



Illinois Department of Financial and Professional Regulation

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The Siren

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ADVISORY SERVICES BULLETIN

Police & Fire Pension Funds

Important Changes to Social Security

Recently the Social Security Administration (SSA) made a form available on their internet website which will assist employers as they comply with the provisions of Section 419(c) of Public Law 108-203, the Social Security Protection Act of 2004.

The Social Security Administrator for the State of Illinois has requested your fund's assistance in distributing this important change to all municipalities and districts of downstate public pension funds.

Please distribute this important information
to your fund's municipality or district.

Information regarding this new form 1945, can be obtained by visiting www.socialsecurity.gov/form1945. A transmittal letter from the SSA Commissioner, Jo Anne Barnhart, is printed on the back of this newsletter.

Pension Division Advisory Services

www.ins.state.il.us/pension/pension.htm



SOCIAL SECURITY

The Commissioner

November 30, 2004

Dear Colleague:

I am writing to ask your assistance in helping Social Security get important information to certain State and local entities that are affected by a new provision of the law.

Section 419(c) of Public Law 108-203, the Social Security Protection Act of 2004 requires State and local government employers to disclose the effect of the Windfall Elimination Provision and Government Pension Offset Provision to employees hired on or after January 1, 2005 in jobs **not** covered by Social Security. These employees also must sign a statement that they are aware of a possible reduction in their future Social Security benefit entitlement.

I would appreciate your help in sharing this information with public employers who need to know about this new provision of the law, especially those individuals involved in hiring new employees.

Form SSA-1945, *Statement Concerning Your Employment in a Job Not Covered by Social Security*, is the document that new employees should sign. This form is attached, along with instructions for its use. We also ask that you consider linking your website with ours, at www.socialsecurity.gov. This URL leads directly to the form and instructions.

Thank you for your help.

Sincerely,

Jo Anne B. Barnhart

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

Pension Division Advisory Services
www.ins.state.il.us/pension/pension.htm

**Statement Concerning Your Employment in a Job
Not Covered by Social Security**

Employee Name _____ Employee ID# _____
Employer Name _____ Employer ID# _____

Your earnings from this job are not covered under Social Security. When you retire, or if you become disabled, you may receive a pension based on earnings from this job. If you do, and you are also entitled to a benefit from Social Security based on either your own work or the work of your husband or wife, or former husband or wife, your pension may affect the amount of the Social Security benefit you receive. Your Medicare benefits, however, will not be affected. Under the Social Security law, there are two ways your Social Security benefit amount may be affected.

Windfall Elimination Provision

Under the Windfall Elimination Provision, your Social Security retirement or disability benefit is figured using a modified formula when you are also entitled to a pension from a job where you did not pay Social Security tax. As a result, you will receive a lower Social Security benefit than if you were not entitled to a pension from this job. For example, if you are age 62 in 2005, the maximum monthly reduction in your Social Security benefit as a result of this provision is \$313.50. This amount is updated annually. This provision reduces, but does not totally eliminate, your Social Security benefit. For additional information, please refer to Social Security Publication, "Windfall Elimination Provision."

Government Pension Offset Provision

Under the Government Pension Offset Provision, any Social Security spouse or widow(er) benefit to which you become entitled will be offset if you also receive a Federal, State or local government pension based on work where you did not pay Social Security tax. The offset reduces the amount of your Social Security spouse or widow(er) benefit by two-thirds of the amount of your pension.

For example, if you get a monthly pension of \$600 based on earnings that are not covered under Social Security, two-thirds of that amount, \$400, is used to offset your Social Security spouse or widow(er) benefit. If you are eligible for a \$500 widow(er) benefit, you will receive \$100 per month from Social Security (\$500 - \$400=\$100). Even if your pension is high enough to totally offset your spouse or widow(er) Social Security benefit, you are still eligible for Medicare at age 65. For additional information, please refer to Social Security Publication, "Government Pension Offset."

For More Information

Social Security publications and additional information, including information about exceptions to each provision, are available at www.socialsecurity.gov. You may also call toll free 1-800-772-1213, or for the deaf or hard of hearing call the TTY number 1-800-325-0778, or contact your local Social Security office.

I certify that I have received Form SSA-1945 that contains information about the possible effects of the Windfall Elimination Provision and the Government Pension Offset Provision on my potential future Social Security benefits.

Signature of Employee _____ Date _____

Form SSA-1945 (12-2004)

**Information about Social Security Form SSA-1945
Statement Concerning Your Employment in a Job Not Covered by Social Security**

New legislation [Section 419(c) of Public Law 108-203, the Social Security Protection Act of 2004] requires State and local government employers to provide a statement to employees hired January 1, 2005 or later in a job not covered under Social Security. The statement explains how a pension from that job could affect future Social Security benefits to which they may become entitled.

Form SSA-1945, **Statement Concerning Your Employment in a Job Not Covered by Social Security**, is the document that employers should use to meet the requirements of the law. The SSA-1945 explains the potential effects of two provisions in the Social Security law for workers who also receive a pension based on their work in a job not covered by Social Security. The Windfall Elimination Provision can affect the amount of a worker's Social Security retirement or disability benefit. The Government Pension Offset Provision can affect a Social Security benefit received as a spouse or an ex-spouse.

Employers must:

- Give the statement to the employee prior to the start of employment;
- Get the employee's signature on the form; and
- Submit a copy of the signed form to the pension paying agency.

Social Security will not be setting any additional guidelines for the use of this form.

Copies of the SSA-1945 are available online at the Social Security website, www.socialsecurity.gov/form1945. Paper copies can be requested by email at oplmsoswmrqct.orders@ssa.gov or by fax at 410-965-2037. The request must include the name, complete address and telephone number of the employer. Forms will not be sent to a post office box. Also, if appropriate, include the name of the person to whom the forms are to be delivered. The forms are available in packages of 25. Please refer to Inventory Control Number (ICN) 276950 when ordering.

Form SSA-1945 (12-2004)

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