



Social Security WindFall Elimination Provision

Modifies formula for calculating Social Security pensions to adjust amount received by anyone who is eligible for both a Social Security pension and a pension from work that did not pay into Social Security

The Windfall Elimination Provision does not apply to individuals who have paid into Social Security with substantial earnings for 30 or more years.

To be eligible for Social Security benefits, you must have paid into Social Security for 40 quarters or 10 years.

Formula for Figuring Social Security Benefits* (For individuals receiving Social Security only)

- A. Figure average monthly earnings (AME) - Average Salary 48,000/12 = \$4,000
- B. Multiply first \$606 of AME by **90%** - $606 \times .9 = 545.40$
- C. Multiply next \$3,046 of AME by 32% - $3,046 \times .32 = 974.72$
- D. Multiply remainder of AME by 15% - $(4000-3,652) \times .15 = 52.20$
- E. Add B,C and D to get monthly benefit - $545.40 + 974.72 + 52.20 = \mathbf{\$1,572.32}$

Modified formula used under the Windfall Eliminations Provision (For individuals receiving both Social Security and a government pension)

- A. Figure average monthly earnings (AME) - Average Salary 48,000/12 = \$4,000
- B. Multiply first \$606 of AME by **40%** - $606 \times .4 = 242.40$
- C. Multiply next \$3,046 of AME by 32% - $3,046 \times .32 = 974.72$
- D. Multiply remainder of AME by 15% - $(4000-3,652) \times .15 = 52.20$
- E. Add B, C and D to get monthly benefit - $242.40 + 974.72 + 52.20 = \mathbf{\$1,269.32}$

The percentage amount in step B increases from 40% to 90% as the number of years of substantial earnings increases from 20 to 30

Complete formula as amounts allow (i.e. If after step B, less than \$3,046 remains, multiply remainder by 32% likewise for all steps)

* Figured using \$48,000 as yearly average salary for entire pre-retirement earnings.