



Harper College Adjunct Faculty Association, IEA/NEA
(Illinois Education Association/National Education Association)
553 N. North Court, Suite 210
Palatine, IL 60067-8124
(847) 359-0300

Summary of September 19, 2007

Presentations on Social Security and SURS

Note: Although Harper College participates in the SURS system and is not part of the Social Security System, we do pay in to Medicare and are thus eligible for Medicare at age 65.

(HCAFA's reason for including information on Social Security was to provide it for those adjuncts who have worked at jobs other than Harper where Social Security taxes were withheld.)

The session began with a presentation by Cathy Anton. Her business card identified her as:
Cathy Anton, Claims Representative, Prospect Heights
215 S. Elmhurst Road (corner of Euclid and Route 83)
Prospect Heights, Illinois 60070

Phone: 847-222-9401 ext 217
Fax: 847-222-9325
Email: cathy.anton@ssa.gov

Preliminaries:

She began by describing the contents of a SS folder passed out to attendees, including brochures on

1. Understanding the Benefits
2. Medicare (she noted that we could call her and ask for a deluxe version)
3. The Future of Social Security (SS employees are not allowed to discuss contents; it is considered political)
4. Direct deposit of benefits
5. Identity Theft and your social security number

It also contained individual printed sheets on:

1. What you should know about the new Medicare prescription drug plans
2. Help available to pay costs of Medicare's new prescription drug plan
3. Windfall Elimination Provision, a provision adopted by Congress that may reduce your Social Security benefits if in addition to the job you had where you paid in to Social Security, you have also worked for a government agency employer such as SURS that does not withhold Social Security taxes.
4. Government Pension Offset, a law that affects spouses and widows/widowers. If you are eligible to receive Social Security benefits through your spouse, your benefits will be reduced by 2/3 the amount you receive from SURS
5. Update 2007
6. Early versus full retirement [calculation]

She also directed us to look at an enclosed card with contact information:

1-800-772-1213 offering toll free service from 7am to 7pm on business days

Internet address: www.socialsecurity.gov

Reasons for calling the 800 number:

- To start direct deposit
- To replace a lost or stolen SS card
- To change your address
- To ask about an overdue check
- To get a SS statement
- To verify benefits
- To ask about Medicare
- To make an appointment to file a claim
- To ask general questions

The folder also contained a white envelope with information on eligibility to get extra help paying for prescription drugs.

Presentation:

Cathy identified 3 types of SS benefits: Retirement, Survivors, and Disability
Health Insurance benefits include: Medicare, SSI (Supplemental Security Income – eg, for a disabled child) and Medicare Part D

She noted that Social Security was never intended to replace 100% of income at retirement. The average replacement percentage is about 40%.

Cathy said 40% of people currently 30-50 yrs. old will never make it to retire at 65 – they will either be disabled or dead.

A 65 year old today is expected to live 83-88 years. A foundation for planning your future:

- Other income
- Savings and Investments
- Pension
- Social Security

Social Security is under pressure today for several reasons:

- Historically, the average number of children per mother has been close to 3; it is now 2
- In 1960, there were 5 workers per retiree; in 2007 there are 3; by 2030 it is expected to be 2
- Life expectancy is increasing; also women live longer than men and have lower earnings

The method of qualifying for benefits has changed; instead of counting quarters of work, you now need 40 'credits' to qualify for SS benefits. In 2007, each \$1000 in earnings is 1 credit. A maximum of 4 credits may be earned in 1 year. The earnings may all be in one month: earning \$4000 in one month of the year gives you 4 credits for that year. In the 70's, only \$50 in earnings were needed for a credit.

Fewer credits may be needed to qualify for disability benefits.

Cathy advised us that we should get an Annual Statement from Social Security, and we should check it carefully, reporting any errors as soon as possible. Any understatement of earnings could reduce future benefits. An overstatement of earnings could be a sign of identity theft – someone else may be using your number – so this also should be reported. Check and be sure your statement agrees with your W-2 form earnings. As soon as you have 40 or more credits accrued, you qualify to receive SS benefits. (She advised that we not carry our SS cards with us, as they are a huge source of identity theft if lost or stolen – more that 1 million new cases/year!)

She noted that current statements do not account for any 'Windfall Elimination Provision' – an offset for a possible SURS pension, etc. They are in the process of modifying the statements to take this into account. She suggested that if we have questions on this, we call the 800 number.

Cathy assured us that if have a SURS pension, and have 40 credits of SS, you WILL get social security (however it will possibly be reduced)

Question: When should you retire and start collecting SS? Actually, you do not need to stop working to collect. Your benefit amount is based on your highest 35 years (indexed for inflation – average indexed earnings). If you have less than 35 years of income, the benefit might be reduced, but the benefit depends both on number of years and also total income. The minimum age to start collecting is 62, but the benefit is less than you would receive at full retirement age. Full retirement age is 65 for those born in 1937 or earlier, increases gradually to 66 for those born in 1943-1954, and increases to 67 for those born in 1960 or later.

Your must file an application in order to get benefits.

She urged us to learn our options early (3 or 4 months before 62nd birthday) and consider beginning benefits at age 62. Benefits are reduced, but she went through calculations which indicated it could take 12 years or more to make up the loss if you wait to get benefits at full retirement age. ...

Your monthly payment will also increase if you work past full retirement age. In addition to retiree, other family members can also get benefits. Please refer to the booklet Understanding the Benefits, page 9, for your full retirement age.

It was noted that benefits are increased if you do not start before age 70, (currently an 8 % bonus for waiting.) **but that it may not be to your advantage to wait.**

All qualify for Medicare starting at age 65.

Windfall Elimination Provision (WEP)

For a worker who turns 62 in 2007, the first \$680 of average monthly earnings is multiplied by 90%; the next \$3,420 by 32% and the remainder by 15%. The WEP computation could reduce the 90% factor to 40% but will not affect the rest of the calculation. If a worker has 30 or more years of "substantial" earnings under SS, there is no reduction. A worker with 21 to 29 years will face a partial reduction. This year the reduction cannot be more than \$303 per month or half of the SURS pension. There are other possible exceptions but may not apply to our group.

A woman gets half of her spouse's benefit while the spouse is alive, and the full benefit as a survivor. The spousal benefit can be reduced to zero if the spouse worked under SURS. Example: if the SURS benefit is \$900/month, the reduction could be 2/3 or 600. If the SS benefit is 1000 and the spouse gets half, or 500, the \$600 offset would result in no SS benefit.

This also applies if you receive a government pension based on work not covered by SS; your SS spouse's or widow(er)'s benefits may be reduced; 2/3 of amount of government pension will be used to reduce the SS spouse's benefits.

Limitation on earnings if you continue working

Before full retirement age, there is a limitation on benefits if you have earnings. The maximum earnings before the benefit is reduced are \$12960 per year, or 1080 per month. If you earn more than this, your SS will be reduced by 50% of earnings over the limit. In the year of full retirement age, you are allowed to earn \$34440 per year or \$2870 per month. If you earn more, your SS will be reduced by 33% of earnings over the limit. If you are past full retirement age (even by 1 month!), there is no limit on your earnings; your SS will not be reduced.

How to file

You can file at home, on the internet. You need a SSN, a birth certificate, and your latest W2 and/or earnings estimate. You should also have your bank information to arrange direct deposit, and info /proof of marriages and divorces as well as if any military or railroad service.

The best way to file is on line, at www.ss.gov

Or you can make a phone appointment, express your intention to file by phone

Or you can come to the office, walk in and WAIT. (not recommended)

A widow or widower can start receiving reduced benefits at age 60, a disabled person at age 50. Also – either of above can receive benefits at any age if caring for a child less than 16 years of age.

Medicare

You are eligible for Medicare at age 65 or at any age if you are disabled for at least 24 months, have kidney failure, or ALS. Call for information a few months before you turn 65 – your benefits begin after you enroll, and start the 1st day of your birth month. (i.e. birthday July 21, eligible for Medicare July 1.)

There are 4 parts:

Part A: Hospitalization (inpatient). Free with 40 credits or if you or your spouse worked long enough in a government job where Medicare taxes were paid. Everyone should get this. Need to sign up at age 65. Covers most inpatient hospital expenses. Deductible in 2007 is \$992.

Part B: Supplementary medical insurance. Pays 80% of doctor bills and other outpatient medical expenses after 1st \$131 in approved charges. Costs at least \$93.50 a month (more if income is higher). General enrollment is January- March. Cathy recommended calling to discuss individual case if you have no insurance.

Part C. Medicare advantage. Like an HMO. Cheaper and optional. Restricted to save money. Details are in deluxe Medicare book she mentioned earlier.

Part D: Medicare's Prescription Drug Plan. Covers a major portion of prescription drug costs for Medicare beneficiaries. 2007 monthly premium is \$27.35. See additional information in folder. The white envelope has information about financial assistance. There are over 20 plans available. Because of competition, the coverage is better than the minimum required by the government.

SS can not help you pick a plan. But you can get help on the internet at www.medicare.gov. or you can call:

1-800-Medicare or 1-800-633-4227 for help in picking a plan.

Before calling, you should have available your drugs/dosage/cost and you will be given your best choice. You can also take your list of medications to your government township office, and they will help you choose the best plan for you. Call the year before you retire!

You are eligible for plan D if you have Plan A. If you have private health coverage, you do not need plan D. If you have private coverage, you need to get a letter from your insurance carrier to prove you have other coverage. This is necessary to avoid a penalty for late enrollment at a later date.

NOTES ON THE SURS PRESENTATION FOLLOW

SURS Presentation by Lee Bridges

How to Contact SURS

SURS
1901 Fox Drive
Champaign, IL 61820
(800) ASK-SURS
(800) 275-7877
(217) 378-8800
www.surs.org

Lee started by distributing a copy of a letter describing how service credit is calculated for Part-time employees. This applies only to those in the traditional or portable plans, not the Self Managed Plans. After 3 years, there is a reduction in years of service based on % of employment.

Coverage of adjuncts under SURS started in 1991. Those in the portable plan can elect a lump sum distribution.

We were also given a 6 page handout with copies of the slides used in his presentation.

Lee noted that recently there have been questions on the solvency of the SURS system. He assured us that our contributions are in trust and are safe. It is the matching portion that is affected by the state contribution.

Currently, our SURS payment is 8 % of our salary. This is held in trust and invested by the state. The state provides a match of \$1.40 for every \$1 contributed under the traditional or portable plan.

In addition to retirement benefits, disability benefits are available.

Temporary benefits – 50% of last salary, until you receive 50% of your earnings to date
Long term – 35 % of salary for life. This uses the SS definition of disability.

There are three plans available under SURS: Traditional, Portable and Self Managed.

Retirement eligibility: with 5 years of service at age 62, with 8 years at age 55, and with 30 years at any age.

TRS time is added for vesting. It takes 5 years to be vested, working on an 8 month year; September – April is considered a full year.

You should contact SURS when you are ready to retire; they will contact you at age 70 if you don't contact them earlier.

Service credit = years of service (we were advised to refer to the letter distributed at the beginning of the meeting). If 15 credits is full load, 3 credits is 20%.

Due to the Reciprocal Act, there is no negative impact if you have contributed to two state programs such as SURS and TRS. You will receive benefits from both.

If you are eligible for SS, you do not need to take SURS immediately. If you delay taking SURS, it may delay the reduction of money that will be taken from your Social Security pension– i.e., may delay the offset. You must take a SURS distribution at age 70.5.

Collection of an annuity can be retroactive for 1 year.

AAI = automatic annual increase

At death of recipient, a survivor must contact SURS (although SURS may eventually learn of death and contact survivor.)

A trust gets a lump sum distribution.

There may be some insurance eligibility at retirement (to supplement Medicare).

- A minimum of 5 years at state universities or state agencies
- 20 years of service ?

You can use the SURS web site to estimate benefit at any future date. File an application within 90 days of retirement, and TELL EMPLOYER. The employer must provide SURS with information on retirement. The initial payment is a PEP—an estimated amount. SURS will later finalize the amount and pay any remaining amount

A SURS representative will not be back on campus until next spring, but telephone interviews can be very helpful. You may need to call SURS for a member ID. You are limited to one contact phone call (and follow up for one month on issues arising from that contact.) per year

Disclaimer:

These minutes of the highlights of the meetings were taken by members of the audience for the purpose of informing those unable to attend. As none of the note takers is an expert in either SURS or Social Security, please be advised that some of the information may not be presented correctly or completely. It is our suggestion that you use these notes as a starting point. More information is available by contacting either SURS or SS.