

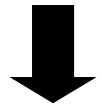


Social Security WindFall Elimination Provision

Modifies formula for calculating Social Security benefits for employees eligible for both Social Security and a government pension such as that provided by TRS.



To be eligible for Social Security benefits, employees must have paid into Social Security for 40 quarters.



The Windfall Elimination Provision does not affect individuals who have paid Social Security taxes on 30 or more years of substantial earnings.



Formula for Figuring Social Security Benefits (For individuals receiving Social Security only)

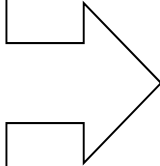
- A. Figure average monthly earnings (AME) - Average Salary $60,000/12 = \$5,000$
- B. Multiply first \$761 of AME by **90%** - $761 \times .9 = 684.90$
- C. Multiply next \$4,586 of AME by 32% - $4,239 \times .32 = 1356.48$
- D. Multiply remainder of AME by 15% - $0 \times .15 = 0$
- E. Add B, C and D to get monthly benefit - $684.90 + 1356.48 + 0 = \text{\$2,041.38}$



Modified formula used under the Windfall Elimination Provision (For individuals receiving both Social Security and a government pension)

- A. Figure average monthly earnings (AME) - Average Salary $60,000/12 = \$5,000$
- B. Multiply first \$761 of AME by **40%** - $761 \times .4 = 304.40$
- C. Multiply next \$4,586 of AME by 32% - $4,239 \times .32 = 1356.48$
- D. Multiply remainder of AME by 15% - $0 \times .15 = 0$
- E. Add B, C and D to get monthly benefit - $304.40 + 1356.48 + 0 = \text{\$1,660.88}$

Complete formula as amounts allow (i.e., If after step B less than \$4,586 remains, multiply remainder by 32%; likewise for all steps)



The percentage amount in step B increases from 40% to 90% as the number of years of substantial earnings increases from 20 to 30

