

PERA and Social Security

As a Colorado PERA member, you do not contribute to Social Security,* so you are not earning Social Security benefits while working for a PERA employer. You may, however, have contributed to Social Security before or after your PERA employment. Or your spouse may have earned a Social Security benefit to which you are entitled. That benefit may be reduced because of your PERA membership.

Your PERA benefit will not be reduced because of any Social Security benefit you receive.

** Some members in the State and Local Government Divisions are covered by both PERA and Social Security.*

What You Need to Know

- There are two provisions in federal law that could reduce or eliminate your Social Security benefit because of your membership in either the PERA Defined Benefit or Defined Contribution Plan. While your PERA benefit will not be reduced, the amount of the benefit is used to calculate your potential Social Security reduction.
 - » The **Windfall Elimination Provision (WEP) reduction** applies to PERA retirees who receive a Social Security earned benefit from other employment. The WEP may reduce your Social Security benefit, but the reduction cannot be more than one-half of your monthly PERA benefit. The current maximum monthly reduction is \$587.
 - » The **Government Pension Offset (GPO) reduction** 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.
- These reductions may apply if you receive a retirement benefit from PERA or if you refund your PERA account, including any matching amount.
- Social Security benefits received by PERA cobeneficiaries and survivors are not impacted by these reductions.
- These reductions do not affect your Medicare benefits or eligibility.
- Prior to reaching eligibility for Social Security benefits, request an estimate of your Social Security benefit from the Social Security Administration. Let them know that you are or will be receiving a PERA benefit and when you plan to retire. Without accurate information, your Social Security benefit can be miscalculated and you may have to repay any excess Social Security benefits you receive.
- Advise Social Security whenever your PERA benefit changes, as they may need to adjust your Social Security benefit.
- PERA has no control over eligibility requirements for Social Security nor how these reductions are calculated.
- Social Security is your best source for information and can answer any questions.

Social Security Resources

- Call Social Security at 800-772-1213.
- Visit ssa.gov/gpo-wep for more information, including links to fact sheets and calculators that can provide personalized estimates.
- Request or download the following pamphlets:
 - » #O5-10007, *Government Pension Offset*
 - » #O5-10045, *Windfall Elimination Provision*

Reduction Calculation Examples

WEP Reduction

Full Social Security benefits are calculated as a percentage of your “average indexed monthly earnings” (AIME). The AIME is divided into three increments and a portion of each increment is paid as a benefit. For example, if you turned 62 in 2024, the first \$1,174 of your AIME would be multiplied by 90%, while the earnings from \$1,174 to \$7,708 would be multiplied by 32%, and any remainder by 15%.

The WEP reduction changes the first percentage from 90% to 40% if you had 20 years or less of substantial earnings under Social Security. If you are eligible for Social Security benefits in 2024, see the chart for the maximum WEP reduction, based on the number of years of substantial earnings you have.

Maximum WEP Reduction

Years of Substantial Earnings	Maximum WEP Reduction
30	\$0.00
29	\$58.70
28	\$117.40
27	\$176.10
26	\$234.80
25	\$293.50
24	\$352.20
23	\$410.90
22	\$469.60
21	\$528.30
20 or less	\$587.00

The WEP reduction does not apply if you have 30 or more years of substantial Social Security earnings, or if you paid Social Security tax on your PERA-covered employment. Social Security substantial earnings are defined each year. See ssa.gov for a complete listing.

Sample of Substantial Earnings Per Year

Year	Earnings
1990	\$9,525
2000	\$14,175
2010	\$19,800
2020	\$25,575
2024	\$31,275

GPO Reduction

PERA Benefit				Offset Amount
\$600	x	2/3	=	\$400
Social Security Before Offset				Reduced Social Security Spouse's Benefit
\$450	-	\$400	=	\$50

The GPO reduction does not apply in the following situations:

- If you receive a PERA benefit based on work that was also covered by Social Security as of the last day of your employment and your last day was before July 1, 2004.
- 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.