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### **Income that counts**

When figuring what income may affect your social security checks, you must count earnings from work of any kind, whether or not it's covered by social security, except tips amounting to less than \$20 in a month with one employer. Total wages, not just take-home pay, and all net self-employment earnings must be added together.

However, income from savings, investments, or insurance won't affect your checks.

Your earnings for the entire year in which your checks start or stop count when we figure the amount of benefits that can be paid for that year. But earnings after you reach 72 won't affect your checks. Starting with 1982, earnings after you reach 70 won't affect your check.

### **If you go outside the United States**

Special rules apply to people outside the U.S. If you go outside the country for 30 days or more while you're getting checks, your absence from this country may affect your right to checks. Ask at any social security office for a copy of the leaflet, *Your social security check while you're outside the United States*.

# Financing

## **The basic idea**

The basic idea of social security is a simple one: During working years, employees, their employers, and self-employed people pay social security contributions. This money is used only to pay benefits to the more than 33 million people getting benefits and to pay administrative costs of the program. Then, when today's workers' earnings stop or are reduced because of retirement, death, or disability, benefits will be paid to them from contributions by people in covered employment and self-employment at that time. These benefits are intended to replace part of the earnings the family has lost.

Part of the contributions made goes for hospital insurance under Medicare so workers and their dependents will have help in paying their hospital bills when they become eligible for Medicare. The medical insurance part of Medicare is financed by premiums paid by the people who have enrolled for this protection and amounts contributed by the Federal Government.

## **Contribution rates**

If you're employed, you and your employer each pay an equal share of social security contributions. If you're self-employed, you pay contributions for retirement, survivors, and disability insurance at a rate about equal to 1½ times the employee rate. The hospital insurance contribution rate is the same for the employer, the employee, and the self-employed person.

As long as you have earnings that are covered by the law, you continue to pay contributions regardless of your age and even if you are receiving social security benefits.

For 1978 employees and employers each pay 6.05 percent on the employee's wages. The total rate for self-employed people is 8.10 percent. The rates include 1.0 percent for hospital insurance under Medicare. The maximum amount of earnings that can count for social security purposes and on which you pay social security contributions is \$17,700 in 1978.

Future rate increases are scheduled. In 1979 and 1980 the employee and employer will each pay 6.13 percent. The rate for each will go to 6.65 percent in 1981; to 6.70 percent in 1982; to 7.05 percent in 1985; to 7.15 percent in 1986; and to 7.65 percent in 1990.

The self-employed rate will go to 9.30 percent in 1981; to 9.35 percent in 1982; to 9.90 percent in 1985; to 10 percent in 1986; and to 10.75 percent in 1990.

The hospital insurance part of the rate will increase to 1.05 percent in 1979; 1.30 percent in 1981; 1.35 percent in 1985; and to 1.45 percent in 1986.

Funds not required for current benefit payments and expenses are invested in interest-bearing U.S. Government securities.

The Government's share of the cost for supplemental medical insurance and certain other social security costs comes from general revenues of the U.S. Treasury, not from social security contributions.

### **How contributions are paid**

If you're employed, your contribution is deducted from your wages each payday. Your employer matches your payment and sends the combined amount to the Internal Revenue Service.

If you're self-employed and your net earnings are \$400 or more in a year, you must report your earnings and pay your self-employment contribution each year when you file your individual income tax return. This is true even if you owe no income tax.

Your wages and self-employment income are entered on your social security record throughout your working years. This record of your earnings will be used to determine your eligibility for benefits and the amount of cash benefits you and your dependents will receive.

### **Future increases are automatic**

The maximum amount of annual earnings that counts for social security will rise to \$22,900 for 1979; to \$25,900 for 1980; and to \$29,700 for 1981. After 1981, the maximum will rise automatically in future years as earnings levels rise as it did before 1979. This will mean higher benefits later because a greater portion of a worker's earnings will be counted towards social security. Every year the increase in average covered wages will be determined, and if wage levels have increased since the base was set last, the base will be raised — but only if there is an automatic benefit increase the same year.

### **Excess earnings, contributions**

When you work for more than one employer in a year and pay social security contributions on wages over \$17,700 for 1978, you may claim a refund of the excess contributions on your income tax return for that year. If you work for only one employer who deducts too much in contributions, you should apply to the employer for a refund. A refund is made only when more than the required amount of contributions has been paid. Questions about contributions or refunds should be directed to the Internal Revenue Service.

Earnings over the maximum may appear on your social security earnings record, but they cannot be used to figure your benefit rate.

# Serving you

## **Social security offices**

The Social Security Administration has over 1,300 offices conveniently located throughout the country; representatives of these offices also make regular stops in neighboring communities.

## **When you should contact us**

Before you or your family can get any social security checks, you must apply for them.

Get in touch with any social security office if:

- ▶ You're unable to work because of an illness or injury that is expected to last a year or longer.
- ▶ You're 62 or older and plan to retire.
- ▶ You're within 2 or 3 months of 65 even if you don't plan to retire.
- ▶ Someone in your family dies.

It's important for you to call, visit, or write any social security office before you reach 65, not only about retirement checks, but also about Medicare, which is available whether or not you retire.

A long delay in applying for monthly benefits can cause loss of some benefits since back payments can be made for no more than 12 months.

## **Your social security card**

You need a social security number if your work is covered by social security or if you have certain kinds of taxable income. Your social security number is also used for Federal income tax purposes.

People should apply for their card several weeks before they need it.

Show your card to your employer when you start work. Upon request, show it to anyone who pays you income that has to be reported. You can apply for a social security card at any social security office.

The number on your card is used to keep a record of your earnings. You need just one social security number during your lifetime. Notify any social security office if you ever get more than one number.

If you lose your social security card, contact a social security office to get a duplicate of the card you lost. You should also contact social security if you change your name to get a new card showing your new name.

Your employer is required to give you a statement of the social security contributions deducted from your pay. This is done at the end of each year or when you stop working for that employer. These records, such as Form W-2, will help you check on your social security record.

It's a good idea to check your record every 3 years or so to make sure that earnings are being correctly reported to your record. You can get a free postcard form at any social security office for this purpose.

## **When you apply for social security benefits**

When you apply for social security benefits, you should have with you:

- ▶ Your own social security card or a record of your number (if your claim is on another person's record, you'll need that person's card or a record of the number).
- ▶ Proof of your age; a birth certificate or a baptismal certificate made at or shortly after birth if you have one.
- ▶ Your marriage certificate if you're applying for wife's or widow's benefits.
- ▶ Your children's birth certificates if you're applying for them.
- ▶ Your Form W-2 for the previous year; a copy of your last Federal income tax return if you're self-employed.

If you're applying for benefits as a dependent parent of a deceased son or daughter, or as a dependent grandchild, you'll need proof that you were being supported by the worker. Generally, this proof must be supplied within 2 years after the worker dies or applies for cash benefits. An application for the lump-sum death payment must usually be made within 2 years after the worker's death.

Don't delay applying because you don't have all these proofs. The people in the social security office will tell you about other proofs that can be used when you apply.

### **Right of appeal**

If you feel that a decision made on your claim is not correct, you may ask the Social Security Administration to reconsider it. If, after this reconsideration, you still disagree with the decision, you may ask for a hearing by an administrative law judge of the Bureau of Hearings and Appeals. And, if you're not satisfied with the hearing decision, you may request a review by the Appeals Council. If you're still not satisfied, you may take your case to the Federal courts.

The Social Security Administration makes no charge for any of the appeals before the administration. You may, however, choose to be represented by a person of your own choice, and he or she may charge you a fee. The amount of such a fee is limited and must be approved by the Social Security Administration.

Someone in any social security office will explain how you may appeal and will help you get your claim reconsidered or request a hearing.

### **Supplemental security income**

In addition to the benefits mentioned in this booklet, there is a Federal program called supplemental security income (SSI). It assures a minimum monthly income to needy people with limited income and resources who are 65 or older or blind or disabled. Eligibility is based on income and assets. Payments of up to \$189.40 a month (\$284.10 for a couple), effective July 1978, can be made.

Although the program is administered by the Social Security Administration, it is financed from general revenues, not from social security contributions.

### **For more information**

If you would like more information about social security monthly benefits, Medicare, or SSI, contact any social security office. The people there will be glad to help you. To find the address of the nearest office, look in the phone directory under Social Security Administration, or ask at your post office.

Social security  
credits—  
how you  
earn them

## Social security credits—how you earn them

Almost all employment and self-employment in the United States is covered by social security. (If you're not sure your work is covered, ask at any social security office.)

But, you need credit for a certain amount of work under social security before you or your family can get social security payments.

This leaflet tells you how you earn social security credits—called “quarters of coverage”—and how many credits you need to get benefits.

### If you work as an employee

Starting with 1978, you earn one quarter of coverage for each \$250 of your covered annual earnings, up to a total of 4 quarters for each year you have covered earnings of \$1,000 or more. *No more than 4 quarters of coverage can be earned for any one year.*

The amount of covered earnings needed for a quarter of coverage will increase automatically each year to keep pace with increases in average wage levels.

Any quarters of coverage you earned before 1978 will remain on your social security record and will count in determining your eligibility for benefits.

*If you work as a domestic employee in a private household,* your wages are covered by social security if you are paid \$50 or more in cash in a 3-month calendar quarter by one employer. You get one quarter of coverage for each \$250 of your covered wages, up to a maximum of 4 quarters for a year.

*If someone hires you to do farm work,* including domestic work in a farm home, your wages are covered by social security if:

- ▶ You receive at least \$150 in *cash* pay from that employer during a year, or
- ▶ You are employed on 20 or more days during a year for cash pay figured on a time basis (by the hour, day, week, etc.), regardless of the amount of pay.

You will get one quarter of coverage for each \$250 of your covered earnings, up to a maximum of 4 quarters for a year.

*If you work for a member of your family* your work may not count for social security. Work done by a child under 21 for a parent, by a husband for his wife, or by a wife for her husband is not covered by the social security law. However, work done by a parent for a son or daughter in connection with the son's or daughter's business, is covered. Household work for a son or daughter *may* be covered in certain situations. Check with any social security office for further details.

### If you work for yourself

Starting with 1978, you earn one quarter of coverage for each \$250 of your covered self-employment income. Your income is covered by social security if you have net profit of \$400 or more in a year. Your self-employment income also may count for social security even if your actual net earnings are less than \$400. You can get more information about this at any social security office.

Quarters of coverage you earned before 1978 remain on your social security record and will count in determining your eligibility for benefits.

## How many credits you need

The amount of social security credit you need depends on your age. If you have enough credit to be entitled to benefits, payments also can be made to your dependents. This includes unmarried children who are under 18, children who became disabled before 22 and continue to be disabled, or children who are 18-22 and full-time students.

Credits earned at any time after 1936 can be counted.

*Retirement benefits and Medicare*—The table on page 5 shows the number of quarters of coverage you will need to get retirement benefits.

If you reached 65 before 1971 and are not already getting retirement benefits, contact any social security office to find out how many quarters of coverage you need.

The table also shows the number of credits you need to get hospital insurance under Medicare if you are not entitled to monthly benefits.

Nearly everyone who reached 65 before 1968 and everyone 65 or older who is entitled to monthly social security or railroad retirement benefits gets Medicare hospital insurance, even if he or she has never worked under social security.

*(Note: No earnings credits are needed for the medical insurance part of Medicare. To get medical insurance protection, you must enroll for it and pay a monthly premium.)*

## **Social security credits—how you earn them**

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## **How many credits you need**

The amount of social security credit you need depends on your age. If you have enough credit to be entitled to benefits, payments also can be made to your dependents. This includes unmarried children who are under 18, children who became disabled before 22 and continue to be disabled, or children who are 18-22 and full-time students.

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Nearly everyone who reached 65 before 1968 and everyone 65 or older who is entitled to monthly social security or railroad retirement benefits gets Medicare hospital insurance, even if he or she has never worked under social security.

*(Note: No earnings credits are needed for the medical insurance part of Medicare. To get medical insurance protection, you must enroll for it and pay a monthly premium.)*

Year you are 65	Quarters of coverage needed for retirement benefits		Quarters of coverage needed for hospital insurance	
	Men	Women	Men	Women
1971	20	17	12	12
1972	21	18	15	15
1973	22	19	18	18
1974	23	20	21	20
1975	24	21	24	21
1976	24	22	24	22
1977	24	23	24	23
1978	24	24	24	24
1982	28	28	28	28
1986	32	32	32	32
1990	36	36	36	36
1994 or later	40	40	40	40

**Survivors benefits**—In some cases, survivors benefits can be paid if a worker has fewer quarters of coverage than those required for retirement benefits. One quarter of coverage is required for each year:

- ▶ After 1950 and up to the year of death, if you were born in 1929 or before; or
- ▶ After the year you reached 21 and up to the year of death, if you were born in 1930 or later.

Regardless of when you were born, monthly payments can be made to your surviving dependent children if you worked under social security for 1½ years (6 quarters) in the 3 years before your death.

Your widow or widower also may be eligible for benefits if she or he is caring for children under 18 or disabled who are entitled to benefits based on your earnings.

**Disability benefits**—The number of credits needed depends on your age when you become disabled. If at the time you become disabled you are:

- ▶ Under 24—You need credit for 1½ years of work (6 quarters) out of the 3-year period ending when your disability begins.
- ▶ 24 through 30—You need credit for having worked under social security for half the period from the time you reach 21 until you become disabled.
- ▶ 31 or older—You need credit for at least 5 years of work out of the 10 years ending when you become disabled (in other words, 20 quarters of coverage out of the previous 40 quarters). You also need to be fully insured—that is, you need enough work to be eligible for retirement benefits as if you had reached retirement age at the time you become disabled.

A person disabled by blindness does not have to meet the requirement for recent work under social security. But a blind person does need credit for ¼ year of work for each year since 1950 or, if later, the year he or she reached 21, up to the year he or she became blind. A minimum of 1½ years of credit is needed.

#### For more information

If you have any questions about work credits or any other social security matter, get in touch with a social security office. The people there will be glad to help you.

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Health, Education, and Welfare  
Social Security Administration  
HEW Publication No. (SSA) 78-11072  
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Your 1979  
social security  
deduction

## **Your 1979 social security deduction**

The social security (FICA) deduction from your paycheck is higher this year.

The social security tax rate is 6.13 percent in 1979, compared to 6.05 percent in 1978. In addition, the "wage base"—the maximum amount of earnings on which social security taxes are paid—rises from \$17,700 last year to \$22,900 in 1979.

These increases stem from legislation enacted in 1977 to insure the financial stability of the social security system into the next century.

Workers paying into the social security system are building lifetime protection for themselves and their families. In addition to monthly benefits in retirement, social security also provides disability and survivors insurance that protects you and your dependents throughout your working years. Social security deductions also pay for Medicare hospital insurance for people 65 and older and for those who have been getting disability checks for 2 years or more.

Higher social security deductions also pay for "inflation insurance." The law provides for automatic increases in social security benefits to reflect rises in the cost of living.

## **Impact of changes**

People earning less than \$17,700 a year won't notice as big a change in their social security deductions as workers in higher income brackets.

If your earnings are \$10,000 a year, for example, you will pay \$8 more into social security in 1979 than you did last year. That's about 15 cents more a week.

If your earnings are \$17,700, you will pay \$15 more into social security this year—an additional 29 cents a week.

On earnings of \$22,900 or more, the social security tax in 1979 will increase by \$333—or \$6.40 a week. This larger increase reflects the higher taxable wage base in 1979. But those workers in higher income brackets also can count on higher benefits when they are eligible for social security. Their monthly checks will be higher because benefit amounts are based on the amount of earnings on which social security taxes are paid.

Employers also will pay more into social security in 1979 since they match, dollar for dollar, the social security taxes paid by employees.

### In the years ahead

The social security law also provides for additional increases in the tax rate and the wage base in future years in order to keep the social security system on a sound financial footing.

The table below shows the tax rate for 1980 through 1990, and the wage base for 1980 and 1981. Starting with 1982, the earnings base will rise automatically according to increases in average wage levels.

In	Employers and employees each will pay	On earnings up to
1980	6.13%	\$25,900
1981	6.65%	\$29,700
1982	6.70%	•
1983	6.70%	•
1984	6.70%	•
1985	7.05%	•
1986	7.15%	•
1987	7.15%	•
1988	7.15%	•
1989	7.15%	•
1990	7.65%	•

\*Wage base will increase according to average wage level increases.

### For more information

For more information about social security, call any social security office. The number is listed in your local telephone directory under "Social Security Administration."

U.S. Department of  
Health, Education, and Welfare  
Social Security Administration  
HEW Publication No. (SSA) 79-10008  
January 1979

Your stake in  
social security  
as a public  
employee

### Your stake in social security as a public employee

Over 34 million Americans—nearly one in seven—get a social security check each month. And 25.5 million people have health insurance coverage under Medicare to help them pay costly hospital and doctor bills. Social security's retirement, survivors, disability, and health insurance protection is a benefit "package" unavailable elsewhere at a comparable cost.

Today, close to three-fourths of all State and local government employees have social security coverage. More than half are covered both by social security and by an employer retirement system. Unlike most of the 100 million Americans who work and have compulsory social security coverage during a year, State and local employees are covered through voluntary State agreements with the Federal Government. This means the State has the unique option of asking for cancellation of coverage for a group wishing to do so which has been under the program at least 5 years. Less than 1 percent of all State and local employees had their coverage cancelled, however, and the overall number of public employees under social security has steadily increased.

If you and your fellow employees are considering dropping social security in favor of another pension plan, you should think about it very carefully. It is a good idea to get the opinion of an independent expert, such as an actuary, before making a decision. Such an expert may be available in the State or local government. Once a group drops out, it can't get coverage again. Before your group makes a decision, ask yourself these questions:

#### Will another plan provide monthly benefits to my family if I die or become disabled before retirement?

Yes  No

When comparing social security with other plans, some people consider only retirement benefits. But to make a realistic comparison, you must take into account that social security is more than a retirement system. Your contributions also provide protection for you and your family if you should become disabled for a year or more or if you should die.

About 7.6 million survivors of deceased workers are getting nearly \$1.5 billion a month from social security. They include children and their widowed mothers and fathers, many older widows, widowers, divorced wives, and dependent parents. In addition, over 2.8 million disabled workers under 65 and about 2 million dependents of disabled workers also are getting monthly checks. Payments to the family of a young worker who dies or becomes disabled can, in many cases, amount to more than \$100,000 over a period of years.

Out of each social security contribution dollar, about 19 cents goes for survivors benefits, 13 cents for disability benefits, 52 cents for retirement benefits, and 16 cents for Medicare hospital insurance. These amounts include the relatively small cost of administering each program. Overall, approximately 2 cents of each contribution dollar is used for administrative expenses of these four programs.

#### Will another plan give me health benefits at 65 or earlier?

Yes  No

Medicare helps most people 65 and over pay costly hospital and doctor bills. People under 65 who have been entitled to social security disability checks at least 2 consecutive years also have Medicare coverage. In addition, if an insured worker under 65 or a member of the family has permanent kidney failure, Medicare will help pay the bill.

A person 65 or over can get Medicare hospital insurance without paying a premium if he or she has either worked long enough under social security or is eligible for a social security or railroad retirement check as a worker, dependent, or survivor. Otherwise, the person must pay a monthly premium (\$63 effective July 1978) to get this protection.

If your group cancels its social security coverage, many younger workers may not be insured for hospital insurance later on and will have to pay a premium if they want it. By then, the cost will probably be much higher than \$63 a month because of rapidly rising medical costs.

#### Will another pension plan replace more of my earnings than social security?

Yes  No

If a married worker has always earned the average amount that counts for social security, the monthly family benefit for the worker and spouse (both 65) would amount to over 60 percent of the worker's final gross monthly wages. The replacement rate is even higher for workers with lower earnings.

#### Will another plan protect my benefits against inflation?

Yes  No

Social security benefits increase automatically as the cost of living goes up. Each time the Consumer Price Index rises 3 percent or more, benefits will increase by the same percentage the following year. Benefits were increased automatically in 1978 and in each of the three preceding years.

Another provision in the law guarantees that as wages rise in the future, higher earnings will count for social security. Since the amount of your benefits depends on your covered earnings over your working lifetime, it is important that this taxable base (\$17,700 for 1978) be kept up to date.

If your earnings are now above the base, you will pay more contributions as the base increases. But you will get more protection in the form of higher benefits later. And you will be assured that your retirement check will be more closely related to the amount of your earnings when you retire, not your earnings now.

#### With social security taxes rising each year, isn't the program becoming too expensive for most workers?

Yes  No

It's true that most working people will pay more for social security protection in coming years. It was necessary to increase contributions because of rising inflation, high unemployment, and other factors. Many employee benefit plans, however, also have been encountering financial problems due to increased costs.

An important point to remember is that the majority of American workers who earn less than the taxable wage base will pay only a little more into social security than they would have under the old law. This is because the taxable rate (6.05 percent on wages in 1978, and 6.13 percent in 1979 and 1980) does not rise as fast as the base. As an example, a person who earns \$15,000 in both 1979 and 1980 will pay \$919.50 into social security each year. This is only \$12 more than he or she would have paid under previous law. An individual who earns \$10,000 both years would pay only \$8 extra.

#### Would another plan provide greater financial stability than social security?

Yes  No

The social security system is not like private pension plans, which must fund benefits in advance because there is no way of assuring that additional people will be enrolled in future years. Because social security coverage is compulsory for most workers, the system is assured of a continuing income. Social security actually operates as an income transfer program, with current income used to

pay current benefits. Reserves are accumulated to serve as a buffer in times of recession, when income to social security drops because of higher unemployment. Long range demographic and economic projections are updated annually so adjustments can be made to maintain the fiscal soundness of the system.

**If I'm now insured for monthly social security retirement benefits and Medicare, shouldn't I drop my coverage?**

Yes  No

It's true that a State or local employee who has worked long enough under social security can still get retirement benefits at 62 or older and Medicare at 65 if the group cancels coverage now. But the retirement check *amount* will be less than it would have been because the amount is based on covered earnings over a working lifetime. Most workers have their highest earnings in the last years of employment.

Take John M., for example, who was 50 in December 1977, when his State coverage group's termination of social security became effective. At that time, John had more than 10 years of coverage so he'll be permanently insured for retirement and survivors benefits and Medicare.

John has maximum covered earnings each year through 1977, but none from 1978 up to 1993, when he'll retire at 65. So his social security check will be about \$808 a month (under 1977 estimates). If he had kept his social security coverage, he would have gotten about \$1,122 a month in social security benefits.

Also, he loses disability protection after 5 years without coverage, as do other members of his coverage group. To be eligible for disability benefits, people generally need some *recent* work under social security.

**My social security protection continues if I change jobs. Would it under a private plan?**

Yes  No

Under social security, earnings with different employers and in different types of covered employment are all added to your permanent social security record. Credit for all covered employment and self-employment is combined when you or your family applies for benefits.

Under some private plans, employees may not be eligible for the full range of benefits until they have been under the plan many years. If they quit or change jobs before retirement, they may lose some or all of their rights to benefits under the plan.

**Does another plan adequately protect new employees?**

Yes  No

While many older State and local government employees have worked long enough under social security to be eligible for some social security benefits later on, many younger and new employees will not have had this chance. They and their families may be losing valuable benefit protection for which an alternate plan may not adequately compensate. You should consider the consequences to all present and future members of the group if coverage is terminated.

**Social security benefits are tax free. Are pensions from another plan?**

Yes  No

There's no Federal income tax to pay on social security checks. But private pension benefits you receive in excess of the amount you contributed to the pension fund are counted in determining Federal income tax liabilities.

**Does another plan provide sufficient benefit protection for women workers and their dependents?**

Yes  No

Under social security, a woman worker has the same benefit rights as a man. For example, her children could get benefits on her social security record if she dies or becomes disabled. Her husband may be able to get survivors payments if he has young children in his care. He also may be eligible for widowers benefits at age 60 (as early as 50 if disabled) or husband's benefits at 62.

If both the woman and her husband work and become insured, both can receive social security retirement checks on their own earnings records. A spouse's benefit also *may* be payable to one of them but only to the extent that this benefit exceeds the amount of the individual's own retirement check. Take Helen and Bill, for example, both over 65. If Helen receives \$400 a month from social security but Bill's retirement check is only \$180, then he is eligible for \$20 a month on Helen's record because his amount is *less than one-half* of hers. If Helen receives \$400 but Bill is not insured, then he could receive the full \$200 spouse's benefit on her record.

(NOTE: If a spouse receives a social security check as a dependent or survivor *and* also gets a pension based on his or her work in public employment *not* covered by social security, the social security check may be reduced by the amount of the pension. Since the offset does not apply if the public employment *is* covered by social security, this is another good reason for obtaining or retaining coverage.)

**For more information**

If you answered "no" to most of the above questions or if you weren't sure, you should seriously consider keeping your social security coverage. Each dollar you contribute buys valuable protection for you and your family.

If you have questions about your social security *coverage*, contact your State social security administrator. If you want more information about social security *benefits* or Medicare, get in touch with the nearest social security office. The people there will be glad to help you.

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Thinking  
about  
retiring?

### Thinking about retiring?

If you have started thinking about retiring, chances are some of your questions have to do with social security.

This leaflet answers many of the questions we have received about retirement and social security. We hope it helps make your retirement planning a little easier.

Before you can get retirement checks, you must have credit for a certain amount of work covered by social security. The exact amount depends on your age. You earn credit in 1/4 year units called quarters of coverage. The quarters need not be consecutive. The following table shows in years how much credit is needed for retirement benefits.

#### Work credit for retirement benefits

If you reach 62 in	Years you need
1975	6
1976	6 1/4
1977	6 1/2
1978	6 3/4
1979	7
1981	7 1/2
1983	8
1987	9
1991 or later	10

### Checks for your family

When you retire, checks can be paid to certain members of your family. Monthly checks can go to your unmarried children under 18, or 22 if full-time students; or 18 or over who were severely disabled before 22 and who continue to be disabled; your wife or husband 62 or over; and your wife under 62 if she's caring for your child under 18 (or disabled) who's getting checks on your record.

### When should I retire?

It's difficult to give a single answer to this question because each person's situation is different. Social security retirement benefits can be paid as early as age 62. But, if your benefits start before 65, the amount of your checks will be reduced to take account of the longer period you will be getting them.

The amount of the reduction depends on the number of months you receive benefits before you become 65. The reduction amounts to 20 percent at 62; 13 1/3 percent at 63; and 6 2/3 percent at 64.

There may be other factors involved in your decision about retiring. A company pension for instance, would influence your decision. So would your ability to continue working and your own financial situation, among others. The important thing is that it is your choice.

We can't answer this question for you; it's up to you.

There is one thing we can say for sure. If you haven't applied before, be sure to apply 2 or 3 months before you reach 65 so that you will have full Medicare protection the month you reach 65. If you wait until the month you are 65 or later, your Medicare medical insurance coverage will be delayed at least one month.

This is important because many commercial and non-profit health insurance plans adjust their coverage when a person reaches 65 to take account of Medicare coverage. You may want to get in touch with your insurance agent or the office where you pay health insurance premiums to discuss your health insurance needs in relation to Medicare

protection. This is particularly important if you have dependents who are covered under your present policy. Be sure, however, not to cancel any health insurance you now have for your own protection until the month your Medicare coverage begins.

Once you decide when you will retire, remember to apply for your social security retirement checks 2 or 3 months before you plan to stop working. This way, your benefits will be ready to start when your income from work stops.

There is another factor to consider. If you work past 65, your monthly benefit will be increased by 1 percent for each year (1/12 percent for each month) that you don't get a benefit because of your work. For people who reach 65 in 1982 or later, the credit will be 3 percent for each year (1/4 percent for each month).

### How can I apply?

There are two ways to apply and the way you choose is strictly up to you. You can apply in person or you can do it over the telephone. Many people find it more convenient to use the phone so they don't have to travel to the office.

Once you've been interviewed by phone, the rest can be done by mail.

### What documents do I need?

First, you need your social security card, or a record of the number.

Next, you need proof of your date of birth. We prefer that you submit an official record of your birth or baptism recorded early in life. If this is not possible, submit the best evidence you have available. The best is often the oldest. If you're not sure what is best, just call any social security office. The people there

can tell you what kind of documents are acceptable.

Other records that might be acceptable include school, church, State or Federal census, insurance policies, marriage, passports, employment, military service, children's birth certificates, union, immigration, and naturalization. This is not an exclusive list and there are other records which may prove acceptable.

We would like you to bring in your latest W-2 (Wage and Tax Statement) form, or, if you're self-employed, a copy of your latest self-employment tax return since the most recent reports may not yet be in our records. We need these so that you'll get the highest possible benefit as early as possible.

If your husband or wife is also going to apply for benefits, he or she will need pretty much the same documents. It would also be a good idea to have your marriage certificate available, although this is not always needed. If either of you were married before, we will need information about the duration of the previous marriages.

If you have eligible unmarried children, you should bring their birth certificates along, together with a record of the social security numbers if available.

In some situations, other documents may be needed, but those listed here will be enough in most cases.

### **How much will I get?**

We really cannot answer this question until we check your social security record, which shows all of your earnings covered by social security.

When you apply, we will figure your exact benefit rate. Your rate will depend on the amount of earnings reported for you. The higher your earnings over the years, the closer your benefit rate will be to the larger figure mentioned below.

But right now, benefits payable to a retired worker who reaches 65 this year range from \$121.80 to \$489.70 a month. The range for a worker who reaches 62 this year is from \$97.50 to \$377.70 a month.

If you have eligible dependents, and you are 65, the range for a family is from \$182.80 to \$856.60 a month. If you're 62 this year, the range is from \$158.50 to \$731.70 a month.

Once you are on the social security benefit rolls, your checks will increase automatically to keep pace with increases in the cost of living. Each year, living costs are compared to those of the previous year. If the cost of living has increased by 3 percent or more from one year to the next, benefit rates will be increased by the same percentage the following July.

### **When will my checks start?**

If you apply 2 or 3 months before your retirement month, your checks should start the month you retire. If you apply closer to that month or after, your checks will start 6 to 8 weeks after you apply and we have all the required supporting evidence.

### **What if I return to work?**

Anyone can work after they become eligible for social security checks. But, the real question being asked is: How much can I earn and still get checks? The answer to this question depends on your age.

*If you are 65 or older*—If you are 65 or older in 1978, you can earn \$4,000 this year and receive all benefits due you for the year. This annual exempt amount will increase to \$4,500 for 1979; \$5,000 for 1980; \$5,500 for 1981; and \$6,000 for 1982. After that, it will increase automatically to keep pace with increases in average covered wages.

*If you are under 65*—If you are under 65 in 1978, you can earn \$3,240 this year and receive all benefits due you for the year. This annual exempt amount will increase automatically in future years to keep pace with increases in annual covered wages.

If your earnings exceed the annual exempt amount, \$1 in benefits will be withheld for each \$2 of earnings above the exempt amount.

There is a special rule that applies to people only in the year they retire. Under this rule, even though earnings exceed the annual exempt amount, a benefit can be paid for any month the person's wages do not exceed the monthly limit and the person does not perform substantial services in self-employment. The 1978 monthly limit is \$334 for people 65 or over and \$270 for people under 65. (For information about substantial services, ask for a copy of the leaflet *If you work after you retire* at any social security office.)

### **What must I report after my checks start?**

You must report any event that might have an effect on your benefit checks. When your claim is approved, you'll receive a "certificate of award" and a copy of the booklet *Your rights and responsibilities—retirement and survivors benefits*.

This booklet lists the events you should report to social security. It tells you how to report them and also contains information you should know about your social security checks.

It would be a good idea to look the booklet over when you get it so you have a clear idea of what your responsibilities are. Keep it where you can find it easily and refer to it if you have a question about what to do. If you don't find the answer, call your social security office right away. The people there will be glad to answer your questions.

And, if you ever have a question about social security, you can get the answer at your social security office. The people there will be glad to help you.

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#### Work credit for retirement benefits

If you reach 62 in	Years you need
1975	6
1976	6½
1977	6½
1978	6½
1979	7
1981	7½
1983	8
1987	9
1991 or later	10

### Checks for your family

When you retire, checks can be paid to certain members of your family. Monthly checks can go to your unmarried children under 18, or 22 if full-time students; or 18 or over who were severely disabled before 22 and who continue to be disabled; your wife or husband 62 or over; and your wife under 62 if she's caring for your child under 18 (or disabled) who's getting checks on your record.

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There may be other factors involved in your decision about retiring. A company pension for instance, would influence your decision. So would your ability to continue working and your own financial situation, among others. The important thing is that it is your choice.

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can tell you what kind of documents are acceptable.

Other records that might be acceptable include school, church, State or Federal census, insurance policies, marriage, passports, employment, military service, children's birth certificates, union, immigration, and naturalization. This is not an exclusive list and there are other records which may prove acceptable.

We would like you to bring in your latest W-2 (Wage and Tax Statement) form, or, if you're self-employed, a copy of your latest self-employment tax return since the most recent reports may not yet be in our records. We need these so that you'll get the highest possible benefit as early as possible.

If your husband or wife is also going to apply for benefits, he or she will need pretty much the same documents. It would also be a good idea to have your marriage certificate available, although this is not always needed. If either of you were married before, we will need information about the duration of the previous marriages.

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If your earnings exceed the annual exempt amount, \$1 in benefits will be withheld for each \$2 of earnings above the exempt amount.

There is a special rule that applies to people only in the year they retire. Under this rule, even though earnings exceed the annual exempt amount, a benefit can be paid for any month the person's wages do not exceed the monthly limit and the person does not perform substantial services in self-employment. The 1978 monthly limit is \$334 for people 65 or over and \$270 for people under 65. (For information about substantial services, ask for a copy of the leaflet *If you work after you retire* at any social security office.)

### **What must I report after my checks start?**

You must report any event that might have an effect on your benefit checks. When your claim is approved, you'll receive a "certificate of award" and a copy of the booklet *Your rights and responsibilities—retirement and survivors benefits*.

This booklet lists the events you should report to social security. It tells you how to report them and also contains information you should know about your social security checks.

It would be a good idea to look the booklet over when you get it so you have a clear idea of what your responsibilities are. Keep it where you can find it easily and refer to it if you have a question about what to do. If you don't find the answer, call your social security office right away. The people there will be glad to answer your questions.

And, if you ever have a question about social security, you can get the answer at your social security office. The people there will be glad to help you.

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Higher  
social  
security  
payments

### Higher social security payments

Social security monthly benefits will increase 6.5 percent starting with the check due in early July. This is the fourth automatic cost-of-living increase. The table below gives examples of some of the higher payments.

The average monthly check for a retired worker without dependents will rise from \$239 to \$254 a month and for a couple from \$407 to \$433. For a disabled worker, the average check increases from \$268 to \$285. People who get benefits will receive the increase automatically. They don't have to take any action themselves.

#### Examples of monthly social security payments (effective June 1978)

Benefits can be paid to a:	Average yearly earnings after 1950 covered by social security						
	\$923 or less	\$3,000	\$4,000	\$5,000	\$6,000	\$8,000	\$10,000*
▶ Retired worker at 65	121.80	251.80	296.20	343.50	388.20	462.60	534.70
▶ Worker under 65 and disabled	121.80	251.80	296.20	343.50	388.20	482.60	534.70
▶ Retired worker at 62	97.50	201.50	237.00	274.80	310.60	386.10	427.80
▶ Wife or husband at 65	60.90	125.90	148.10	171.80	194.10	241.30	267.40
▶ Wife or husband at 62	45.70	94.50	111.10	128.90	145.60	181.00	200.60
▶ Wife under 65 with one child in her care	61.00	133.20	210.00	290.40	324.00	362.00	401.00
▶ Widow or widower at 65 if worker never received reduced benefits	121.80	251.80	296.20	343.50	388.20	482.60	534.70
▶ Widow or widower at 60 if sole survivor	87.10	180.10	211.80	245.70	277.60	345.10	382.40
▶ Widow or widower at 50 and disabled if sole survivor	61.00	126.00	148.20	171.90	194.10	241.40	267.50
▶ Widow or widower with one child in care	182.80	377.80	444.40	515.40	582.40	724.00	802.20
Maximum family payment	182.70	384.90	506.20	633.80	712.10	844.50	935.70

\* Maximum earnings covered by social security were lower in past years and must be included in figuring your average earnings. This average determines your payment amount. Because of this,

amounts shown in the last column generally won't be payable until future years. The maximum retirement benefit generally payable to a worker who is 65 in 1978 is \$489.70.

## **Higher SSI payments**

Supplemental security income payments (SSI) will increase by 6.5 percent beginning with the check due in July. This is the fourth automatic cost-of-living increase.

The new SSI payment amounts will be \$189.40 for an individual and \$284.10 for a couple.

Many States make payments to supplement these Federal SSI amounts. The people at your social security office can tell you if your State makes these additional payments.

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Your  
social security  
rights and  
responsibilities

Disability benefits

## **Your social security rights and responsibilities**

This booklet tells about your social security checks. It explains how you—or someone for you—should notify the Social Security Administration when certain things happen that may affect your social security checks.

This booklet is only for people receiving social security benefits because they are disabled:

- ▶ *Disabled workers*, who receive benefits based on their own earnings.
- ▶ *Disabled widows (including surviving divorced wives) and disabled widowers*, who receive benefits on the earnings of their deceased husband or wife.
- ▶ *Adults who became disabled in childhood (before reaching 22)*, who receive benefits based on the earnings of their father or mother.

The following list shows when you, or someone acting for you, should notify us. Take a few minutes to read over the list. Then, if one or more of the items may affect you, turn to the page indicated for more detailed information. Keep this booklet in a handy place and refer to it from time to time so that you don't overlook anything.

- 1** You change your mailing address (Page 11).
- 2** Your condition significantly improves (Page 12).
- 3** You go to work (Page 12).
- 4** You go outside the United States for 30 days or more (or into certain countries) (Page 13).
- 5** You apply for or there is a change in the amount of your workers' compensation benefits (disabled workers only) (Page 14).
- 6** You marry (except disabled men workers) (Page 14).
- 7** A child in your care is adopted (Page 15).

Someone should report for you if:

- 8** You have become unable to manage your own funds (Page 16).
- 9** You die (Page 16).

If you want more information than this booklet gives on a particular point or need help in making a report, the people at any social security office will be glad to help you.

### **Supplemental security income**

Some people with limited income and resources qualify for both social security disability benefits and supplemental security income (SSI) payments. If you are one of them you should also read the booklet.

#### *What you have to know about SSI*

(formerly *Important information about your supplemental security income payments*). If you don't have a copy of the booklet, ask any social security office to give you one.

If you are not now receiving SSI payments and think you may be eligible (or would like more information), contact any social security office. The people there will be glad to tell you more about the program.

### **Your social security checks**

Social security benefits are paid by U.S. Government checks. Your Certificate of Award explains when your checks will begin and in what amount. Because the law requires a 5-month waiting period, payments to a disabled worker and family or to a disabled widow or widower generally cannot begin until the 6th full month of disability.

If you became disabled more than 6 months before you applied, back benefits may be payable, but not before the 6th full month of disability. Back payments may be made for up to 12 months before you applied.

The first check you get may include payment for more than one month. From then on, checks for a particular month are issued early in the following month. For example, a check dated May 3 would normally be your benefit for the month of April; a check dated June 3 would be your benefit for the month of May; etc.

Your checks should arrive in the mail about the same day each month. Sometimes, although not often, something may happen in the mail delivery or elsewhere to cause a delay. If your check isn't delivered on the usual day, look for it to arrive by the 6th of the month. If it still hasn't come by the 6th, get in touch with any social security office. The people there will help you find out what happened and see that you get any check due you as soon as possible.

### **Cashing checks**

It's a good idea to wait until you are at the bank or with the person who will cash your check before endorsing it. If you endorse a check and *then* lose it, the person who finds it could cash it.

### **Direct deposit of checks**

You can have your checks deposited in a checking or savings account in a bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union. If you don't have an account now, you can open one with a financial organization.

Direct deposit of checks has several advantages. For example:

- ▶ You don't have to stand in line to cash or deposit your check.
- ▶ If you are away from home, your money is available in your account instead of sitting in your mailbox.
- ▶ You don't have any problem cashing your check because it goes directly into your account.
- ▶ You don't have to worry about losing your check or having it stolen.

If you want to arrange for direct deposit of your checks, contact the financial organization of your choice and ask for a direct deposit form SF-1199. Completion of the form only authorizes deposits into your account. It does not authorize withdrawals from your account.

If you want more information about direct deposit, get in touch with your financial organization or contact any social security office.

### **The amount of your check**

In future years, the amount of your check will increase automatically to keep pace with changes in the cost of living. Whenever the consumer price index goes up 3 percent or more from one year to the next, the increase will be included in the check the following July unless a general benefit increase is enacted or becomes effective during the prior year. This is to make sure that the value of your social security check keeps up to date with living costs.

### **Returning benefit checks not due**

If you get a check which you know isn't due you, return it to the U.S. Treasury Department, Division of Disbursement, at the address shown on the envelope in which the check was delivered. Enclose a note telling why you're sending the check back.

### **If you lose your check**

If your check is lost or stolen, get in touch with your social security office immediately and explain what happened. Your check can be replaced if it is destroyed, stolen, or lost. It takes time to do this, though, so it is in your interest to be careful with your checks.

### **Vocational rehabilitation referral**

When you applied for social security disability benefits, your name and information from your file were sent, as required by law, to the State vocational rehabilitation agency. People from that agency may get in touch with you about services they can provide to help you regain your ability to work.

### **When you are no longer disabled**

*Disabled workers and adults disabled in childhood*—You were found disabled and eligible for social security benefits because you have a condition that prevents you from doing substantial gainful work.

Your eligibility ends if your condition improves so that you are capable of doing substantial gainful work. Your eligibility also ends if you return to substantial gainful work. If you return to work in spite of a severe impairment, your eligibility may continue until you have completed a trial work period as described on page 17 .

Did you receive benefits as an adult disabled in childhood and then recover from your disability before age 22? If you are still under 22, unmarried, and are attending school full time, you may be eligible for students' benefits. The people at your social security office will be glad to tell you what evidence is needed to establish your full-time school attendance.

*Disabled widows and widowers*—You were found disabled because you have an impairment severe enough to meet the medical requirements of the law for this type of benefit.

Your eligibility ends if your impairment improves so that it no longer is severe enough to meet the medical requirements or you are performing substantial gainful work.

**If you again become disabled**

If your benefits as a *disabled worker* were ended and you become disabled again before you are 65, you should notify your social security office as soon as the new disability begins. Under some circumstances you can receive disability benefits *beginning with the first full month you are disabled*. This is possible if:

- ▶ The new disability has lasted or can be expected to last a continuous period of at least 12 months or to result in death;
- ▶ The new disability begins within 5 years after the month in which the previous period of disability or entitlement to disability benefits ended; and
- ▶ You still meet work and other eligibility requirements for disability benefits.

*If you become re-entitled on this basis, however, you are not entitled to a trial work period of the kind described on page 17.*

*If you receive benefits as a disabled widow or widower or as an adult disabled before age 22 and the benefits stop because you are no longer disabled, it may be possible to have them reinstated provided you again become disabled within 7 years after your previous entitlement to benefits ended and you still meet the other eligibility requirements. For information about whether your disability benefits can be reinstated, get in touch with your social security office.*

### **When you get older**

If you are receiving checks as a disabled worker, your disability benefits will automatically be changed to retirement benefits when you reach 65. We will send you other instructions then to take the place of the instructions in this booklet.

If you are getting checks as a disabled widow or widower, you will get new instructions when you reach 65 because your rights and responsibilities will be somewhat different than they are now.

### **Your Medicare protection**

You will have protection under Medicare after you have been entitled to disability benefits for 2 consecutive years. Shortly before your protection starts, we will send you information about Medicare and explain how you can have the full protection it provides.

### **If a social security representative visits you**

We may, from time to time, get in touch with you to give or get information. Usually we do this by mail. Sometimes for your convenience our representative may call at your home.

Anyone from social security will be glad to show you identification before discussing your social security. A social security employee will never ask you for money to have something done because helping you with your social security business is our job. If you ever have any doubts about someone who says he or she is from social security, call the social security office and ask if they sent someone to see you.

### **How to report**

You can make your reports by mail, telephone, or in person, whichever you prefer. It's usually easier to telephone your report. If you mail your report, the pre-addressed "Reporting Card" given you can be used. Replacement cards will be sent to you or you may obtain them from any social security office.

On any report you make, be especially careful to include all these necessary details:

- ▶ Name of person or persons about whom report is made.
- ▶ What is being reported.
- ▶ Date it happened.
- ▶ Your signature and address.
- ▶ The correct claim number under which the social security benefits are payable. It is a nine-digit number (000 00 0000) followed by a letter H, A, C, HC, or W. It is shown on all letters sent to you about the benefits you are receiving.

If you want help in making a report or if you have a question, get in touch with any social security office.

## **What to report**

The remainder of this booklet gives detailed information about when and what you're to report to us. It's important to report promptly to protect your own interests.

If you fail to report something or if you make a false statement about it, you can be penalized by a fine or imprisonment. You may also lose some of your checks if you don't report to us when a report is due.

## **1 Change of mailing address**

Even if your payments are being sent direct<sup>ly</sup> to your financial organization for deposit, let us know right away of any change in your mailing address. If you receive your checks directly, telling us about your new address will reduce the chance that it might be delayed. If you have elected payment by direct deposit, telling us about your new address will assure that you get any correspondence we send you. You may call or write social security, but if you write, please be sure to type or print your complete new address carefully, including your ZIP code number. Also, tell us your social security claim number, your old address, and the name of all those in your family who should get checks or other information at the new address. We'll change the records as soon as possible.

You also should tell the post office of your change of address and ask them to forward your mail. That way, if we haven't been able to make the address change before your next check is mailed, it will be forwarded to you by the post office.

## **2 Your condition improves**

You should notify us if your condition improves. You may then be asked to discuss your condition with a representative of your social security office. In addition, there may be times when we will want to discuss your condition with you, even though you made no report. If a new medical report on your condition is needed, you may be asked to have a physician examine you.

If your condition has improved medically to the extent that you are no longer disabled within the meaning of the law, benefits will still be paid to you for a period of 3 months. Thus, if your disability ended in July, you would be paid for July, August, and September. Your last check would be the one for September.

Improvement in your condition does not necessarily mean a benefit will end, unless it is established that the medical improvement is sufficient to permit your return to substantial work.

## **3 You go to work**

You should notify us if you take a job or become self-employed while you are still disabled, *no matter how little you earn.*

Generally, people who return to work *before* there has been medical improvement in their conditions get a *trial work period*. During this period they may work and still get disability checks. (A special provision applies to people 55 and over who are disabled by blindness. They should ask at the social security office about this provision.)

*Disabled widows and widowers do not get a trial work period. Also, workers whose disability benefits ended because they recovered or returned to work, but who again become disabled and entitled to social security benefits within 5 years, may not get a trial work period.*

Even if you are not eligible for a trial work period, you will be paid benefits for an adjustment period of 3 months should you recover or return to substantial gainful work. (See "What is substantial gainful work?" on page 18.) "Trial work period" is explained on page 17.

#### **4 If you go outside the United States**

Notify us if you (or someone for whom you get checks) decide to go to any of the following countries: Albania, People's Republic of China, Cuba, East Germany and East Berlin, North Korea, Vietnam, and Khmer Republic (Cambodia).

Also notify us if you (or someone for whom you receive social security benefits) decide to go to any other country outside the United States for a stay of 30 or more consecutive days.

In your notice give the name of the country to which you or the other person is going and the date you expect to leave the U.S.

Special provisions apply to the payment of social security benefits to people who are outside the U.S. When you report you're going outside the U.S., you'll get special reporting instructions. You'll also be told how to arrange for getting your checks while you are abroad.

If you're thinking about going abroad, ask at any social security office for a copy of the booklet, *Your social security check while you're outside the United States*. This booklet explains how your checks are affected when you leave the country.

**5 You apply for or there is a change in the amount of your workers' compensation benefits**

If a disabled worker receives workers' compensation benefits, the amount of social security benefits payable to the worker and family may be reduced.

If you are a disabled worker, you should notify us if, before age 62 you:

- ▶ Apply for workers' compensation benefits;
- ▶ Receive a lump-sum workers' compensation settlement;
- ▶ Begin to receive workers' compensation benefits; or
- ▶ Have a change in the amount of your workers' compensation benefits or such payments stop.

**6 Marriage**

If an *adult disabled in childhood* marries, or if a person receiving benefits as the *disabled widow, disabled surviving divorced wife, or disabled widower* of the worker remarries, we should be notified. (If a woman who gets checks as a retired or disabled worker marries, she should let us know so we can show her new name on her checks.)

In some cases, social security checks stop after marriage. In others, the amount may be changed because of marriage. This depends on what kind of benefits you get and sometimes on whether the person you marry gets checks.

If your checks as a widow, widower, or divorced wife stop because you remarry, they may be started again if your remarriage ends. For help in getting them started, go to any social security office.

If an adult child's checks are stopped because of marriage, they cannot be started again unless the marriage is void.

The following chart shows how marriage will affect your type of benefit:

Type of benefit you now receive	If you marry, benefits will . . .
Disabled worker (benefits are based on his or her own earnings)	Continue unchanged
Disabled widow, or widower under age 60	End unless your husband or wife is getting social security benefits as a widower, parent, adult disabled in childhood, or as a child under certain limited conditions
Disabled widow, or widower age 60 or over	Continue (though in some cases in a reduced amount)
Disabled surviving divorced wife	End unless your husband is getting social security benefits as a widower, parent, adult disabled in childhood, or as a child under certain limited conditions
Adult disabled in childhood	End unless you marry a social security beneficiary other than a child under certain limited conditions

## 7 Adoption

If you get checks for a child, notify us if he or she is adopted so our record will show the child's new name. In your report, show the date of the adoption decree and the adopting parent's name.

## 8 Person not able to manage own funds

Not everyone who gets social security checks can manage his or her own funds. A parent, or some other person, usually gets checks for a child.

Sometimes an older person becomes unable to manage his or her own funds. When this happens, the person who takes care of the older person should let us know. Then we can arrange to send the checks to a relative or other person who can handle the funds. We call this person a "representative payee."

*Duties of a representative payee*—A representative payee accepts the responsibility for receiving and using social security benefits for another person. If you're a representative payee, it's your job to:

- ▶ See that the checks are used in the person's best interest and, when we ask, tell us how they were used. You'll get a special booklet that tells what you should do. It's called *Your duties as a representative payee*.
- ▶ Notify us whenever something on the list on page 3 happens.
- ▶ Notify us if the person leaves your care or custody, has a change of address, or if you no longer wish to be the payee.

## 9 Death

When a beneficiary dies, the check for the month in which death occurs should be returned to the sender. For example, if the person dies in July, even on the last day, the check dated August 3 should be returned. However, if the check is issued jointly to a husband and wife, the survivor should get in touch with any social security office about cashing the check.

If the person who died worked under social security, benefits may be paid to his or her survivors. If his wife (or her husband) and children were getting checks before he or she died, they probably won't have to apply again. Their checks will continue. If they weren't getting checks, someone should contact the nearest social security office to find out what benefits may be payable.

### **Trial work period**

If you are *eligible* for a trial work period (see page 12), you may test your ability to resume substantial work for as many as 9 months should you try to return to work *while you are still disabled*. You will continue to receive your disability checks during this period no matter how high your earnings are. Remember, however, that *you must notify us whenever you begin working*.

The trial work period ends after you have done some work in 9 different months or when you recover from your disability, whichever is earlier.

Since the trial work provision is intended to give a disabled person the opportunity to test his or her ability to work and hold a job, minor work activity in the trial work period may be disregarded. As a general rule, when you are working in a trial work period, only months in which you are employed and earn more than \$50 will count as a month of trial work. If you are self-employed, only months in which your net earnings are more than \$50 or you devote more than 15 hours to the business will count as months of trial work. The 9 different work months may be consecutive, or they may be separated by months or even years in which you do not work at all.

At the end of the trial work period, your case is reviewed to see whether you are able to engage in substantial gainful work. If you are, your benefits will continue for 3 additional months before being stopped.

When you report that you have returned to work, your benefits may be discontinued if the evidence shows you have recovered or you may be asked to submit evidence that you are still disabled. *If you recover from your disabling condition during a 9-month trial work period, the trial work period ends with the month of recovery; this may be as early as the first month of your return to work.* Benefits stop after a 3-month adjustment period—the month of recovery and 2 additional months.

On the other hand, if you do *not* recover during the trial work period, we will review your trial work. If we find that you are still unable to do substantial gainful work, your disability benefits will continue.

#### **What is substantial gainful work?**

If you return to work while still disabled, a decision about continuing or ending your benefits depends on whether your work shows that you are able to engage in substantial gainful work. This determination is based on whether the work involves significant duties and is of substantial value.

*If you work as an employee*—The amount of your earnings is important in determining whether you can perform substantial gainful work. The general rule is that if your earnings average more than \$200 a month (gross pay before payroll deductions), you are performing substantial gainful work. Special rules apply to people disabled by blindness. They should ask about this provision at any social security office.

If your earnings average \$200 or less a month, you may not be doing substantial gainful work. However, if your work is about the same in amount and quality as that being done for a living by workers in your area who are not disabled, you would be considered to be doing substantial gainful work. In making this decision, consideration is given to your hours, duties, and job performance.

Sometimes a disabled worker receives a "subsidy" in addition to actual earnings. *This subsidy is not counted as earnings in applying the above test.* Thus, if your pay includes a subsidy in addition to the value of your services, the subsidy is not considered in deciding whether your work is substantial and gainful. In such cases, consideration is given not only to what you are paid, but also to your skills, your experience, the degree of responsibility you have, the hours you work, and the amount you produce. Often people working in "sheltered workshops" get a subsidy in addition to the pay they get for working. A sheltered workshop is usually a non-profit organization or institution which provides paid work and rehabilitation services for disabled persons who cannot work in non-sheltered jobs.

*If you are self-employed*—Your business income may not be the best measure of whether you are doing substantial gainful work. This is because business income may depend on many factors other than your own work, such as the economic situation and services of other people.

In such cases, more consideration will be given to the kind and value of your work, including management, than to the amount of your income.

For more detailed information about how working might affect your benefits, get in touch with your social security office.

#### **If a dependent works**

If one of your dependents who is under 65 and not disabled works and earns more than \$3,240 in 1978, some of the dependent's benefits may be withheld. In general, \$1 in benefits is withheld for each \$2 over \$3,240. (The 1977 annual exempt amount was \$3,000.) The earnings limitation for people 65 or older is \$4,000 for 1978. The \$1 for \$2 reduction applies above that amount.

#### **Vocational rehabilitation services**

The social security disability program encourages people to return to gainful employment whenever possible. Many disabled people have been able to return to work after receiving rehabilitation assistance, including medical services and aids, vocational counseling, training, and job placement. The vocational rehabilitation agency in your State provides these services.

If you are offered rehabilitation services by your State vocational rehabilitation agency and you refuse the services without good cause, your monthly social security disability benefits must be withheld.

The kinds of services that are provided include:

- ▶ *Vocational and medical diagnosis*—so you can better understand your problems.
- ▶ *Advice and counsel*—by trained rehabilitation counselors to help you pick a job you could do.
- ▶ *Medical, surgical, or hospital services*—to remove or reduce your handicap.
- ▶ *Aids*—such as braces, artificial limbs, or hearing aids.
- ▶ *Training*—you may need it to prepare for a job.
- ▶ *Placement*—should you need help in finding the right job when you are ready for work.

If your State vocational rehabilitation agency does not get in touch with you, you may want to get in touch with it to find out what services the agency might be able to offer.

Even if some time passes before you think you're ready for rehabilitation services, feel free to call or write the agency to see what services it can provide. The agency's address may be listed with other State offices in your telephone book or you can ask for the address at your social security office.

Your disability benefits will continue while you receive rehabilitation services until your condition improves or you show by working that you can do substantial gainful work.

If you return to work and later have difficulty in continuing, the rehabilitation agency in your State may again be of assistance. If your benefits have been stopped, you should also get in touch with your social security office.

### **If you are not satisfied with the decision on your claim**

A written notice is used to notify you of the decision made on your claim. If you believe the decision is not correct, you have the right to ask that your claim be re-examined. Your request for review must be in writing and filed with any social security office within specified time limits.

- 1 First you may ask that the initial decision be reconsidered. Your request must be made within 60 days from the date you receive the notice of the initial decision.
- 2 If you disagree with the results of that reconsideration, you may next ask for a hearing before an administrative law judge. Your request must be made within 60 days from the date you receive the notice of the reconsidered decision.
- 3 If you disagree with the decision of the administrative law judge, you may then ask for a review of that decision by the Appeals Council. This request must be made within the time limit mentioned in the notice of the hearing decision.
- 4 If you disagree with the Appeals Council decision or denial of review, you may bring a civil action in a Federal court. Your complaint must be filed in the United States district court for the district in which you reside within 60 days of the date we mail you the Appeals Council decision or denial of review.

If you have any questions about the decision on your claim for social security benefits or any other of your rights under the social security law, telephone, write, or visit any social security office. We will be glad to discuss your claim or any other social security matter with you and assist you in any way we can.

#### **Your right to be represented**

You have the right to be represented by an attorney or other person of your choice in any business you might have with us. This does not necessarily mean that you will need a representative. Most people handle their social security business themselves, with the help of the people in the social security office. If you wish to be represented, however, we will be glad to work with your representative just as we would work with you.

There are special regulations concerning who may represent you, what the representative may do, and how much may be charged for services. If you would like more information about these matters or have any other questions about your right to representation, please get in touch with us.

U.S. Department of  
Health, Education, and Welfare  
Social Security Administration  
HEW Publication No. (SSA) 78-10153  
January 1978

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**DEPARTMENT OF ADMINISTRATION**

**DIVISION OF RETIREMENT & BENEFITS**

POUCH CR  
JUNEAU, ALASKA 99811

February 14, 1979

The Honorable Bill Ray  
Senator, District C  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Ray:

Thank you for offering me the opportunity to comment on the letter you recently received from Ms. B. Charlene Stewart, concerning AS 39.35.360, Earlier Service. Although I cannot agree with Ms. Stewart's suggestion that Sec. 360 should be expanded to permit the crediting of all federal service rendered in Alaska prior to 1961 under the Public Employees' Retirement System (PERS), I do appreciate her concerns and I can understand how she concludes that her suggestion would remedy the situation. I share her concerns, but propose a different remedy; i.e., Sec. 360 should not be applicable to any members joining the PERS after July 1, 1979.

Sec. 360 was originally enacted by the Legislature to be effective January 1, 1961, the same time the PERS was established. However, in its original form Sec. 360 authorized only the crediting of service rendered while an employee of the Territory of Alaska, and required that the employee subsequently work for the State in a covered capacity (making contributions) for a period of five (5) years before such service could be credited. Then, as now, no contributions were required for creditable employment segments prior to statehood. As I understand it, the original purpose of Sec. 360 was to reward those career Territorial/State employees with a retirement benefit for service rendered to the Alaskan government and citizenry prior to the time when a comprehensive PERS existed.

Since that time Sec. 360 has been amended on at least eight (8) different occasions. Those amendments have reduced the period of service which must be rendered to the State to three (3) years, and expanded the eligible employment segments to include service as an elected official with the Territory or political subdivision thereof, service as a peace officer of a participating political subdivision, service with certain political subdivision detention facilities, and specified types of employment with

nine (9) different federal agencies. I repeat, no contributions are required for any of this service prior to 1961.

Each time Sec. 360 has been amended, it appears that the same basic argument is advanced: The affected individuals performed de facto, if not de jure, service for the State and for that reason should have that time credited for retirement purposes. While the law does provide that any PERS retirement benefits shall be offset by any U. S. government pension received for the same period of service, it does not provide the same offset for any pension payable from a political subdivision. Even the U. S. pension offset is of questionable fiscal value to the PERS, since the only source from which we can obtain that information is the affected individual; reporting a federal pension is essentially a matter of good faith.

As Sec. 360 now reads, one can easily appreciate Ms. Stewart's contention that it is unfair to keep expanding the coverage for select groups of persons, without making it available to everyone. Reading that section from the employee's perspective, it easily appears that it has been amended without rhyme or reason. As she notes, it is difficult to appreciate how service as a Civil Aeronautics Administration heavy equipment operator is of any greater value to the State than her service with the Federal Housing Administration. In fact, it is difficult to explain how service in the current eligible categories was of any greater value in the development of Alaska than work as a miner, logger, commercial fisherman, etc., during that period. However, in my opinion the solution to resolving inequities which now exist lays not in adding to the list of selected "elite" groups, thereby merely altering the perspective of some persons, but rather by reexamining validity of allowing any select groups to profit in the future. Aside from the social policy ramifications of crediting all types of federal service prior to statehood under the PERS, we must consider the horrendous costs of such a move to the Alaskan taxpayer.

Without extensive research, I cannot know the true fiscal impact of legislation as suggested by Ms. Stewart, nor can I state the cost to the taxpayer of the various amendments to Sec. 360 made over the years. But I do know that they have been terribly expensive; we need only look to the latest amendment as an example.

As you know, last year the legislature amended Sec. 360 to provide credit to former employees of the Alaska Communications System and former peace officers of the Territory or participating political subdivisions of the Territory. In preparing a fiscal note on those provisions, we estimated that no more than 60 employees out of approximately 21,000 active and retired members would benefit from the amendment. However, to pay the additional benefits which would be due to these fortunate few, our actuary determined that the PERS required contributions in the amount of \$154,000 per year over a 30 year amortization period. The total present day value of the additional benefits thereby provided amounts to \$2,246,850, or an average of \$37,448 per affected employee. Of course, this expense is borne by the taxpayer.

When contemplating issues of expanding creditable service under the PERS, we must remind ourselves of the purpose underlying the creation of the retirement system. When the system was originally established, the legislature provided at AS 39.35.010(a):

The purpose of this chapter is to encourage qualified personnel to enter and remain in the service of the state by establishing a system for the payment of retirement, disability, and death benefits to or on behalf of the employees.

To fulfill this purpose, the PERS must provide competitive inducements to attract qualified employees. However, we cannot endorse system enhancements at the expense of the taxpayer, when no demonstratable need exists in order to fulfill its purpose. Nearly 20 years after statehood, I suspect that little if any need exists to attract former federal employees of the Territorial era by providing more benefits. On the other hand, the crediting of additional federal service from that period works somewhat at cross-purposes to the chapter; it not only costs money, but it actually encourages those employees not to remain in State service, by increasing the amount of service they may apply towards a service retirement.

In light of these considerations, I once more suggest that employees hired on or after July 1, 1979, not be entitled to any service credit under Sec. 360, and that Sec. 360 be expanded no further. While this will not wholly resolve the inequities perceived by Ms. Stewart, it will halt further perpetuation of those perceived inequities, and the increased costs which must be paid by the public.

I thank you again for the opportunity to comment on this matter. Should you have any questions, please do not hesitate to contact me at 465-4460.

Sincerely,



Paul B. Arnoldt  
Director

PBA/BAC/jb

cc: All Members

11th Alaska State Legislature

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99801  
907-465 3800

MEMORANDUM

February 27, 1979

SUBJECT: SB 25; Summary and Analysis Correction

TO: The Honorable Clem Tillion  
President of the Senate

FROM: Ken Humphreys *J.K.H.*  
Senior Policy Analyst

The summary for SB 25 which was included in the February 16 report of the Legislative Board of Retirement Benefits was in error in that it treated a section of last year's bill. The current version of the bill would not include marine employees in PERS. A corrected summary is attached, and the board's analysis should reflect that the fiscal impact has not yet been determined.

Please contact me if you have questions.

KH:jm  
Attachment

cc: Chairmen of the House and Senate Finance and State Affairs Committees  
Chairman of the Legislative Council

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations  
on:

Senate Bill No. 25

As SB 25 is currently drafted, the fiscal impact has not been determined. More detailed fiscal information will be available soon and the board will make a recommendation at that time.

(corrected 2/27/79)

SUMMARY OF SENATE BILL NO. 25

Retirement system affected: PERS

Provides for an election in which the state employees who are currently covered by federal social security may choose whether to continue that coverage, or to continue the same contributions required by social security, opt out and receive an alternative package of benefits provided by the state.

Provides that an occupational disability pension be the greater of 40 percent of the disabled employee's compensation or the accrued retirement benefit.

The alternate package of benefits for affected state employees includes:

- (1) allows the employees of the division of marine transportation who are covered by a maritime union contract to bargain collectively for inclusion in the PERS;
- (2) a 25-and-out provision for PERS employees;
- (3) an additional three-fourths of one percent on the PERS benefit crediting factor for each year of service;
- (4) survivor's and disability insurance; and
- (5) a mandatory deferred compensation program for contributions in excess of deductions.

Fiscal note

ACTUARY STILL WORKING ON  
NEXT WEEK IT

of total employees affected  
how many in APEA -

7/15/80 22415 is 81%  
But of them 5% 40%  
1-16-80

Summary -

list of

summaries - staff -  
leg.

off people  
APEA

elect

copies of reports

list of all interested parties ✓

Get copies of all reports ←

How long will testimony take -

1. SOCIAL SECURITY } COMPARISON OF BENEFITS  
2. AIT SYSTEM }

3. STATUTES } COMPARISON ✓  
4. 51325 & 1946 }

5. (1-4) PROS & CONS OF AIT SYSTEM ←

6. EMPLOYEE FEELINGS - QUESTIONNAIRE ✓

7. AFFECTED EMPLOYEES (HOW MANY) WHO REALLY BENEFIT ✓

8. INTERESTED PARTIES - IN FAVOR OR OPPOSITION WITH PROS ✓

9. 1946 - TESTIMONY - PRO & CONS ✓

THE FOLLOWING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

Chronological history of events culminating in SB 25- State withdrawal from the federal social security system.

- DEC. 1975
- \*1. December 1975 - OPEN LETTER TO EMPLOYEES ASKING IF THEY WANT TO OPT OUT.  
State (Commissioner of the Dept. of Administration) gave notice to the federal government of intention to withdraw. Notice must be given two years in advance.
- \*2. July 30, 1976 William M. Mercer/Consulting Actuaries, submitted a study relative to termination of state from federal social security, to the Dept. of Administration. This study was requested by the then Commissioner, Andy Warwick.
- MARCH, 1977
- \*3. March 17, 1977 - QUESTIONNAIRE  
FIPA REPORT TO PUBLIC EMPLOYEES - WITHDRAWAL  
HB 364 - An act relating to withdrawal of the state from federal social security - was introduced in the House by the House Rules Committee. It was referred to House State Affairs Committee where it died. <sup>LEGISLATIVE</sup> NOT PREVIOUS ~~READY~~ TO DEAL WITH THIS
- \*4. May 2, 1977 HCR 66 - Relating to withdrawal from social security - was introduced in the House and sponsored by Rep. Miller & Rep. Duncan. This resolution requested the Governor to cause the 1975 withdrawal notice to be rescinded as of July 1, 1977 and a new notice be given by December 1, 1977 for the purpose of time to conduct further study on the issue. It was resolved that the Legislative Council conduct a study on all aspects of withdrawal. The study group was to include members of the Council, representatives of each employee bargaining group and the director of the division of retirement. <sup>ALSO</sup> Also requested was an actuarial study of costs and benefits of recommended changes be conducted by an independent actuary

\* SEE ATTACHED FOR FURTHER DETAIL

\* See attached list of members

under direction of the Legislative Council. This resolution was referred to the House State Affairs Committee, passed both houses and became legislative resolve no. 107 (SLA 1977)

5. March 15, 1978 The study group report - Alternates to the Social Security System for employees of the State of Alaska (by Millman & Robertson, Inc.) was submitted to the Legislative Council.
6. June 3, 1978 The result of the above study became HB 946 submitted by the Rules Committee at the request of the Legislative Council. It was referred to House Finance and passed out of Finance on this date as CS for HB 946 (am). It passed the House and died in Senate Labor and Management Committee.
7. January 16, 1979 SB 25 - An act relating to withdrawal from the federal social security system - was introduced in the Senate by Sen. Bill Ray at the request for the Alaska Public Employees Association. It was referred to Senate State Affairs then Finance.

Results of APEA Questionnaire sent out with their report on withdrawal from social security to their members. March 1977

Gen.Govt responses=583 out of 5,187 (11%)

Supervisory responses=165 out of 816 (20%)

		Gen. Govt.	Supervisory
1. Are you in favor of withdrawal?	YES	82%	89%
	NO	16%	8%
	NO OPINION	1%	2%
2. If in favor, should money be used to improve PERS benefits?	YES	71%	78%
	NO	10%	9%
	NO OPINION	18%	12%

List in order of priority

<u>GEN. GOVT. UNIT</u>	<u>SUPERVISORY</u>
1. Increase retirement to 2½% for each year of service.	1.
2. Equal benefits for occupational and non-occupational death & disability	4.
3. Increase death & disability benefits to 50% of monthly earnings.	2.
4. All state employees 20 and out.	3.
5. Extend death and disability benefits to employees who leave state service	5.
6. Death and disability insurance for temporary employees.	6.

<u>GEN. GOVT.</u>	<u>COMMENTS</u>	<u>SUPERVISORY</u>
1.	Want alternatives to putting money in retirement fund.	1. Study to determine wage percentage necessary to parallel s.s. benefits.
2.	Want 20 year retirement option because older employees will lose a minimum of s.s. income and younger employees will have opportunity to qualify for benefits	2. S.S. money should be used to increase pers payments.
3.	Want retirement increased to 3% for each year. Also want retirement benefits adjusted twice annually to compensate for changes in CPI. No. of years to qualify for vested rights changed from 5 to 2 years.	3. If PERS improved, retirement benefits should be increased, no decrease should be allowed.
		4. Retirement should be based on 3% for each year of service.
		5. Want ironclad irrevocable agreement with Admin. if withdraw.
		6. Sick leave not used to be credited toward retirement at time of retirement.

## SOCIAL SECURITY WITHDRAWAL

One hundred thirty-eight cities, counties and local government agencies have abandoned the Federal Social Security system in the last three years.

Another two hundred and seven government bodies — most prominently the State of Alaska — have notified the Social Security Administration that they too intend to withdraw from the financially uncertain national insurance program.

So far, the actions of these local government units have had no impact on the vast Social Security system which draws payments from over 100 million Americans and pays benefits to some 30 million or more.

Under the Social Security system, a worker needs at least six (6) quarters, but not more than forty (40) quarters, of coverage to be eligible for a Social Security retirement benefit. Those benefits are determined by a schedule based on what is called the employee's "average monthly wage." The average monthly wage is determined by adding together a worker's annual earnings for each year from age 21 to 62, dividing that total by the number of years employed and then dividing by 12. That produces the "average monthly wage."

The basic cause of concern regarding the future of the Social Security system stems from this benefit formula. In 1972, Congress revised the Social Security law and established an automatic cost of living adjustment on Social Security retirement benefits by tying them to the Consumer Price Index (C.P.I.).

At the same time, Congress also tied the taxable wage base to the benefits increases; that is, when retirement benefits are raised due to inflation, the taxable wage base is automatically increased by a percentage comparable to the inflation of contributing workers' wages. The end result is a "double indexing" of the benefit formula. Inflation raises workers' wages, which raises the "average monthly wage," which consequently increases benefits paid. Then when benefits are raised, the taxable wage base is increased, which raises benefits paid. Unfortunately, Social Security does not include any formula which will generate the revenue required to pay for these upwardly spiraling benefits.

Unlike the Social Security system, the retirement benefit that an employee receives from the Public Employees Retirement System (P.E.R.S.) is directly proportional to what the employee pays into the system. State employees are currently contributing four and one quarter percent of their earnings to the P.E.R.S.. An employee is vested in that system after five years of service. The benefit formula is two (2) percent of the employees average monthly salary, times the number of years of service, times the average of the last three consecutive high-year earnings. Normal retirement age after vesting is 55, however there is an option for early retirement any time after age 50. This is accomplished by subtracting a half of a percent for each month retired before age 55.

During the first session of the 10th Alaska State Legislature, Social Security withdrawal was a major issue following the introduction of a bill that would have legally withdrawn all state employees from the Social Security system through a balloting election procedure (HB#304 and SSSB#215).

However, this bill did not address several main issues, therefore, numerous labor organizations were very verbally apposed to withdrawing at this point in time (namely Labor Local 71 and the confidential unit). The main issues against the withdrawal were as follows:

1. Most importantly, there was no alternative for the money after withdrawal from the current Social Security system. (That is to say, it was not known for sure what to do with the money that would continue to come from state employees pay checks after withdrawing).
2. Likewise, there was no firm understanding that the State of Alaska would continue to pay the same amount of money, into another fund, as under Social Security.
3. No inclusion of benefits to cover temporary position State Employees.
4. Very little consideration was given to disability and the causes of non-occupational vs. occupational disability.
5. Finally, the findings in the Mercer Report, a report the State of Alaska had done on factors in consideration of termination from the Social Security system, vs. the report by the Alaska Public Employees Association's Committee on Social Security Withdrawal, Chaired by Mike Murray of Juneau, were not sound and traceable.

A compromise which would allow another two years to study the inequities of the A.P.E.A.'s Report and the Mercer Report, came about during the last Session of the Legislature as both time was running out under the current 'letter of intent' to withdraw from Social Security and as major opposition mounted. As a result of this compromise came a unanimous support by all, including legislators, to better evaluate the Social Security Withdrawal idea.

This compromise came in the form of House Concurrent Resolution 66, introduced by Representative Mike Miller (D-Juneau) and Representative Jim Duncan (D-Juneau). The purpose of this Resolution was to give the Governor the authority to rescind the first "letter of intent" to withdraw from the Social Security system and re-submit a new "letter of intent"; thus allowing the State of Alaska, A.P.E.A. and the legislators an additional two years to study Social Security. The first

"letter of intent" was sent in on December 3, 1975, by then Commissioner of Administration, Andy Warwick. The letter to rescind the first letter of intent was sent in May 31, 1977, by Billy Bob Allen now Commissioner of Administration. To date, the second "letter of intent" has not been sent by the present administration, who has only until December 31, 1977 to accomplish it.

Inclusive of H.C.R.#66, which passed unanimously in both the State House and Senate, was language that called for an independent accuracy study of the costs and benefits of the recommended changes, as needed, for withdrawal from the Social Security system. Members of a committee that will determine the direction and choice of accuracy for the State of Alaska's study are a representative of each labor organization, a member of the legislative council and the Director of Retirement.

With the above in mind, the committee held its first meeting on July 11th and determined that Dick Wikenwerder with Milliam Accuracy, a Seattle based accuracy company, would be hired to do the study called for under the bill. A tentative date, of August 18th, has been scheduled to meet with Mr. Wikenwerder to give him the direction and the scope that the committee feels the accuracy should take. Additionally, some tentative directions have already been given to Mr. Wikenwerder to consider before the meeting with the full committee. They are:

1. increase from the current 2 percent to 2 1/2 percent in the P.E.R.S.
2. retirement after 20 to 25 years in the system.
3. a COLA allowance — cost of living adjustment for people who have retired under the P.E.R.S. already.
4. to come up with an alternate plan for the Social Security withdraw plus keep the present P.E.R.S., for a combined retirement benefit system.

Those in attendance at the first committee meeting, and on the committee are:

Representative Mike Miller - Chairman

Linda McCurry - Confidential Unit

Ann Shippard - Public Safety Employees (PSEA)

Roy Dunn - Alaska Public Employees Association (APEA)

Greg O'Clary - Inlandboatmen's Union (IBU)

Paul Arnold - Division of Retirement

Ken Humphries - Legislative Affairs Agency

Bob Gates - Division of Retirement Director

# STATE OF ALASKA THE LEGISLATURE

## LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

### MINUTES

#### SOCIAL SECURITY WITHDRAWAL STUDY GROUP

A meeting of the Social Security Withdrawal Study Group commenced at the State Capitol, Juneau, Alaska on August 18, 1977. Presiding at the meeting was Representative Mike Miller. Also present were:

Roy Dunn  
Mike Murray  
APEA Juneau ~~Field Office~~ Headquarters

Ann Sheppard  
Public Safety Employees Association

Paul Arnoldt, Director  
Division of Retirement and Benefits

Dave Warren  
Confidential Employees Association

Ken Spray  
APSE Local 71

Richard A. Winkenwerder  
Milliman & Robertson, Inc.

Ken Humphreys  
Research Analyst  
Legislative Affairs Agency

James L. Baldwin  
Legislative Counsel  
Legislative Affairs Agency

As the first order of business, Representative Miller stated that he had reviewed the contract for actuarial services with Milliman and Robertson, Inc. and recommended that the study group approve the contract. The contract was approved for submittal to the contractors for their review and execution.

Mr. R. A. Winkenwerder was introduced to the study group and discussion ensued concerning guidelines for his investigation of alternative approaches to Social Security. The members of the study group expressed interest in investigation of the following approaches or problems:

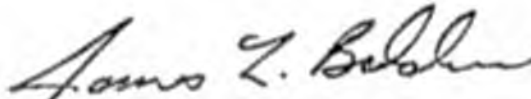
- (1) Improve PERS in general with the use of additional funds released from Social Security contributions.
- (2) Improve the current deferred compensation plan.
- (3) Establish a new program essentially replacing Social Security.
- (4) Study the benefits under the Public Safety Employees Retirement Program in relation to benefits enhanced under PERS.
- (5) Modify PERS in some specific aspects; for example, consider a retirement after 20 or 25 years, consider an increase in the benefit accrual formula above 2 percent, (perhaps 2 1/2 percent) and finally, consider the addition of a cost of living adjustment like Social Security.
- (6) Examine the disability provisions of PERS particularly in relation to the difference between the occupational and nonoccupational categories and perhaps also consider an increase in the disability benefit. In considering the disability situation, it was suggested that disability benefits from all sources be considered before arriving at any recommendations for alterations in the PERS benefit. Also consider a temporary extension for employees who leave the State.
- (7) Specifically what would the current 5.8j percent of Social Security contributions buy under the PERS program? It might be considered to have the employee contributions sent directly to a deferred compensation system with the State's share of the contributions going directly to PERS to improve that program.
- (8) Consider a fully-paid-for medical benefit program.

(9) It was mentioned that perhaps there might not be too much concern about specifically what additional benefits are being provided but rather that the employee would like to get more benefits for the dollars that are being contributed.

(10) Consider establishing a new deferred compensation plan along the guidelines of those recommended by Robert Gates in his August 14, 1977 letter.

Mr. Winkenwerder indicated that he would begin preliminary studies to analyze the current system and would report at the next regular meeting of the study group. The date for the next meeting is to be set by a call of the Chairman upon further consultation with Mr. Winkenwerder.

Respectfully submitted,



James L. Baldwin  
Legislative Counsel

THE PRECEDING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

CHANGES THAT COMMITTEE SUBSTITUTE FOR SB 25 WOULD MAKE IN THE BILL

By SB 25 Sections

- Section 2. AS 39.35.160(b) The substitute would exclude provision D(ii) which provides that other than military service credit, only service after 1/1/80 may be credited.
- Section 6. AS 39.30.170 The substitute deletes the words "... and are not covered under PERS." from section (a)(5) and re-numbers making this section (a)(4)
- (a)(4)
- (a)(5) Adds the words, "...and not included in groups described in (3) and (4) of this subsection. and re-numbers making this section (a)(4).
- (b) Changes sentence which states that groups under (a) covered by PERS shall be considered as one group to Groups under (a) covered by PERS the cost of the additional benefits shall be actuarially determined on an annual basis.
- (c)(2) Changes sentence which states that deducted from account for (a)(1) PERS employees an additional 7.1% of gross monthly compensation for each employee in that group to

CS for SB25

SECTION 1 - AS 39.35.160(b)

SAME

SECTION 2 - AS 39.35.680(21)

EXCLUDES PROVISION

(ii) providing that other than mil. soc. credit, any service after 1/1/80 may be credited.

SEC. 3.

SAME

SEC. 4

SAME

SEC. 5

SAME

SEC. 6 - SEC. 39.30.170

SAME UP TO 39.30.170

a) 415

a) 415

4) one temp or casual workers not covered under PERS or TRS

① MT employees above Relates

5) MT employees on state ferry system who are covered by a marine contract and covered by PERS

"... and are not covered under PERS.

⑤ adds "... and not included in groups des. in (3) or (4) [TRIS] MT.

30  
A 5 39. ~~170~~ 170

b) For each group in  
a, cost det by % of payroll

Groups under (a) covered  
by PERS shall be  
considered 1 group.

### DEDUCT.

(2) (a) (1) from act ~~for~~  
c) for PERS employees  
a add 7.17% of gross w.  
comp. for each employee  
in that group.

d) amounts dep. on individual  
def. emp. acts on names  
of employees.

For each group in (a) cost  
of prov. surv. & death benefit.  
shall be det.

for  
Groups under (a) covered  
by PERS the cost of <sup>the</sup>  
add. benefits shall be  
actuarially determined on  
an annual basis. Costs  
det. under this sec. shall  
be expressed as % of payroll

for PERS (a) the  
actuarially det. cost  
of prov. benefit for  
each emp. in that group.

d) amounts shall be  
dist. (ref'd) to emp.  
no less frequently than  
annually. shall be regarded  
as ref'd. if distrib. does  
not exceed amount which  
employee contrib. under (a)  
shall be considered bonus  
pay. + if dist. exceeds  
amt. of emp. contrib. under (a)  
May <sup>not</sup> be regarded as  
comp. for ret. purposes.

Freeze es. with holiday  
Savings of 1% of payroll

Programs covered w/ PERS -

Noon time out -

Group benefits

What about temps?

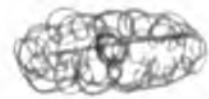
~~What~~ New plan

COST OF SEVERAL DOLLAR

MANAGED BY LA



\$

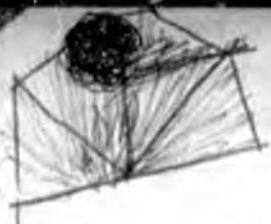


~~to a good~~



1.00	
1751	+ 9.26
1755	2.26 1750
	3.40





CS - SB25

- (1) Unit record - Employer/Employee into name
- (2) Tie into SS notes

ESTIMATED STATE EMPLOYEES AFFECTED BY SB 25

<u>TOTAL NUMBER OF STATE EMPLOYEES</u>	-	10,597
(Does not include University of Alaska or ASHA employees)		
<u>AVERAGE LENGTH OF SERVICE WITH STATE</u>	-	3.86 years
<u>TOTAL NUMBER OF EMPLOYEES WITH AN AVERAGE LENGTH OF SERVICE OF LESS THAN FIVE YEARS</u> (Gen. Govt., P.S., Labor, Exempt)		9,076 (85%)
<u>TOTAL NUMBER OF EMPLOYEES WITH AN AVERAGE LENGTH OF SERVICE OVER FIVE YEARS</u> (Excluded, Marine Trans., Supervisory)		1,521 (15%)
<u>TOTAL NUMBER OF TEMPORARIES WITH STATE</u> (Mostly Gen. Govt., Exempt, Labor)		1,157

\*Source: Dept. of Administration, Division of Personnel

ALASKA PUBLIC EMPLOYEES ASSOCIATION

TOTAL NUMBER OF MEMBERS	-	*8,000
NUMBER OF STATE EMPLOYEES IN APEA		*6,579 (82%)
<u>NUMBER OF APEA EMPLOYEES WITH AN AVERAGE LENGTH OF SERVICE OF LESS THAN FIVE YEARS</u> (General Government Unit)		*5,709 (87%)
<u>NUMBER OF APEA EMPLOYEES WITH AN AVERAGE LENGTH OF SERVICE OVER FIVE YEARS</u> (Supervisory Unit)		*870 (13%)

\*Source: Cherie Shelley, APEA

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As law now stands PERS benefits do not become vested until after five years of service with the State. If a member terminates employment with the State he has the choice of being refunded his contributions (employer's contribution stays in PERS) or keeping them in PERS to be collected when he retires.. Under SB 25, members who terminate employment with the State would be automatically refunded their contributions.

PERS is mandatory when one becomes a state employee, except for the following who have their own retirement systems: MT (Inland Boatman), Teacher's Retirement System, Judicial Retirement System, emergency, temporary or casual workers.

Employees affected by SB 25.

200 Personnel

TOTAL NUMBER OF STATE EMPLOYEES AS OF FEBRUARY 2, 1979

Does not include University of Alaska employees (about 1,000) or Housing Authority employees (2 DEC. )

TKS & YERS NO CONTACT WITH STUDENTS

↓ MOSTLY UNDER TKS

TOTAL NUMBER OF EMPLOYEES: 10,597

AVERAGE LENGTH OF SERVICE WITH STATE: 3.86 AVERAGE WAGE 22,906

TOTAL NUMBER OF EMPLOYEES WITH AN AVERAGE LENGTH OF SERVICE LESS THAN FIVE YEARS: 9,076 = 85% AVERAGE WAGE = \$23,840.

TOTAL NUMBER OF EMPLOYEES WITH AN AVERAGE LENGTH OF SERVICE OVER FIVE YEARS: 1,521 = 15% (Mainly marine trans, excluded and supervisory employees)

AVERAGE WAGE: \$34,325.

↑ (8.5 yrs)

TOTAL # OF Temps WORKING FOR STATE = 1,157

P.E.R.S. benefit do not become vested until after 5 years of service. If you terminate before five years you are refunded all your P.E.R.S. contributions. Employers contribution stays in fund. or you can keep it in - (with <sup>W/RE TRAILING</sup> no benefit) unless you go back to work for state at which time you can repurchase. Social Security is portable. Thus 85% of employees would not really benefit from withdrawal. Long term employees would.

\* Large turnover, many these same people.

SUPPLY - ~~6700~~

Every one but Union & House  
Airlines

Exempt: Const  
Leg. } 1531  
Part. emp }

63 Teachers <sup>FEB 1</sup>

Excluded - 5

70 sup.

342 cops  
PEACE OFFICERS

646 MAT. TRANS. 10,597

1258 LABOR TRACRAFTS

147 Confid. emp - Resonant off  
Payroll <sup>of</sup> ~~staff~~

5.5 570.9

DIV B-U TYP NAME S.S.N. CLASS PCN STUS HIRE DT LOC RRG STP SCH RATE MONTHLY YEARLY YTD

\*\*\*\*\* DEPARTMENT TOTALS \*\*\*\*\*

NUMBER OF EMPLOYEES - BARGAINING UNIT	AVERAGE PAY - MONTHLY	MONTHLY	YEARLY	AVERAGE LENGTH OF SERVICE IN YEARS	TOTAL
506	1,736.83		20,841.96	3.46	A
SALARY SCHEDULE A	273	1,601.95	19,223.40	3.17	B
	13	1,357.58	16,290.96	3.79	C
	24	1,647.52	19,770.24	3.37	D
	74	1,626.73	19,520.76	3.51	E
	2	1,404.00	16,848.00	3.44	F
	7	1,637.83	19,654.20	3.51	G
	9	1,658.97	19,907.64	1.26	H
	6	1,323.79	15,885.48	1.67	I
	100	2,278.03	27,336.36	4.72	J

\*\*\*\*\* STATEWIDE TOTALS \*\*\*\*\*

NUMBER OF EMPLOYEES - BARGAINING UNIT	AVERAGE PAY - MONTHLY	MONTHLY	YEARLY	AVERAGE LENGTH OF SERVICE IN YEARS	TOTAL
10488	1,908.90		22,906.80	3.86	A
316	2,496.22		29,954.64	4.65	B
5	3,510.20		42,122.40	9.58	C
5739	1,641.10		19,717.20	3.64	D
146	1,632.14		19,585.68	3.64	E
1267	1,780.75		21,465.00	4.64	F
658	2,198.75		26,385.00	5.87	G
876	2,872.58		34,470.96	6.45	H
63	2,116.09		25,393.08	3.25	I
1389	2,244.24		26,930.88	3.27	J
SALARY SCHEDULE A	5979	1,851.54	22,218.48	3.61	A
	314	1,697.20	20,366.40	1.22	B
	344	1,868.84	22,426.08	3.60	C
	1027	2,118.95	25,427.40	4.07	D
	60	2,116.06	25,392.72	2.43	E
	151	2,103.23	25,238.76	2.47	F
	108	2,252.48	27,029.76	2.90	G
	162	1,604.45	19,253.40	2.77	H
	1265	1,790.10	21,481.20	4.67	I
	28	1,551.73	18,620.76	3.51	J
	1079	2,232.36	26,788.32	4.85	K

FEB 2  
TOTAL = 10,597

85% State employees have 20 or more 5 years average length of service (3.86)

- A - P.S.
- E - EXCLUDED
- G - Gen Govt
- V - Confed.
- L - Labor Union
- N - Non Union

J - Judge  
 F - Fire  
 X - Student

E - EXCLUDED  
 M - MARITIME TRADES  
 S - SUPERVISORY

# 4  
 1521  
 VS: 8420 VS 9,076

TOTAL - 10,457

IF PASSED WOULD AFFECT EVERYONE PAYING INTO SOCIAL SECURITY.

- 1. PERS MEMBERS except P.O. & firemen
- 2. P.O. & FIREMEN
- 3. JRT MEMBERS
- 4. Em. temp or casual workers not in PERS or TRS
- 5. MACHINE TRANS.

PERS

NOW - EVERYONE BUT MT, JRT, EM. TEMP OR CAS OR TRS

↓  
 NEW  
 SYSTEM  
 MT  
 JRT  
 TRS

# HISTORY OF SBL

SR 429	HB 579	5-96	AK. LEADS FIND OUT GET COPY
Copy	51122 - 1177	HB 596	

CONFERENCE APPOINTED  
SCS CS (RULES)

H 5  
579 - DIED P.F. committee

H 5  
596 - DIED FCC. HOUSE

SBL 429 - become 342  
by the committee

Temp	Temp
Copy 342	1 Temp
Confid	675 Temp
C. T. Accept	115 Temp
115	115 Temp
X -	104 P
	362 Temp
	25

396 - Totality  
except

part of 86.

Touched 11/10/11 773 no leads

Total 1,101

APEA -

Gen. Mkt - 5709

Supervisors - 870

2 lks NS. & City of HOME



6,579

~~870~~

SB 25 - WITHDRAWAL FROM FEDERAL SOCIAL SECURITY

INTERESTED PARTIES

1. Senator Bill Ray, Sponsor
2. Department of Administration  
Division of Retirement & Benefits  
Paul Arnoldt, Director
3. Alaska Public Employees Association  
Pat Murphy, Executive Director  
Cherie Shelley, Representative of APEA & Confidential Unit
4. Local 71, AFL-CIO - ~~UNION~~ TRADES & CRAFTS
5. Marine Transportation
6. ~~Inland Boatman's~~ Union
7. Federal Social Security
8. Office of the Governor
9. Mike Miller, was chairman of the Legislative Council Study  
Group on Withdrawal from Social Security
10. Robert Penman. 7730 Honeysuckle St., Anchorage, Alaska 99502.  
Wrote a letter to legislators expressing his views on SB 25.

FISCAL NOTE: Requested 1/21/79

ALTERNATIVE TO SENATE BILL 25  
(Withdrawal From Federal Social Security)

Next  
wages  
package

present

I. Freeze social security contributions at present levels.  
(6.13% employee and 6.13% employer on salaries up to \$22,900).

II. Increase employees wages equal to social security contributions.  
(Employee deduction for social security would be discontinued,  
and employer contribution to social security would be paid to  
the employee).

Mandatory

III. Establish a "menu" of supplemental benefits from which an  
employee can elect to participate. (Deductions for the supplemental  
benefits would be taken from employee's wages).

- (1) No election (employee receives equivalent of  
social security contributions).
- (2) Supplemental Health Benefits.
- (3) Supplemental Death Benefits.
- (4) Supplemental Disability Benefits.
- (5) Supplemental Survivor Benefits.
- (6) Supplemental Annuities.

existing  
contributions,  
mandatory  
participation  
with list  
- no cost bill  
opportunity

THE FOLLOWING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

## SOCIAL SECURITY SYSTEM

- I. Old Age, Survivors and Disability Insurance (OASDI)
  - II. Hospital Insurance Benefits & Supplemental Medical Insurance Benefits (Medicare)
- 

### I. OASDI

- a. All participants covered
- b. Both employer & Employee pay into social security
- c. Retirement benefits provided on a non-reduced basis at age 65

"Special Minimum Benefit" application for low earning level workers with long service.

Deferred retirement-if retirement is delayed beyond age 65, benefit increases for old age insurance benefits only.

Early retirement-as early as age 62 with benefits reduced by 5/9 of 1% for each month that retirement precedes age 65.

Earnings test-\$2,760 per year may be earned before benefits are reduced.

Wife or dependent husband benefits-will receive at age 65, 50% of spouses benefit. May commence at age 62 but will be reduced. Wife may receive full benefits at any age if she is caring for a child entitled to child's benefits.

Child's benefits-each child until age 18, unless a student and then until age 22, or if disabled.

- d. Disability benefits-member must be fully insured (minimum of 6 and maximum of 40 quarters of coverage)

Disability benefit is equal to the Primary Insurance Amount computed as though the worker had attained age 62. If worker is under 62 benefits may be reduced if he is receiving workman's compensation..

Disability benefits shall commence at the end of five months throughout which the worker has been disabled. Benefits end when recipient dies, reaches 65 or becomes no longer disabled.

## Disability (Con't)

Wife or dependent husband benefits-commencing at age 65-50% of spouses benefit amount.

Child's benefits - 50% subject to a maximum family benefit.

### e. Death Benefits

Widow or dependent widower's benefits - 100% of deceased's accrued benefits.

Mother's benefits - Payable to widow if not married, not getting widow's benefits and has care of a child of deceased entitled to a child's benefit equal to  $\frac{3}{4}$  of benefits of deceased.

Child's benefits -  $\frac{3}{4}$  of deceased benefits subject to maximum family benefit.

Parent's benefits - if parent is 62 or older and received  $\frac{1}{2}$  support from deceased and has not married since individual died and has filed an application for parent benefits, he receives  $82\frac{1}{2}\%$  of deceased's benefits.

Lump sum death payments - \$225.00 to widow/widower if applied for within 2 years of death.

Special features of SS. which will impact replacement of SS. Benefits.

1) General considerations

(a) SS. - temp employees covered  
State ~~cover~~ program - not

(b) SS - Portable  
State - not.

(c) Because any accident to a member may be a day for (HSA) benefits will be lost - need to be careful  
another problem is why for some (HSA) benefits  
based on some information - employees, need  
benefit case lost will be quite minimal

2) (HSA) - Benefits

(a) Portability - fully in SS.

Portability - Accrued. require accrued benefits  
to be fully vested. These are not required.

(1) must be a record of all contributions  
per individual's replacement program. It would be  
then a vested benefit in a judgment  
- say, 100% vested, 100% actual  
parties.

3) (CRA) - SS benefit adjusted annually

by law - change in (HSA) - would be

... only - ... for ...

MISC

Max Linton Family benefit  
currently 150 - 125% of PIA

All benefits are adj. by CPI  
if increase is at least 3%

Fed S.S. system 1976

1) Old Age, Survivors & Disability Insurance (OASDI)

A-OASDI - Provides benefits like PERS

1) COVERAGE - ALL PARTICIPANTS

2) Taxes - both employer & employee pay <sup>1976 -</sup> 4.95%

3) Retirement - benefits provided <sup>1977 -</sup> 5.25%

on a new reduced base stage 65 <sup>1978 -</sup> 6.05%

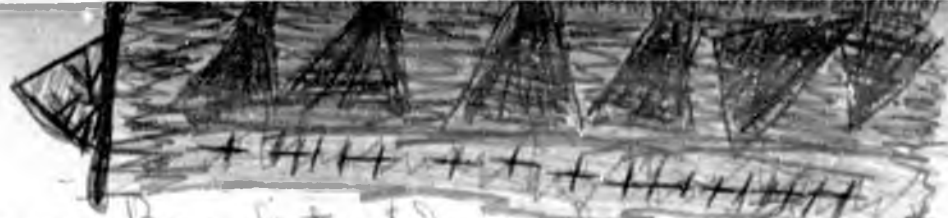
4) Benefits - longer benefits, widows <sup>1979 -</sup> 6.13%

paid people than higher  
as compared to wife, dependent  
& young dependents

5) Coverage - fully portable

6) Death benefits - 7% of primary insurance  
to mother of dependent children, widows (60),  
child, dep parent. In addition - lump  
sum of \$2,555 (1976)

7) Disability Benefits - total no. of persons disabled.  
receive benefit = to what they would have  
received if what at 65 on date of dis. appearing  
that to - but part - benefit, maybe payable  
to spouse or child.



# B. Hospital Insurance Benefits (Supplemental Medical Insurance Benefits (MEDICARE))

## 1) HOSPITAL INSURANCE

Broad coverage for inpatient hospital expenses & post-hospital care. Tax rate is <sup>1976</sup> .7% for emp & emp

- 1978-80 1.10%
- 81-85 1.35%
- 86-2010 1.50%

Benefits for: 2-4

- a) In-hospital benefits - <sup>2-4</sup> med, nursing & board care.
  - (i) 90 day limit for each benefit period
  - (ii) overall deductible per year - \$104 (14%)
  - (iii) Deductible per day for days 61-90 - \$6 (14%)
- b) Skilled nursing facility - after 3 days of hospitalization coverage for 100 days in facility. Deductible of \$15 (14%) for each day in excess of 30 days.
- c) Home health care - up to 100 days within 12 mos of discharge. Includes nursing care, therapy, & medical supplies. Not subject to:
  - (i) 65+ receiving SS benefit.
  - (ii) 65+ who did not work for at least 24 mo.
  - (iii) 65+ who are not yet entitled to Medicare.

~ H.S. Program #41/10-11 made by a bill from 7/76 - 6/77

2. Supp. Med. Ins. - if elig for H.I. or organ

over \$65 by sub. M. H. P. 1476 17.20/req.

Broad coverage, at least over

a) Physicians

b) Diag. Svcs.

c) X-ray & radiation therapy

d) Med. equip, artif devices

e) Ambulance

f) Therapy

g) Don't exp. at added num for charges not covered under (1)

h) add for health over

Reimburse for costs or sub to annual deductible of \$60 & \$1000 annual to cost share.

add: on ptd. gov't by funds of 4.1.1. have deductibles or co-payment

TEENY

② → Survivor Benefits

A Primary Benefit

ELIG - must be "fully insured"  
Have 1 QTW of coverage

Wife or Dep Relative beneficiary  
at age 65 - 50% of spousal  
benefit amount.

Childs benefit - 50%  
subject to marital fair division

Supplemental Health  
Payments -

\$225.00 to  
under/underinsured  
if applied for  
within 2 yrs  
of death.

③ Death Benefit

Wife or Dep Underinsured beneficiary  
at 65 - 100% of deceased accrued  
benefit

④ Widow's Pension - payable to widow  
if not remarried, subject to marital division  
1/2 of accrued benefit of deceased  
subject to child's benefit  
= 1/4 of PIA for life of deceased.

⑤ Child's Benefit - 3/4 PIA subject to marital division  
if child is age 65, may be subject for deceased  
benefit if not remarried, subject to marital  
division of parent's benefit, → 1/2 of PIA

## Retirement Benefits

### A. Primary Benefits

1) Benefit @ 65 is = to his  
Primary Insurance Amount  
(monthly benefit before  
application of delayed  
ret. credit)

"Special Minimum Benefit"  
applic. for low earnings  
level workers w/ long serv.

2) Deferred Ret. - if ret. is  
delayed beyond 65 - benefit  
increases for old-age and  
disability

3) Early retirement  
as early as 62 - with  
benefit reduced by  $\frac{1}{4}$  of 1%  
for each month the ret.  
precedes age 65.

EXAMPLE -

4) \$7,760 / year salary  
earned before retirement  
and reduced under

C. *Thalassidroma* - <sup>2011</sup>  
12-13 (Stewart)  
order of the day  
at the ~~...~~ CR 15  
get 50% water, P.I. H

~~along edge~~  
water may get into beach  
at a rate will be reduced.  
beach at May corner of edge  
will rec. at 65, 50% of spruce  
D. ... ..  
beach

THE PRECEDING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

# **SOCIAL SECURITY WITHDRAWAL**

**A REPORT TO  
ALASKA PUBLIC EMPLOYEES**



**PREPARED BY:**

**ALASKA PUBLIC EMPLOYEES ASSOCIATION  
COMMITTEE ON SOCIAL SECURITY WITHDRAWAL  
MIKE MURRAY, CHAIRMAN**



# ALASKA PUBLIC EMPLOYEES ASSOCIATION

STATE HEADQUARTERS: 170 SEWARD STREET, SUITE 500, JUNEAU, ALASKA 99801 • TELEPHONE: (907) 586-2314

March 1977

Dear State Employee:

Enclosed is a report prepared by the Alaska Public Employees Association regarding an issue of vital interest to all state employees. With the help of concerned members across the state, APEA has intensively reviewed the question of the State of Alaska's withdrawal from the Social Security system. After eight months of study, it is our conclusion that state employees will greatly benefit from Social Security withdrawal if the funds which are currently contributed to that system are re-invested elsewhere.

This report contains a comparison of Social Security benefits with those of the Public Employees' Retirement System as well as a list of recommended improvements to the P.E.R.S. made possible through the investment of former Social Security contributions. Most of the questions you may have regarding the future of Social Security, its funding problems, and the real worth of the benefits it promises, are answered in this study. We feel confident that when you have read this report and studied the issues you will agree that withdrawal from Social Security is a wise decision.

At the request of APEA, legislation has been introduced requiring that the decision concerning continued participation in the Social Security system be left to state employees. If it is successful, that legislation will establish an employee referendum to determine the issue and will secure all contributions to the Social Security system, both the employer's and the employee's, for future investment in other retirement systems.

The advisory ballot included at the beginning of this report is designed to demonstrate the concern of state employees regarding this issue. When you have reviewed the facts, please mark your ballot, tear out, and drop in the nearest mailbox. No postage is necessary. Recommendation corresponding to the questions on the ballot are contained on pages 15-17, 24-25, 30, 34-38, 39-40.

Please do not delay. The option to withdraw from Social Security is a once-in-a-lifetime opportunity to provide substantial security for your retirement years. If you would like more information on the subject or would like to organize a special meeting to discuss the issue, contact APEA Headquarters.

Sincerely,

Michael J. Murray, Jr.  
Chairman  
APEA Committee on Social Security Withdrawal

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ALASKA PUBLIC EMPLOYEES ASSOCIATION  
REPORT

TO ALL EMPLOYEES OF THE STATE OF ALASKA CONCERNING THE DESIRABILITY  
OF WITHDRAWAL FROM THE SOCIAL SECURITY SYSTEM;

AND

A BALLOT WHEREBY EMPLOYEES OF THE STATE OF ALASKA MAY ADVISE  
THE ALASKA PUBLIC EMPLOYEES ASSOCIATION:

- A. WHETHER PUBLIC EMPLOYEES WANT TO OPT-OUT  
OF THE SOCIAL SECURITY SYSTEM;
- B. WHAT BENEFITS, IF ANY, SHOULD BE IMPROVED  
WHICH MAY BE LOST TO SOME EMPLOYEES BECAUSE  
OF WITHDRAWAL FROM THE SOCIAL SECURITY SYSTEM.

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PLEASE TEAR OUT, FOLD, AND MAIL.

ADVISORY BALLOT

Check One

- Member of General Government Unit
- Supervisory Unit
- Other Bargaining Unit
- Not Organized

Do you favor withdrawal from the Social Security System. yes ( ) no ( )

If you voted yes to the first question; is your vote based on the condition that the money which the State of Alaska and the employees of the State of Alaska are contributing to Social Security be used to improve the benefits of the Public Employees Retirement System. yes ( ) no ( )

Please indicate order of priority: First priority mark #1; second priority mark #2; third priority mark #3, etc. If you are opposed to any item mark no, note additional comments on back of ballot.

- Increase retirement compensation to 2½% for each year of credited service.
- All state employees become eligible for retirement after 20 years credited service.
- Equal benefits for occupational/non-occupational death & disability.
- Increase death & disability benefits to 50% of monthly earnings.
- Extend death & disability benefits to employees who leave state service.
- Provide death and disability insurance for temporary employees.

PLEASE TEAR OUT, FOLD, AND MAIL.