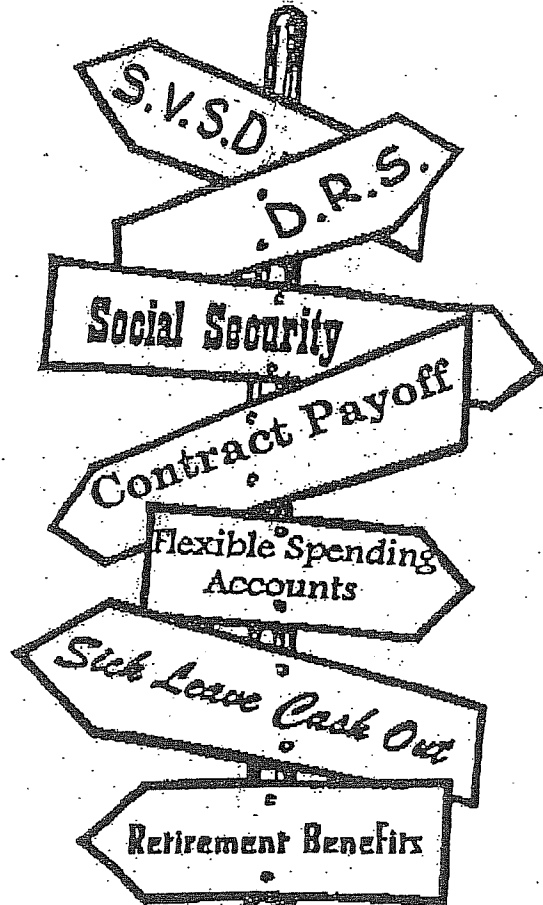




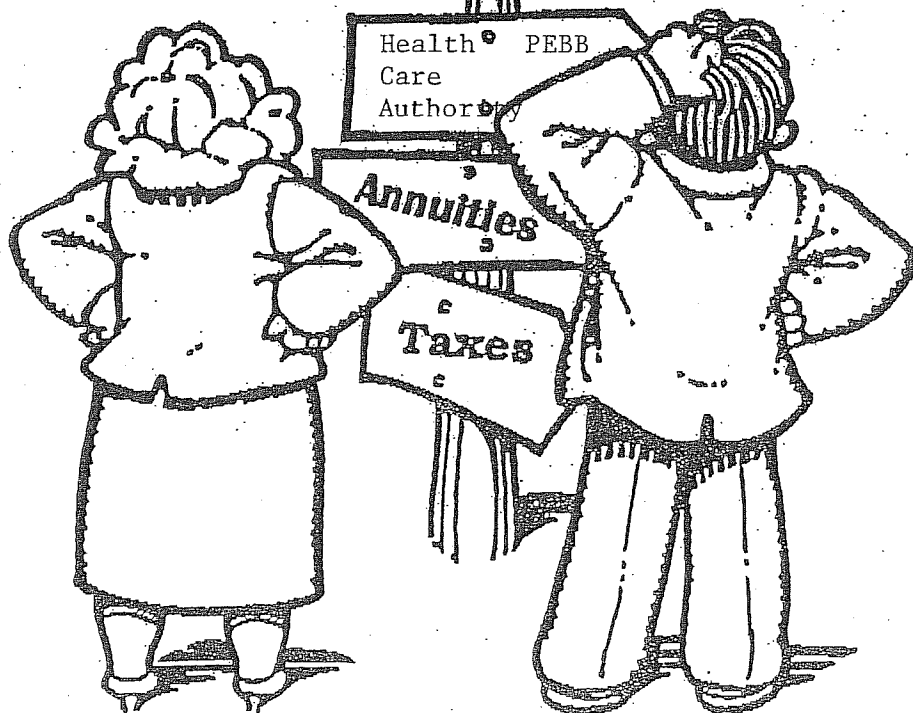
Snoqualmie Valley

Public Schools

8001 Silva Avenue S.E., P.O. Box 400, Snoqualmie, WA 98065
Phone (425) 831-8100 ♦ Fax (425) 831-8040 ♦ www.snoqualmie.k12.wa.us



Retirement



Retirement Related Information

Payroll Related Information

Benefit Related Information

Contact Payroll Officer at 425-831-8014

Department of Retirement Systems ***1-800-547-6657***
or www.drs.wa.gov

Health Care Authority ***1-800-200-1004***
or www.hca.wa.gov

Social Security ***1-800-772-1213***
or www.ssa.gov

**Call the Washington State Department of Retirement to begin the process of retirement.
Call the Health Care Authority to get your Benefits packet.**

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Retirement Check List

- _____ 1. Coordinate with the Department of Retirement Systems (DRS) to determine your retirement date (800) 547-6657
- _____ 2. Call the Department of Retirement Systems (DRS) to request an estimate of benefit and a retirement packet (800) 547-6657
- _____ 3. Submit a letter of retirement to the Personnel Department (425) 831-8003
- _____ 4. Complete the forms when you receive your retirement packet from DRS.

CAUTION: If you are requested to provide earning estimates on any form provided by the Department of Retirement Systems, please use **CAUTION. Do not** overestimate your income.

- _____ 5. Health Care Authority Information Packet/PEBB:

Detach and return the post card to the Health Care Authority to request a health care information packet. **The post card is included in your retirement packet from DRS.**

Your application or deferment must be filed within 60 days following the date your benefits with the district end, even if you choose to defer coverage.

You have a one-time opportunity to choose health coverage through the state Health Care Authority (HCA). It is important that you fill this application out correctly and return it within the time limit allowed. Upon retirement, if you plan on choosing COBRA coverage or decide to go onto your spouse's health plan you must let the HCA know this on the application. If you do not fill out the application and return it, you will forfeit all rights to join the plan at a later date.

Deferment to your spouse's plan can only be if he/she is actively employed (not retired).

COBRA is continuing health coverage on a self-pay basis through the employer you are with upon retirement. COBRA is available to you for 18 months only.

_____ Retirement Application: Mail to DRS no more that 90 days before, but no less than 30 days before your retirement date. This form must not contain any erasures or alterations. Department of Retirement Systems – PO Box 48380 Olympia, WA 98504.

_____ Birth Evidence: A photocopy of your birth certificate is required. Selection of Survivor Option requires a photocopy of your beneficiary's birth certificate. Your DRS retirement package will include a list of other documents accepted as proof of age.

_____ W-4P (Optional): Your monthly pension is taxable income and the W-4P will help you calculate the appropriate withholding. If this form is not received, DRS will be required by law to withhold at a rate based on married with 3 allowances.

_____ Direct Deposit Form (Optional): Complete this form if you want your benefit to be directly deposited to your bank account. Your bank must complete a portion of this form.

_____ TRS Plan 1 application to transfer contributions: If applicable, the receiving financial group or bank must complete a portion of this form

_____ 5. If you qualify for Social Security, be sure to contact the Social Security Office three months prior to your qualification date for social security benefits, (800) 772-1213.

_____ 6. If you are receiving a large sum due to contract payoff, vacation pay or other taxed compensation on your final check, you may want to change your withholding allowances (form W-4) and/or your TSA (Salary Reduction Agreement). For more information contact the Payroll Office (425) 831-8014. This would apply if you were asking to be paid in full for the remainder of your contract in the month of June or July instead of allowing it to go through August.

Retiree Payroll Information

When will I receive my final paycheck? What will it include?

TRS 1 June Retiree

Your final paycheck will be in August unless you request otherwise. It will include vacation pay if applicable, any current additional hours, optional days, sick leave cash out, and your contract pay for June, July and August

TRS 2 & 3 June Retiree

You will receive your final paycheck in August unless you request otherwise. It will include vacation pay if applicable, any current additional hours, optional days, sick leave cash out, and your contract pay for June, July and August.

TRS 260-Day Retiree

Your final paycheck will include your final month contract pay. Vacation pay, any current additional hours, sick leave cash out, will be paid in the month following your last day of work.

PERS/SERS Retiree

Your final paycheck will include your contract payoff. Any current additional hours, sick leave cash out, and vacation will be in the month following your last day of work.

**Estimated Example of Impact of Federal Withholding on Higher Gross Pay:
W-4 Status = Married with 1 exemption**

	<u>1 Month Pay</u>	<u>June Retiree-3 Months Pay</u>
Gross Pay	\$3,000.00	\$9,000.00
Federal Income Tax	(\$332.00)*	(\$1,948.52)*
Net Pay	\$2,668.00	\$7,501.48
 Income Tax Rates	 28%	 31%

Note* The rate of income tax increases as total monthly gross increases.

Federal Income Tax – June Retiree 3 Months Pay	\$1,948.52
Federal Income Tax 1 Month Pay X 3(months) (\$332.00 x 3)	<u>(\$ 996.00)</u>
Difference – Impact of Federal Withholding on Higher Gross Pay	\$ 952.52
How can I change the Federal Income Tax Amount withheld?	

W-4: Complete and return a new W-4 form to the Payroll Department if you wish to make a change. Contact the Payroll officer for a new W-4 form at (425) 831-8014 or download the form from the district website.

Annuity: Will stop with your final paycheck. Please contact Envoy Plan Services at 1-800-248-8858 or www.envoyplanservices.com to find out what happens with your investment monies.

Consult your tax or financial advisor regarding W-4 and/or annuity deduction changes. The District cannot advise you on specific changes.

How are contractual benefit deductions calculated?

Note: The Contractual and Benefit Deductions listed below are **tripled** for TRS 1 June retirees and TRS 2 & 3 August retirees requesting final pay in June.

Union Dues: as defined by contract.

Insurance: Medical, Dental, Vision, LTD and Life – group coverage through the District ends September 30th.

Flexible Spending Accounts: Medical and Dependent Care. Any balance due for the current calendar year will be deducted (pre-taxed) from your final June or August pay as specified by the regulations pertaining to the Flexible Spending Accounts. Contact Jem Resource Partners at 1-800-943-9179 or www.jemtpa.com.

How are other payroll deduction calculated?

Note: Other payroll deductions listed below are not tripled, changed, or canceled unless you submit a written request to the Payroll Department by June 5th. The deductions currently active will be deducted from your final pay.

United Way: You can cancel or have the remaining contribution balance deducted from your final paycheck by submitting a written request to the Payroll Department.

Credit Union: You can cancel or change your deduction by contacting the Credit Union. You must contact the Credit Union by May 31st for a June payroll change.

Optional Insurances: Employee paid Short Term Disability and Life insurance. Both or either insurance can be canceled by submitting a written request to the Payroll Department by June 5th. The cancellation date and your signature are required.

Annuity: Contact the Envoy Plan Services for a Salary Reduction Agreement form to cancel or change your tax sheltered annuity deduction. Consult your financial advisor and/or read IRS Publication 571. Envoy Plan Services 1-800-248-8858 or www.envoyplanservices.com.

Sick Leave Cash Out

When Will I receive my Sick Leave Cash Out?

You will either receive the cash out amount less taxes in a final paycheck or the cash out amount will be deposited into a tax exempt VEBA trust account as determined by your bargaining group.

Please Note: Each year current retirees of each bargaining group vote whether or not to participate in VEBA. Upon bargaining group acceptance, all retirees must participate or pay a penalty.

Qualifications for Sick Leave Cash Out:

There are different requirements per retirement plan. All plan 1 members must officially apply for retirement benefits (the defined benefit). Plans 2 & 3 have a Separation from Service eligibility definition where you do not have to officially apply for retirement benefits. The Payroll Department will contact the Department of Retirement Systems for retirement confirmation. Confirmation must be received from DRS before sick leave balance can be cashed.

Sick Leave Cash Out Check List:

If your bargaining group is participating in VEBA you must obtain a VEBA enrollment form from the Payroll Department. Submit your completed form to Payroll by June 5th.

You must also obtain and submit (by June 5th) the Sick Leave Cash out form. Please contact payroll to obtain the form or print it from the district website.

Submit your final absence report to the Payroll Department for any remaining absences.

How is Sick Leave Cash Out Calculated?

Maximum number of days = 180 (1,440 hours)

Convert to monetary compensation at the rate of 25% x hourly rate

There is no minimum sick leave balance required

Reference: WAC 392-136-020 Conversion of sick leave upon retirement

MEDICAL – HEALTH CARE AUTHORITY PLANS

Conversion plans for retirees are not offered by our current medical plans. You must enroll in a PEBB (Public Employees Benefits Board) plan, use the 18-month COBRA continuation of your current medical plans, or find an alternative (e.g.; a dependent on your spouse's insurance.) You must let PEBB (HCA) know what route you are going to take for medical. Return the Request for Information card found in the Retirement Packet sent to you by the Department of Retirement. When you receive the packet go over all the plans offered, decide if you are going to choose PEBB, Cobra or an alternative. Fill the form out with your decision and send back to PEBB (HCA).

The PEBB retiree plans provide long term coverage and premiums are subsidized by the active employee's benefit allocation. There are many general "types" of plans offered: Standard managed care plans, Medicare managed care plans, Extended network managed care plans, the Uniform Medical Plan (state-administered, self insured PPO, freedom of choice) and Medicare Supplement Plans.

Important Reminder: The HCA requires enrollment within 60 days of when your benefits end with the district.

Things to watch for or ask about when considering PEBB Retiree medical:

What plans serve the area I choose to live in after retirement?

How does the managed care plan work?

How does the Extended Network managed care plan work?

An extended network allows you to obtain specific medical services without a referral from your primary care physician. In return, extended network benefits are generally paid at a lower percentage than standard benefits. You usually must use a plan-designated provider.

Ask for the plan description and list of the primary care physicians, preferred provider clinics and hospitals, from each plan you are considering. Each plan phone number is listed in the PEBB Consumer Information Guide sent to you by the HCA.

HCA RETIREMENT HOTLINE: 1-800-200-1004

PEBB **Public Employees Benefits Board** – establishes eligibility requirements and approves the benefit plans of all participating health care organizations.

HCA **Health Care Authority** – responsibility for purchasing and administering benefits funded by the Legislature. The HCA contract with health plans as well as manages its own self-insured plan (The Uniform Benefit Plan) for eligible state and retired K-12 employees and their dependents.

Age 65 and Older

Active employees – SVSD group plans are primary, Medicare is secondary

Retired Employees – Medicare is primary, PEBB plans are secondary (You must be enrolled in Medicare Parts A and B.)

HCA offers Medicare Supplement Plans,

Dental

The PEBB offers dental plans and its own Uniform Dental Plan with Washington Dental Service as plan administrator. These plans are only available to PEBB medical subscribers; however, you may enroll during any PEBB open enrollment.

WDS (Washington Dental Service) will convert retired subscribers to an individual plan. Call WDS at 800-554-1907 for an enrollment packet.

Vision

Vision benefits may be included in PEBB medical plans.

COBRA

COBRA is a federal law, which gives you the right to self-pay medical, dental and vision premiums to the SVSD for 18 months after your current coverage ends. You may subscribe to the PEBB plans after the 18-month limit as long as you sent the PEBB application back to them, within 60 days of your loss of district insurance, stating that you were going on the COBRA bridge.

Flexible Benefit Plan

If you are participating in a Medical Reimbursement Account, Payroll will deduct the balance of your monthly contributions for the remainder of the current year from your final compensation according to the plan law.

Retirement Benefit Questions & Answers

Q. When do my SVSD benefits end?

A. School year contracted employees will typically have their benefits paid through the end of September if they complete their contract or assignment.

260-day, school year classified employees and school year employees who do not complete their current years' contract, will typically have benefits paid for one additional month past retirement, however it depends on the date you retire.

Q. If I miss the initial Open Enrollment for the state PEBB plans when I retire, can I enroll at a later Open Enrollment?

A. Only if at the time of initial Open Enrollment you filled out the PEBB application indicating you were taking the COBRA Bridge or Deferred Enrollment, because you were enrolled in your or your spouse's comprehensive employer sponsored medical plan (not if your spouse is on a retiree medical plan). You must do this within 60 days of your loss of your district insurance and provide proof to PEBB that you are enrolled under another plan. If you do not do this at the initial Open Enrollment then you will risk permanent forfeiture

Q. Can I enroll my spouse during a subsequent Open Enrollment?

A. Yes, a spouse may be added to your plan as a dependent during any HCA announced Open Enrollment. Dependents that lose health care coverage provided by their employer due to termination must enroll in a PEBB plan within 31 days of the date their employer-provided coverage ended.

Q. What if my spouse is a K-12 employee who retires later than I?

A. If your spouse is enrolled as an employee in an employer sponsored plan while you are retired, you may continue your coverage as your spouse's dependent on that active plan. When your spouse terminates employment, retires, dies or divorces, you are eligible to enroll in your PEBB retiree coverage within 31 days of that date.

Q. What happens to coverage for my dependent spouse upon my death?

A. The surviving dependent of a retiree who is covered at the time of the retiree's death may continue their coverage on a self-pay basis. Application for surviving dependent coverage must be made within 60 days from the death of the retiree.

Q. Is there any advantage in continuing in my SVSD medical, dental or vision benefits as provided by COBRA Laws?

A. Maybe, you may need extended coverage until you are eligible to enroll in your spouse's active plan. You may also find that it is less expensive to stay on COBRA then immediately start with the PEBB plans.

Q. Will there be Benefit Fairs provided by the PEBB so I can get some detailed information on various plans?

A. Call 1-800-200-1004 for information.

Q. If I am not sure of my retirement plans at the time when I decide on a medical plan, am I stuck with the same plan forever?

A. No, you may change plans during any announced Open Enrollment period or within 31 days of a qualifying event (e.g., should you move outside the service area of your current plan, should you move back into the service are of your current plan).

The information in this handout is an attempt to provide helpful information regarding retiree benefits. Please consult the HCA/PEBB brochures for detail, definitions, exclusions, limitations and rules and updates pertaining to retiree plans and benefits. You should also look at the HCA/PEBB Leaving School District Employment flyer on the district website.

Social Security

1-800-772-1213

**24-Hour
Telephone
Service**

Social Security's Toll-free 800 Number Service

Social Security has toll-free telephone service to provide you, our customer, with a convenient, easy way to conduct your Social Security business. Our toll-free number, 1-800-772-1213, is available any time; you can call 24 hours a day including weekends and holidays. You can speak to a representative from 7 a.m. to 7 p.m. on business days.

Who Answers The 800 Number?

The employees who answer Social Security's national telephone lines are fully trained representatives, just like the people who help you if you choose to visit a Social Security office. They use computer equipment and have access to your Social Security records. This means you can handle most of your business using the 800 number telephone system.

Why Call The 800 Number?

We can take care of most of your Social Security business by telephone if you'll call the toll-free 800 number between 7 a.m. and 7 p.m. Following are some of the services available. Call to—

- schedule an appointment to apply for Social Security retirement, survivors or disability benefits, Supplemental Security Income, or Medicare;
- change your address;
- sign up to send your Social Security benefit check directly to your bank;
- report your annual earnings;
- find out how work affects your Social Security benefits:

For your convenience, automated services are also available 24 hours a day. You can request—

- an application for a new or replacement Social Security card;
- a Personal Earnings and Benefit Estimate Statement (SSA-7004) which gives you an estimate of your Social Security benefit based on your lifetime earnings;
- a benefit verification (the amount of Social Security benefits you receive each month); or
- the location of the closest Social Security office. **Download current**

information

In addition, you can call after business hours to access the automated service to request

- a variety of publications, or
- general information messages.

When Can You Call Us?

Our lines are busiest early in the week and early in the month, so if your business can wait, it's best to call at other times. However, if you are planning to file for benefits, you should call us as soon as possible. You can speak to a representative or make an appointment between the hours of 7 a.m. and 7 p.m. on business days.

For 24-hour automated service, it is best to call after business hours. Recorded information and services are available after 7 p.m. weekdays and round the clock on weekends and holidays. A recorded message will tell you how to leave your name and address, when needed, so we can complete your request. We'll respond to you by mail.

People who are deaf or hard of hearing may call our toll-free "TTY" number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

To Help Us Serve You Better

- When you call, you can help us serve you by having—
- your Social Security number handy,
- a list of questions you want to ask,
- any recent correspondence you received from us with you, and
- a pencil and paper to record information and answers to your questions.

Your Privacy Is Important

The Social Security Administration treats all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. When you call, we'll ask you several questions to help us verify your personal identity. If you ask a friend or family member to call Social Security, you need to be with them so we can ask your permission to discuss your Social Security business with that person.

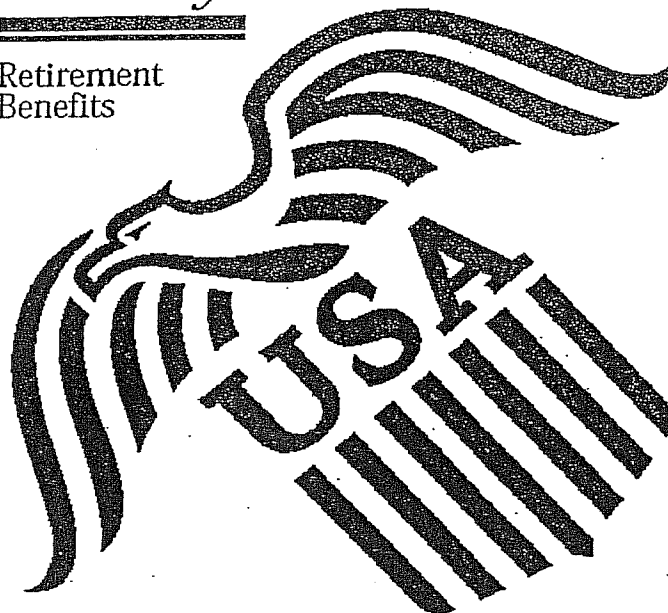
We also want to make sure that you receive accurate and courteous service. That's why we have a second Social Security representative monitor some incoming and outgoing telephone calls. **Download current**

Social Security's
Toll-Free Number
1-800-772-1213

Internet: <http://www.ssa.gov>
Social Security Administration
SSA Publication No. 05-10082

Social Security

Retirement
Benefits



February 1996

ICN 468360

Unit of Issue — HD (one hundred)

<http://www.ssa.gov>

1-800-772-1213

Booklets Available

Social Security has a number of publications that contain information about other Social Security programs. Contact Social Security to get a free copy of any of these publications. They include:

- *Social Security—Understanding The Benefits* (Publication No. 05-10024)- Comprehensive explanation of all the Social Security programs.
- *Social Security—Disability Benefits* (Publication No. 05-10029) - Explains Social Security disability benefits.
- *Medicare* (Publication No. 05-10043) – Explains Medicare hospital insurance and medical insurance.
- *Social Security—Survivors Benefits* (Publication No. 05-10084) - Explains Social Security survivors benefits.
- *How Work Affects Your Benefits* (Publication No. 05-10069) - Explains Earning Limits, what counts as “earnings,” and how to report earnings to Social Security.
- *Social Security—Supplemental Security Income* (Publication No. 05-11000)—

Explains this program which provides a basic income to people 65 or older, disabled, or blind who have limited income and resources.

Social Security

Retirement Benefits

Full Retirement Age

The usual retirement age for people retiring now is age 65. Social Security calls this "full retirement age," and the benefit amount that is payable is considered the full retirement benefit.

Because of longer life expectancies, the full retirement age will be increased in gradual steps until it reaches age 67. This change starts in the year 2003, and it affects people born in 1938 and later.

Look at the table below to find your full retirement age.

Age To Receive Full Social Security Benefits

<i>Year of Birth</i>	<i>Full Retirement Age</i>
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Early Retirement

You can start your Social Security benefits as early as age 62, but the benefit amount you receive will be less than your full retirement benefit.

If you take early retirement, your benefits will be permanently reduced based on the number of months you will receive checks before you reach full retirement age. If your full retirement age is 65, the reduction for starting your Social Security at age 62 is about 20 percent; at age 63, it is about 13 percent; and at age 64, it is about 6 percent.

PEBES -- Personal Earnings and Benefit Estimate Statement

PEBES -- Personal Earnings and Benefit Estimate Statement shows your Social Security earnings history and how much Social Security taxes you have paid into the program. It also estimates your future benefits and tells you how to qualify for those benefits. PEBES does NOT include current salary or detailed earnings information, such as employer's names or addresses. The PEBES is a free service of the Social Security Administration.

To order the PEBES request form, you can call the toll-free number 1-800-772-1213 or, if you prefer, you can request a PEBES form from the Internet address: <http://www.ssa.gov>. Phone lines are busiest early in the week and early in the month. It's best to call at other times. You can also call at night, on weekends, and on holidays, 365 days a year.

How Do You Sign Up For Social Security?

You can call the Social Security toll-free number, 1-800-772-1213 to apply for benefits or to make an appointment to visit any Social Security office to apply in person.

Depending on your circumstances, you will need some or all of the documents listed below. But don't delay applying for benefits because you don't have all the information. If you don't have a document you need, we can help you get it.

Information Needed

- Your Social Security number;
- Your birth certificate;
- Your W-2 forms or self-employment tax return for last year;
- Your military discharge papers if you had military service;
- Your spouse's birth certificate and Social Security number if he or she is applying for benefits;
- Children's birth certificates and Social Security numbers, if applying for children's benefits;
- Proof of U.S. citizenship or lawful alien status if you (or a spouse or child is applying for benefits) were not born in the U.S.; and
- The name of your bank and your account number so your benefits can be directly deposited into your account.

You will need to submit original documents or copies certified by the issuing office. You can mail or bring them to Social Security. Social Security Personnel will make photocopies and return your documents.

Social

Security



How Work Affects Your Benefits

Introduction

If you receive Social Security retirement or survivors benefits and you're still working, you can earn a substantial amount of money while receiving some benefits. However, your benefits will be reduced if you earn over certain limits. This leaflet explains how this works, what counts as "earnings," and how to report earnings to Social Security. It also explains a special rule that usually applies to the first year you start getting Social Security benefits.

Note: A different set of rules applies to people receiving Social Security disability benefits or Supplemental Security Income (SSI) payments. They should report all earnings to Social Security.

Also, a different set of rules applies to most work performed outside the United States. Contact Social Security if you are working (or plan to work) outside the U.S.

What Are The 2000 Earnings Limits?

If you are under 65, you can earn up to \$10,080 with no reduction in your Social Security benefits. If you earn more than that, \$1 in benefits is withheld for every \$2 you earn over \$10,080.

If you are 65 through 69, you can earn up to \$17,000 with no reduction in your Social Security benefits. If you earn more than that, \$1 in benefits is withheld for every \$3 you earn over \$17,000.

If you're 70 or older, the earnings limits no longer apply.

Are You Better Off Keeping Your Earnings Under The Limits?

Whether or not you want to work and how much you want to earn are your decisions. But you shouldn't necessarily keep your earnings under Social Security's limits because you think you'll lose too much money. These examples explain why:

Ted Green is 66 years old and receives a monthly Social Security benefit of \$900—or \$10,800 per year. In the year 2000, he takes a part-time job but decides to stop working when his earnings reach \$15,000—just so he's safely under Social Security's \$17,000 limit. His total income is \$25,800:

\$10,800 in Social Security

+ \$15,000 in earnings

\$25,800 Total income

His 68-year-old neighbor, Maria Gomez, also receives \$900 in Social Security benefits—or \$10,800 per year. However, she takes a job that will pay her \$24,500 in the year 2000. That's \$7,500 over the limit. We withhold \$1 from her Social Security for every \$3 over the limit, so we must withhold \$3,000 of her Social Security Benefits ($\$7,500 \div 3 = \$2,500$). That means she'll still receive \$8,300 from Social Security ($\$10,800 - \$2,500 = \$8,300$). Her total income is \$32,800:

\$8,300 in Social Security

+ \$24,500 in earnings

\$32,800 Total income

Although Mr. Green receives all his Social Security benefits while Ms. Gomez has \$2,500 in benefits withheld, Ms. Gomez comes out substantially ahead in overall income because of her higher earnings.

There's another way Ms. Gomez may come out ahead. When you work, you pay Social Security taxes. And because you pay these taxes, Social Security refigures your benefits to take into account your extra earnings. If the worker's earnings for the year are higher than the earnings that were used in the original benefit computation, Social Security substitutes the new year of earnings. The higher your earnings, the more your refigured benefit might be. Because Ms. Gomez's earnings are higher, she will probably get a greater increase in her Social Security benefits than Mr. Green. Mrs. Gomez also earns a 5 percent delayed retirement credit for each year she works until she reaches age 70.

Your Earnings And Your Benefits —How Much Will You Get?

The following table gives you an idea of how much Social Security you'll receive for the year based on your monthly benefits and estimated earnings.

For People Under Age 65		
If Your Monthly Social Security Benefit Is	And You Earn	You Will Receive Yearly Benefits Of
\$500	\$10,080 or less	\$6,000
\$500	\$15,000	\$3,540
\$700	\$10,080 or less	\$8,400
\$700	\$15,000	\$5,940
\$700	\$20,000	\$3,440
\$900	\$10,080 or less	\$10,440
\$900	\$15,000	\$8,340
\$900	\$20,000	\$5,840

For People Age 65 to 69		
If Your Monthly Social Security Benefit Is	And You Earn	You Will Receive Yearly Benefits Of
\$500	\$17,000 or less	\$6,000
\$500	\$20,000	\$5,000
\$700	\$17,000 or less	\$8,400
\$700	\$20,000	\$7,400
\$700	\$30,000	\$3,067
\$900	\$17,000 or less	\$10,800
\$900	\$20,000	\$9,800
\$900	\$30,000	\$6,467

What Income Counts ... And When Do We Count It?

If you work for someone else, only your wages count toward Social Security's earnings limits. If you're self-employed, we count only your net earnings from self-employment. In either case, we do **not** count non-work income such as investment earnings, interest, pensions, annuities, capital gains, and other Government benefits.

If you work for wages, income counts when it is earned, not when it is paid. If you have income that you earned in one year but the payment was deferred to the following year, it should not be counted as earnings for the year you receive it. Some examples of deferred income include accumulated sick or vacation pay and bonuses.

If you're self-employed, income counts when you receive it—not when you earn it—except if it is paid in a year after you become entitled to Social Security and was earned before you became entitled to Social Security. For example, if you start getting Social Security in June 2000 and you receive some money in February 2001 for work you did before June, it will not count against your 2001 earnings limit. However, if the money you receive in February 2001 was for work you did after June, it will count against your 2001 earnings limit.

A Special Rule For The First Year You Retire

Sometimes, people who retire in mid-year have already earned more than the yearly earnings limit before they retire. That's why there's a special rule that applies to earnings for one year, usually the first year of retirement. Under this rule, you can receive a full Social Security check for any whole month you are "retired," regardless of your yearly earnings.

In the year 2000, a person is considered retired if monthly earnings are limited to \$840 for people under 65 or \$1,417 for people age 65 through 69. For example, John Smith retires at age 62 on August 30, 2000. He will make \$45,000 through August. He takes a part-time job beginning in September earning \$500 per month. Although his earnings for the year substantially exceed the year 2000 limit (\$10,080), he will receive a Social Security check for September through December because his earnings in those months are under \$840, the special "first year of retirement" monthly limit for people under age 65. If Mr. Smith earns more than \$840 in any one of those months (September through December), he will not receive a benefit for the month(s) he goes over the limit. Beginning in 2001, only the yearly limits will apply to John because he will be beyond his first year of retirement.

If you're self-employed, we also consider whether you perform substantial services in your business. One measure of your service is the amount of time you spend working. In general, if you work more than 45 hours a month in self-employment, you are not retired; if you work less than 15 hours a month, you are retired. Work between 15 and 45 hours a Month may be considered substantial if you work in an occupation that requires a lot of skill or you are managing a sizeable business. For detailed information about how we figure the amount of time you spend in your business and whether your work is substantial, call or visit us.

Reporting Changes In Your Earnings

We calculated your benefit payments based on the earnings estimate you gave us when you applied for Social Security or your most recent estimate of earnings annual report. At any time during the year, if you see that your earnings will be different from what you had estimated, you should call us to revise your estimate. This will help us keep the amount of your Social Security benefits correct.

If other family members get benefits on your Social Security record, the total Family benefits may be affected by your earnings. This means we may withhold not only your benefits, but those payable to your family as well. But, if you get benefits as a family member, your earnings affect only your own benefits.

If you need help in figuring your earnings, contact us at 1--800--772-- 1213. When you call, have your Social Security number handy.

You also can reach us on the Internet. Type <http://www.ssa.gov> to access Social Security information.

For More Information

You can get recorded information 24 hours a day, including weekends and holidays, by calling Social Security's toll-free number, **1-800-772-1213**. You can speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. Our lines are busiest early in the week and early in the month, so, if your business can wait, it's best to call at other times. Whenever you call, have your Social Security number handy.

People who are deaf TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

We treat all calls confidentially – whether they're made to our toll-free numbers or to one of our local offices. We also want to make sure that you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

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