

## Government Pension Offset

### What is it?

The government pension offset (GPO) reduces Social Security benefits by \$2 for every \$3 received in that individual's pension benefits from non-covered employment. The Social Security benefit is based upon their spouse's employment (one-half of their Social Security benefits if living or the full amount of their deceased spouse's Social Security benefits).

**Example:** A retiree with a monthly non-Social Security public retirement benefit of \$600 plans to receive a Social Security spouse's benefit of \$450. However, with the offset reduction, the actual Social Security benefit will be \$50. To calculate the amount of the reduction, subtract two-thirds of the public retirement benefit from the spouse's Social Security benefit.

Calculation:

|                                      |   |                      |   |   |
|--------------------------------------|---|----------------------|---|---|
| <u>Public Retirement Benefit*</u>    |   |                      |   | <u>Offset Amount</u>                            |
| \$600                                | x | 2/3                  | = | \$400   |
|                                      |   |                      |   | <b>Reduced Social Security Spouse's Benefit</b> |
| <u>Social Security Before Offset</u> |   | <u>Offset Amount</u> |   | <u>Spouse's Benefit</u>                         |
| \$450                                | - | \$400                | = | \$50  |

\*Public retirement benefits means retirement benefits earned through work for a public employer that is not covered by the 6.2 percent of payroll Social Security tax.

The GPO can result in a public retiree not receiving any benefit from Social Security. For example, a public retiree who earns a public retirement benefit of \$900 might ordinarily be entitled to a \$400 spousal benefit. However under the GPO, two-thirds of the \$900 public retirement benefit is \$600. Since this exceeds the \$400 spousal benefit, no Social Security benefit is payable.

## **Who does it affect?**

The offset reduction applies to all individuals that have a non-Social Security public retirement benefit except for the following:

- If you qualified for a public retirement benefit before June 30, 1983, and meet certain requirements.
- If you receive a public retirement benefit based on work that also was covered by Social Security on the last day of your employment.
- If your spouse is a Social Security pensioner and dies before you, you will want to have Social Security recalculate your spouse's (widow's) benefit since the amount you are eligible to receive (prior to the offset reduction) will be the full amount of the pensioner's earned benefit.

## **Call to action**

Please contact your member of Congress and ask them to support H.R. 235 and S. 484. Please contact your state legislator and ask them to support House Resolution 47 and Senate Resolution 75 in the Illinois General Assembly.

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