

TRS FINANCIAL AWARENESS VIDEO SERIES

VIDEO #9: Social Security

Transcript

Meet Kim. Kim is an assistant principal at a middle school. She's been a TRS member for 12 years. Before becoming an educator, Kim worked as a public librarian for 11 years. While working for the city, Kim paid into the Social Security system.

Since she began working for her school district, Kim has not paid into Social Security. Like most Texas school districts, her district does not participate in Social Security. That means Kim is only eligible for Social Security benefits based on her previous employment with the city and through her spouse, who has paid into Social Security for his entire career.

Kim is currently reading up on two Social Security provisions that could reduce or even eliminate her Social Security benefits: the Windfall Elimination Provision, also known as W-E-P or WEP; and the Governmental Pension Offset, or GPO.

Because Kim will receive a TRS pension for employment in which she did not pay Social Security taxes, the Social Security benefits she earned from her previous employment could be reduced by the WEP, but not totally eliminated. The amount of the reduction depends on the amount of her earnings and the number of years she paid Social Security taxes.

The GPO, however, could offset or even eliminate Kim's spousal benefits, if she retires from her current employer. The GPO will reduce her spousal Social Security benefits by two-thirds of her TRS pension. If two-thirds of Kim's TRS pension exceeds the amount of her spousal benefit from Social Security, she will not receive a spouse or widow's Social Security benefit.

If you or your spouse have paid into the Social Security system, contact a Social Security representative to determine if the WEP or GPO apply to you. Ask if there are any exceptions to the GPO that could eliminate the offset to your spousal benefits. Be prepared to balance out the potential effects of these provisions with personal savings when you retire.

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