, which is designed to stop state and local public employees from collecting a pension alongside Social Security benefits. It does that by reducing Social Security retirement benefits.

A separate rule, called the **Government Pension Offset (GPO)**, will also cut into Social Security survivors benefits.



Windfall Elimination Provision (WEP)

Your annual Social Security statements **DO NOT** reflect the WEP reduction, which is based on a special calculation.

This provision of the SS ACT reduces your Social Security benefits if you have less than **30 years of substantial earnings** and earned a CSRS federal retirement benefit.

The maximum monthly reduction for 2017 is \$442.50, if you have 20 or less years of substantial earnings.

Substantial Earnings Chart

See WEP Handout for earnings needed dating back to 1937

2012	\$20,475
2013	\$21,075
2014	\$21,750
2015-2016	\$22,050
2017	\$23,625

Years of Substantial Earnings (2017)

Substantial Earnings Years	Amount Payment Reduced
20 or less	\$442.50
21	\$371.7
22	\$330.40
23	\$289.1
24	\$247.8
25	\$206.5
26	\$165.20
27	\$123.90
28	\$82.6
29	\$41.3
30	0