

Local governments must tell new hires about potential effects of pension plan on Social Security benefits

A new federal law, called the Social Security Protect Act of 2004, requires state and local government employers to provide a statement to employees hired January 1, 2005 or later in a job not covered under Social Security. The statement explains how a pension from that job could affect future Social Security benefits to which they may become entitled.

Employers should use Form SSA-1945, *Statement Concerning Your Employment in a Job Not Covered by Social Security* to meet the requirements of the law. The SSA-1945 explains the potential effects of two provisions in the Social Security law for workers who also receive a pension based on their work in a job not covered by Social Security. The provisions are the Windfall Elimination Provision and the Government Pension Offset Provision.

Windfall Elimination Provision

The Windfall Elimination Provision (WEP) can affect the amount of a worker's Social Security retirement or disability benefit. Under the WEP, the employee's Social Security retirement or disability benefit is figured using a modified formula when he or she is also entitled to a pension from a job where he or she did not pay Social Security tax. As a result, ***the employee will receive a lower Social Security benefit*** than if he or she were not entitled to a pension from this job. For additional information, please refer to Social Security Publication, "Windfall Elimination Provision."

Government Pension Offset Provision

The Government Pension Offset Provision can affect any possible Social Security benefit entitlement as a spouse or an ex-spouse. Under this provision, any Social

Security spouse or widow(er) benefit to which the employee becomes entitled will be offset if he or she also receives a Federal, State or local government pension based on work where he or she did not pay Social Security tax. ***The offset reduces the amount of the employee's Social Security spouse or widow(er) benefit by two-thirds of the amount of his or her pension.*** For more information, please refer to Social Security Publication, "Government Pension Offset."

The Social Security Protection Act of 2004

According to the new law, employers must:

- Give the Form SSA-1945 statement to the employee prior to the start of employment
- Get the employee's signature on the form
- Submit a copy of the signed form to the pension paying agency

The SSA-1945 is available online at the Social Security website at www.socialsecurity.gov/form1945. Paper copies, which come in packages of 25, can be requested by email at oplms.owsm.rqct.orders@ssa.gov or by fax at 410-965-2037. The request must include the employer's name, address (no post office boxes) and phone number and the name of the person to whom the forms will be delivered. Refer to Inventory Control Number (ICN) 276950 when ordering.

For More Information

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

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