LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: JUNE 8, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: VI-A**

SUBJECT: **FEDERAL LEGISLATION IMPACTING RETIREE INCOME AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board authorize staff to:

Communicate to the Mayor and the City Council the Board's recommendation that the City take a position in support of HR 82, Social Security Fairness Act of 2021, and any other bills that would rectify inequities resulting from the Windfall Elimination and Government Pension Offset provisions.

Direct staff, in consultation with City Attorney's Office, to communicate to the City Council regarding the impact of excluding Income-Related Adjustment Amounts in Medicare Part B reimbursements for LACERS members, and to assist Council in considering an ordinance to amend Los Angeles Administrative Code Section 4.1113 to include this reimbursement while continuing to exclude penalties. If the Administrative Code is amended, staff would also prepare proposed changes to LACERS Board Rule HBA 9 for the Board's approval.

Executive Summary

If a Member receives a pension from LACERS and is eligible for Social Security benefits from previous work outside of the City of Los Angeles, Social Security's Windfall Elimination and Government Pension Offset provisions reduce Social Security benefits received by Members. This is not applied universally and can have significant financial implications for Members, especially those with lower income.

Discussion

Background

Recently, staff received a complaint from a retired Member about his Social Security benefit being significantly reduced because he was receiving a pension from LACERS. This is done in compliance with the Social Security Administration's Windfall Elimination Provision (WEP), which has been challenged in the past. The Member inquired if LACERS has taken a position on this provision.

LACERS can not take positions on political or legislative issues, but can alert the City of any issues that might impact retirement benefits. Staff recommends that the Board submit a request to the Mayor's Office and City Council to review and possibly take a position to rectify the inequities resulting from the WEP.

Windfall Elimination and Government Pension Offset Provisions

The WEP allows Social Security to reduce someone's benefit if they receive a pension from an employer that did not pay Social Security taxes. City of Los Angeles employees do not pay Social Security taxes and are subject to this provision. More specifically, the WEP applies to those who:

- Reached age 62 after 1985; or
- Became disabled after 1985; and
- First became eligible for a monthly pension based on working for the City after 1985.

However, this provision does not apply to everyone. Exceptions include:

- Federal workers first hired after December 31, 1983;
- Employees of a non-profit organization who were exempt from Social Security coverage on December 31, 1983, unless the non-profit organization waived exemption and did pay Social Security taxes, but then the waiver was terminated prior to December 31, 1983;
- Those whose only pension is for railroad employment;
- Employees whose only work performed without paying Social Security taxes was before 1957;
- People with 30 or more years of substantial earnings under Social Security.

Although LACERS makes many efforts to inform Members of the potential reduction of their Social Security benefits, many are not aware of the WEP until they are close to retirement or when they get their first Social Security benefit. It can be alarming, as they may be relying on their full Social Security benefit, which they have worked for and contributed towards, in order supplement their LACERS benefit. Retirees are predominantly on a reduced fixed income and a reduction in their Social Security benefits can create financial hardship.

Example:

> *A single person paid into Social Security for 15 years, earning an average annual income of $50,000 from 1986 to 2000, and then worked for the City from 2001 to 2021, earning an average annual income of $129,500, and retiring at the age of 67 with a pension of $4662 (approximately the average LACERS service retirement pension). The Social Security benefit before the WEP reduction would be $1,911.* After applying the WEP reduction (based in part on the LACERS pension amount), the benefit would be reduced by $537, or 28%, to $1,374.*
>
> *Estimate based on a Social Security benefit calculator on the AARP website. The Social Security website will only allow someone to estimate their own benefit.

In December 2020, about 1.9 million people (or about 3% of all Social Security beneficiaries) were affected by the WEP. The WEP is not applied universally, but anyone who worked for the City of Los Angeles is likely to experience a reduction of their Social Security benefit. These reductions can be substantial, up to one-half of one's pension, and research has shown that the WEP reduces benefits disproportionately for lower-earning households (*Social Security: The Windfall Elimination Provision*, Congressional Research Services, February 4, 2021, https://fas.org/sgp/crs/misc/98-35.pdf).

The Windfall Elimination Provision only affects the benefit of the retiree. However, an employee's spouse may be eligible to also receive a benefit based on the retiree's work history and earnings and there is another provision called the Government Pension Offset that will reduce the benefit received by a retiree's spouse or surviving spouse who is receiving a government pension from employment where Social Security taxes were not paid.

The spousal benefit was considered a "dependent benefit," intended to provide support to spouses that did not work, which was the norm when the benefit was created in the 1930s. Because today it is more common for both spouses in a household to be working and earning a pension, this provision adjusts a retiree's spouse/survivor benefit by two-thirds of the government pension amount the spouse/survivor is receiving, possibly reducing it to $0. If the spouse is receiving a Social Security pension, the spousal benefit is reduced by the entire pension amount.

Example:

> *An active Member is preparing to retire with a LACERS pension of $5,300. Her spouse worked in the private sector and based on his employment history has earned a pension for himself and a spousal benefit of $1,500 for his wife, the LACERS Member. However, because his spouse is receiving a pension from LACERS, this spousal benefit will be reduced by two-thirds of her pension amount, or $3,533. The reduction is greater than the spousal benefit, so she would not receive this benefit.*

Legal/Political Action

Over the years, legislation has been introduced to repeal or amend these provisions. There is bipartisan support in eliminating these provisions and last year, President Biden included in his legislative agenda repealing these provisions.

In the 116th Congress, several acts in relation to the WEP/GPO were presented to Congress, but not acted upon. In the current 117th Congress, HR 82 (Social Security Fairness Act of 2021) has been introduced to repeal the WEP and GPO. In 2016 (the most recent estimate available), Social Security Administration's Office of the Chief Actuary (OCACT) projected that repealing both the WEP and the GPO would reduce the long-range actuarial balance (i.e., increase the net long-term cost) of the combined Social Security trust funds by 0.13% of taxable payroll. In 2018, the OCACT estimated that repealing only the WEP would reduce the long-range actuarial balance of the combined trust funds by 0.08% of taxable payroll. Repealing just the GPO would reduce these funds by 0.06% of taxable payroll.

On March 1, 2021, the Supreme Court agreed to hear a case regarding the WEP. In **Babcock v. Saul**, Dkt. No. 20-480, the Court will address the statutory interpretation of the Social Security Act's windfall elimination provision and whether a civil service pension received for federal civilian employment as a "military technician" constitutes a "payment based wholly on service as a member of a uniformed service." The petitioner was formerly employed as a National Guard dual-status technician. When he applied for social security benefits, he was granted Social Security but his benefits were decreased under the Windfall Elimination Provision of the Social Security Act because of his Civil Service

Retirement System pension. The petitioner is arguing that he should qualify for the uniformed-services exception to the WEP. Since this case concerns a narrow issue of statutory interpretation, the Court's ruling will not impact the application of the WEP to LACERS members. The case is currently being briefed and is scheduled to be argued before the Court during the October 2021 term.

Medicare Premium Income-Related Monthly Adjustment Amounts

When Members turn age 65, in order to receive a LACERS medical subsidy, they need to enroll in Medicare and are responsible for paying out-of-pocket the premium cost of Medicare Part B. The Los Angeles Administrative Code (LAAC) allows for Members enrolled in both Medicare Parts A and B to be reimbursed the basic/standard Medicare Part B premium. Originally, the LAAC indicated that the reimbursement would be for the "basic" premium, but the language was updated to reflect "basic/standard" in subsequent technical changes.The term "basic" or "standard" premium is not defined or referenced in the LAAC, although CMS does refer to the Part B premium, not including late enrollment penalties or Income Related Adjustment Amounts (IRMAAs), as "standard." And the Board Rules do indicate that the Part B premium reimbursement will not include IRMAAs.

IRMAAs were introduced in 2007 and are additional premium costs that were added to Medicare Part B premiums based on income reported to the Internal Revenue Service two years earlier and whether you file individually, separately, or jointly. In 2021, IRMAAs are assessed for people with income over $88,000. The more income one has, the higher the amount of additional premium cost. We regularly receive complaints from Members about these IRMAAs because they increase their medical costs and create the perception that their medical subsidy is devalued. The cost of living varies between states and California is the third most expensive state to live in (https://worldpopulationreview.com/state-rankings/most-expensive-states-to-live-in), so although some of our retirees may be considered "high income," their expenses are likely higher than people living in other states. The vast majority of Members enrolled in a LACERS health plan reside in California.

<u>2021 Medicare Part B Premiums</u>

If your yearly income in 2019 (for what you pay in 2021) was			You pay each month (in 2021)
File individual tax return	File joint tax return	File married & separate tax return	
$88,000 or less	$176,000 or less	$88,000 or less	$148.50
above $88,000 up to $111,000	above $176,000 up to $222,000	Not applicable	$207.90
above $111,000 up to $138,000	above $222,000 up to $276,000	Not applicable	$297.00
above $138,000 up to $165,000	above $276,000 up to $330,000	Not applicable	$386.10
above $165,000 and less than $500,000	above $330,000 and less than $750,000	above $88,000 and less than $412,000	$475.20
$500,000 or above	$750,000 and above	$412,000 and above	$504.90

Example:

A 64-year-old retiree with an income of $115,000, 25 years of Service Credit, and enrolled in the Kaiser HMO plan receives a subsidy amount sufficient to provide full coverage of the $853 premium. The next year, when eligible for Medicare, this same retiree will enroll in the Kaiser Senior Advantage plan and receive full coverage of the $262 premium, will have to pay the standard Medicare Part B premium of $148.50, plus the IRMAA of $148.50 per month. If the Member has Medicare Part A, the standard premium of $148.50 will be reimbursed, but not the IRMAA. So, this Member went from having full coverage of premium costs to paying out of pocket $148.50/month, even though the cost of the plan is now $591 less. Of course, Members with greater income will pay even more out of pocket, up to $356/month in IRMAAs.

Based on the attached chart from the 2019 Actuarial Valuation, approximately 2,000 retired Members would be assessed IRMAAs. This is only according to their LACERS pension. Staff has no way of knowing if they have additional income from other sources, what their household income or their tax filing status is.

This benefit was established long before 2007 and did not take into account IRMAAs because they did not exist at the time; it was meant to not reimburse late-enrollment penalty costs. When IRMAAs were introduced, LACERS updated its Board Rules and recommended technical changes based on the original language of reimbursing only the "basic" premium. However, Iit is possible that the original intent was to exclude reimbursement for penalties but to provide reimbursement of the premium cost, including IRMAAs. Staff researched Council files trying to find the report creating the benefit in order to shed more light on the legislative intent of the Council at the time the benefit was created, however, it could not be located.

Below is the relevant Ad Code Section and Board Rule for reference.

Sec. 4.1113. Medicare Part B Basic Premium Reimbursement Program.

This program is provided to reimburse the cost of the Medicare Part B basic premium to eligible retirees, as hereafter defined.

(a) **Reimbursement.** Reimbursement shall be limited to the Medicare Part B basic/standard premium (Medical Insurance). No reimbursement shall be paid for Medicare Part B costs that exceed the basic/standard premium.

(b) **Eligible Retiree.** In order to participate in the Medicare Part B Basic Premium Reimbursement Program, a retiree must be eligible to receive a medical plan premium subsidy, enrolled in Medicare Parts A and B, and either enrolled in a Medicare supplemental or coordinated plan administered by the Board or be a participant in the Medical Premium Reimbursement Program. Only retired employees may participate in this program.

(c) **Verification of Eligibility for Reimbursement.** Premium reimbursement shall be paid to a retiree who qualifies to participate in this program when sufficient proof of the retiree’s Medicare Part A and Part B enrollment, coverage, and premium payment has been made as required by the Board.

(d) **No Dependent Reimbursement.** Premium reimbursement may not be applied toward coverage for dependents of retirees.

SECTION HISTORY

Added by Ord. No. 182,629, Eff. 7-25-13.

Amended by: Ord. No. 184,134, Eff. 1-22-16; Subsec. (a) amended and Subsec. (d) added, Ord. No. 184,853, Eff. 4-6-17.

LACERS Board Rule

HBA 9: The requirements and rules related to Medicare Insurance plan coverage are as follows:

- The medical plan premiums of a LACERS Senior Plan will only include Medicare "basic or standard" premiums covering only those portions of the Medicare premiums that do not include Income-Related Monthly Adjustment Amounts (IRMAAs).
- LACERS will not cover Eligible Primary Subscriber costs or provide reimbursements for any Medicare premium-related IRMAAs.
- Eligible Primary Subscribers and their dependents subject to a Medicare Part D Late Enrollment Penalty, charged by the Centers for Medicare and Medicaid Services (CMS), shall have this penalty amount deducted from an Eligible Primary Subscriber's monthly LACERS allowance or continuance payments to the dependent(s).

(Revised: June 14, 2016)

Conclusion

The WEP and GPO negatively impact the amount of Social Security benefits Members would receive because they have earned a pension solely from their employment with the City of Los Angeles, an employer that does not pay into Social Security. Additionally, not all employees are subject to the WEP; certain federal workers and railroad employees are exempted. City employees being denied entitlement to their full Social Security benefit could have serious fiscal implications for lower wage earners.

When Members enroll in Medicare Parts A and B, LACERS health plan premiums are significantly reduced, yet depending on a Member's taxable income, their cost of enrolling in a LACERS medical plan may actually increase as a result of Medicare Part B IRMAAs.

Staff is recommending that the Board take the above-recommended actions, in coordination with the City Council and the City Attorney, for the best interests of the LACERS membership.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst, Health Benefits and Wellness Division

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Attachments:
1. Windfall Elimination Provision Information Sheet
2. Government Pensions Offset Information Sheet
3. Retiree Monthly Amounts Chart

Board Meeting of 6/8/2021
Item No.: VI-A
Attachment 1

Windfall Elimination Provision

Your Social Security retirement or disability benefits can be reduced

The Windfall Elimination Provision can affect how we calculate your retirement or disability benefit. If you work for an employer who doesn't withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any retirement or disability pension you get from that work can reduce your Social Security benefits.

When your benefits can be affected

This provision can affect you when you earn a retirement or disability pension from an employer who didn't withhold Social Security taxes ***and*** you qualify for Social Security retirement or disability benefits from work in other jobs for which you did pay taxes.

The Windfall Elimination Provision can apply if:

- You reached age 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you didn't pay Social Security taxes after 1985. This rule applies even if you're still working.

This provision also affects Social Security benefits for people who performed federal service under the Civil Service Retirement System (CSRS) after 1956. We won't reduce your Social Security benefit amounts if you only performed federal service under a system such as the Federal Employees' Retirement System (FERS). Social Security taxes are withheld for workers under FERS.

How it works

Social Security benefits are intended to replace only some of a worker's pre-retirement earnings.

We base your Social Security benefit on your average monthly earnings adjusted for average wage growth. We separate your average earnings into three amounts and multiply the amounts using three factors to compute your full Primary Insurance Amount (PIA). For example, for a worker who turns 62 in 2021, the first $996 of average monthly earnings is multiplied by 90 percent; earnings between $996 and $6,002 are multiplied by 32 percent; and the balance by 15 percent. The sum of the three amounts equals the PIA, which is then decreased or increased depending on whether the worker starts benefits before or after full retirement age (FRA). This formula produces the monthly payment amount.

When we apply this formula, the percentage of career average earnings paid to lower-paid workers is greater than higher-paid workers. For example, workers age 62 in 2021, with average earnings of $3,000 per month could receive a benefit at FRA of $1,537 (approximately 50 percent) of their pre-retirement earnings increased by applicable cost of living adjustments (COLAs). For a worker with average earnings of $8,000 per month, the benefit starting at FRA could be $2,798 (approximately 35 percent) plus COLAs. However, if either of these workers start benefits earlier than their FRA, we'll reduce their monthly benefit.

Why we use a different formula

Before 1983, people whose primary job wasn't covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job for which they didn't pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

Under the provision, we reduce the 90 percent factor in our formula and phase it in for workers who reached age 62 or became disabled between 1986 and 1989. For people who reach 62 or became disabled in 1990 or later, we reduce the 90 percent factor to as little as 40 percent.

Some exceptions

The Windfall Elimination Provision doesn't apply if:

- You're a federal worker first hired after December 31, 1983.
- You're an employee of a non-profit organization who was exempt from Social Security coverage on December 31,1983, unless the non-profit organization waived exemption and did pay Social Security taxes, but then the waiver was terminated prior to December 31, 1983.
- Your only pension is for railroad employment.
- The only work you performed for which you didn't pay Social Security taxes was before 1957.
- You have 30 or more years of substantial earnings under Social Security.

The Windfall Elimination Provision doesn't apply to survivors benefits. We may reduce spouses, widows, or widowers benefits because of another law. For more information, read *Government Pension Offset* (Publication No. 05-10007).

Social Security years of substantial earnings

If you have 30 or more years of substantial earnings, we don't reduce the standard 90 percent factor in our formula. See the first table that lists substantial earnings for each year.

The second table shows the percentage used to reduce the 90 percent factor depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, we reduce the 90 percent factor to between 45 and 85 percent. To see the maximum amount we could reduce your benefit, visit ***www.ssa.gov/benefits/retirement/planner/wep.html***.

A guarantee

The law protects you if you get a low pension. We won't reduce your Social Security benefit by more than half of your pension for earnings after 1956 on which you didn't pay Social Security taxes.

Contacting Social Security

The most convenient way to do business with us from anywhere, on any device, is to visit ***www.ssa.gov***. There are several things you can do online: apply for benefits; get useful information; find publications; and get answers to frequently asked questions.

When you open a personal *my* Social Security account, you have more capabilities. You can review your *Social Security Statement*, verify your earnings, and get estimates of future benefits. You can also print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement SSA-1099/1042S, and request a replacement Social Security card (if you have no changes and your state participates).

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

A member of our staff can answer your call from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a high rate of busy signals and longer hold times to speak to us. We look forward to serving you.

Year	Substantial earnings
1937–1954	$900
1955–1958	$1,050
1959–1965	$1,200
1966–1967	$1,650
1968–1971	$1,950
1972	$2,250
1973	$2,700
1974	$3,300
1975	$3,525
1976	$3,825
1977	$4,125
1978	$4,425
1979	$4,725
1980	$5,100
1981	$5,550
1982	$6,075
1983	$6,675
1984	$7,050
1985	$7,425
1986	$7,875
1987	$8,175
1988	$8,400

Year	Substantial earnings
1989	$8,925
1990	$9,525
1991	$9,900
1992	$10,350
1993	$10,725
1994	$11,250
1995	$11,325
1996	$11,625
1997	$12,150
1998	$12,675
1999	$13,425
2000	$14,175
2001	$14,925
2002	$15,750
2003	$16,125
2004	$16,275
2005	$16,725
2006	$17,475
2007	$18,150
2008	$18,975
2009–2011	$19,800
2012	$20,475

Year	Substantial earnings
2013	$21,075
2014	$21,750
2015-2016	$22,050
2017	$23,625
2018	$23,850
2019	$24,675
2020	$25,575
2021	$26,550

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent

Securing today
and tomorrow

Social Security Administration
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Windfall Elimination Provision
Produced and published at U.S. taxpayer expense

Government Pension Offset

A law that affects spouses and widows or widowers

If you receive a retirement or disability pension from a federal, state, or local government based on your own work for which you didn't pay Social Security taxes, we may reduce your Social Security spouses or widows or widowers benefits. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

We'll reduce your Social Security benefits by two-thirds of your government pension. In other words, if you get a monthly civil service pension of $600, two-thirds of that, or $400, must be deducted from your Social Security benefits. For example, if you're eligible for a $500 spouses, widows, or widowers benefit from Social Security, you'll get $100 a month from Social Security ($500 – $400 = $100). If two-thirds of your government pension is more than your Social Security benefit, your benefit could be reduced to zero.

If you take your government pension annuity in a lump sum, Social Security will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay to spouses, widows, and widowers are "dependent" benefits. Set up in the 1930s, these benefits were to compensate spouses who stayed home to raise a family and were financially dependent on the working spouse. It's now common for both spouses to work, each earning their own Social Security retirement benefit. The law requires a person's spouse, widow, or widower benefit to be offset by the dollar amount of their own retirement benefit.

For example, if a woman worked and earned her own $800 monthly Social Security benefit, but was also due a $500 spouse's benefit on her husband's record, we couldn't pay that spouse's benefit because her own benefit offsets it. Before enactment of the Government Pension Offset law, if that same woman was a government employee who didn't pay into Social Security and earned an $800 government pension, there was no offset. We had to pay her a full spouse's benefit and her full government pension.

If this person's government work had been subject to Social Security taxes, we would reduce any spouse, widow, or widower benefit because of their own Social Security retirement benefit. The Government Pension Offset ensures that we calculate the benefits of government employees who don't pay Social Security taxes the same as workers in the private sector who pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, we won't reduce your Social Security benefits as a spouse, widow, or widower if you:

- Receive a government pension that's not based on your earnings; or
- Are a federal (including Civil Service Offset), state, or local government employee and your government pension is from a job for which you paid Social Security taxes; and:
  - —Your last day of employment (that your pension is based on) is before July 1, 2004; or
  - —You filed for and were entitled to spouses, widows, or widowers benefits before April 1, 2004 (you may work your last day in Social Security covered employment at any time); or
  - —You paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain

conditions, we require fewer than 60 months for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

There are other situations for which we won't reduce your Social Security benefits as a spouse, widow, or widower; for example, if you:

- Are a federal employee who switched from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) after December 31, 1987; and:
  - —Your last day of service (that your pension is based on) is before July 1, 2004;
  - —You paid Social Security taxes on your earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
  - —You filed for and were entitled to spouses, widows, or widowers benefits before April 1, 2004 (you may work your last day in Social Security covered employment at any time).
- Received, or were eligible to receive, a government pension before December 1982 and meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received, or were eligible to receive, a federal, state, or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

Note: *A Civil Service Offset employee is a federal employee, rehired after December 31, 1983, following a break in service of more than 365 days, with five years of prior CSRS coverage.*

What about Medicare?

Even if you don't get benefit payments from your spouse's work, you can still get Medicare at age 65 on your spouse's record if you aren't eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse, or widow, or widower. However, we may reduce your own benefits because of another provision. For more information, go online to read *Windfall Elimination Provision* (Publication No. 05-10045).

Contacting Social Security

The most convenient way to contact us anytime, anywhere is to visit ***www.socialsecurity.gov***. There, you can: apply for benefits; open a *my* Social Security account, which you can use to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, and get a replacement SSA-1099/1042S; obtain valuable information; find publications; get answers to frequently asked questions; and much more.

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.

Securing today and tomorrow

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Government Pension Offset
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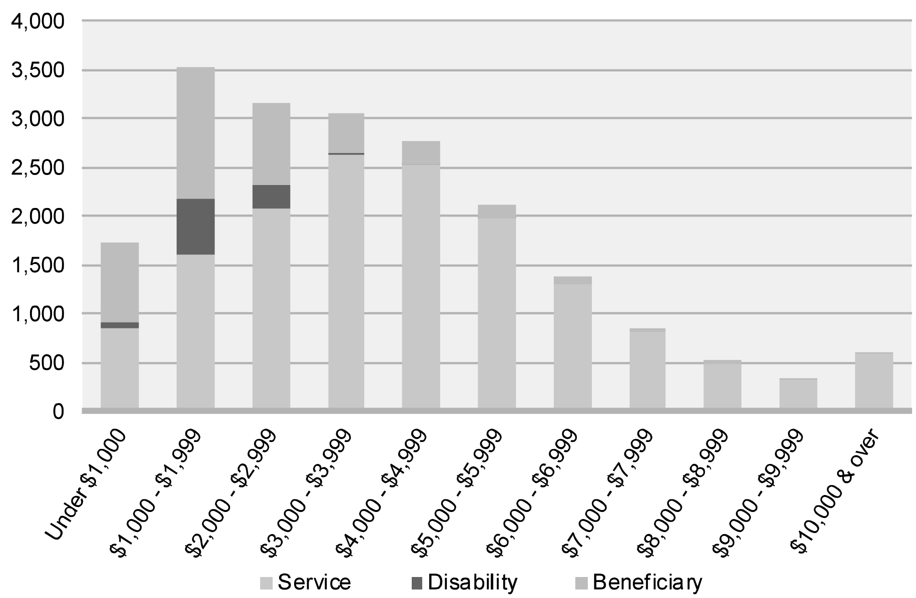
Retired Members and Beneficiaries

As of June 30, 2019, 16,053 retired members and 3,981 beneficiaries were receiving total monthly benefits of $78,965,717. For comparison, in the previous valuation, there were 15,477 retired members and 3,902 beneficiaries receiving monthly benefits of $73,339,309.

As of June 30, 2019, the average monthly benefit for retired members and beneficiaries is $3,942, compared to $3,784 in the previous valuation. The average age for retired members and beneficiaries is 72.5 in the current valuation, compared with 72.5 in the prior valuation.

Distribution of Retired Members and Beneficiaries as of June 30, 2019

RETIRED MEMBERS AND BENEFICIARIES BY TYPE AND MONTHLY AMOUNT



RETIRED MEMBERS AND BENEFICIARIES BY TYPE AND AGE