

Social Security Overview

(As it pertains to Federal Employees)

CSRS employees DO NOT pay Social Security taxes, but they do pay Medicare tax. Generally, CSRS employees receive no Social Security retirement benefits, unless they have other work covered by Social Security. Even with other work covered by Social Security, there is a very good chance that any Social Security retirement benefits due a CSRS retiree will be permanently reduced by the Windfall Elimination Provision (WEP).

CSRS OFFSET EMPLOYEES

Social Security is a component of CSRS Offset; employment under this coverage counts toward Social Security retirement benefits. During your working years you pay Social Security taxes, these taxes are used to pay Social Security benefits and Medicare coverage. Social Security was never intended to be a worker's sole source of retirement coverage. It was designed to supplement the primary source of retirement funding and as a replacement for wages lost upon retirement.

SOCIAL SECURITY TAXES

As a CSRS Offset employee, you and your employer pay regular Social Security taxes at the rate of 6.20%. The law that authorizes these payroll deductions is called the Federal Insurance Contributions Acts (FICA). You might see this tax referred to as FICA or OASDI (Old Age, Survivors and Disability Insurance) on your statement.

You also pay another tax, Medicare, which may be referred to as the Medical or Hospital Insurance Tax. This tax amounts to 1.45% of your wages, which, when added to your FICA/OASDI taxes. Brings your total Social Security tax withholdings to 7.65%.

ELIGIBILITY

In order for you to be eligible for Social Security benefits, you must have paid into the system. As you work under Social Security, you earn "credit" toward your eventual eligibility for benefits ("credits" were formerly called "quarters of coverage").

In 1998, a credit is worth \$700 of Social Security covered wages. This value is increased every year. A maximum of four credits can be earned in one year. As soon as the worker earns \$2,800 (1998), that worker will have earned all four credits for 1998. Anyone retiring now will need 40 credits to be **insured** or eligible for Social Security benefits.

The fact that a worker earns these credits does not increase his/her eventual Social Security retirement benefits. It just makes him/her eligible for Social Security benefits. However, the amount of money earned during a working career will determine the eventual benefit.

"HOW MUCH WILL I GET"

The amount of your benefit is based on and influenced by several factors including such things as your age, type of benefit you are applying for, your earnings history, and your former employment history (for example, CSRS employees are not covered under Social Security).

You can get your own "Personal Earnings **and Benefit Estimate Statement**" from Social Security simply by asking for it -- and it's FREE! To get your statement, all you need to do is stop by your local Social Security office and ask for a Form SSA-7/004; or you can call 1-800-772-1213 and ask them to send you

the form. Fill it out and mail it in-within a matter of weeks you will receive a complete history of your recorded earnings and estimates of your various benefits. We strongly recommend that you send for it immediately and then ask for it again at least a year or two before retirement. If you want to be sure that your Social Security earnings are properly credited to your account, this is your way of doing so. It is also a way of finding out about your "estimated" benefits. The statement will not reflect an accurate estimated benefits for CSRS employees as it does not account for the **Windfall Elimination Provision (WEP)** .

"WHEN & HOW SHOULD I APPLY"

Social Security suggests that you apply for benefits approximately 3 months before you want your benefits to start. You apply for benefits through your local Social Security office. You should have your Social Security card, your birth certificate, your marriage certificate, and you're most recent W-2's (the last 2 years are usually sufficient). If you don't have all this information, don't delay your appointment with Social Security, they can usually assist or advise you on how to obtain these documents.

"WHEN CAN I START GETTING RETIREMENT BENEFITS"

You can begin receiving reduced benefits as early as age 62 (age 60 for widows and widowers). The disadvantage is that your benefits are permanently reduced; the advantage is that, depending upon how long you live, you can collect benefits for a longer period of time.

You can choose to begin receiving full benefits at age 65 (or, in some cases, later). Currently the full retirement age is 65, however, that is gradually increasing to age 67 over the next several years.

Your local Social Security office is your best source of information concerning your Social Security benefits. They have numerous publications concerning your Social Security benefits. They have numerous publications concerning retirement, disability, Medicare, and Supplemental Security Income. Here's a list of publications from Social Security that may prove helpful:

- Retirement - a guide to retirement benefits (pub #05-10035)
- Disability - a guide to disability benefits (pub #05-10029)
- Survivors - a guide to survivor benefits (pub #05-10084)
- Medicare - a guide to the Medicare program (pub #05-10043)
- SSI - a guide to Supplemental Security Income (pub #05-11000)

"FACT SHEETS"

- How Your Retirement Benefit is figured (pub #05 – 10070)
- "Government Pension Offset (pub #05 – 10007)
- A Pension from Work Not Covered By SS (pub #05 – 10045)
- How Work Affects Your SS Benefit (pub #05 – 10069)
- Military Service & Social Security (pub #05 – 10017)