COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES

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MICHAEL J. HENRY
DIRECTOR OF PERSONNEL

December 28, 2004

To: Department Heads

From: Michael J. Henry
Director of Personnel

Subject: **SOCIAL SECURITY ACT OF 2004**

This is to advise you that effective January 1, 2005, Section 419 (c) of Public Law 108-203, the Social Security Act of 2004, requires State and local government employers to disclose the potential impact of Social Security benefits for workers who also receive a pension based on their work or employment in a job **not** covered by Social Security such as the County of Los Angeles. Namely,

- The Windfall Elimination Provision can affect the amount of a worker's Social Security retirement or disability benefit; and

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

Although the new law does not affect a change in current retirement or other benefits, it requires that newly hired County of Los Angeles employees sign a statement (Form SSA-1945) indicating that they are aware of a possible reduction in their future Social Security benefit entitlement. We have attached a copy of the Form SSA-1945 and a copy of the law itself.

We will follow up with a memorandum to your Personnel Officer that will provide him/her with guidelines on how to comply with the law. We will also include a copy of the form, a copy of the law, some explanatory material, and a New Employee Orientation Checklist.

Beginning January 1, 2005, your department must:

- Give a copy of the statement (Form SSA-1945) to each employee prior to the start of employment;
- Fill in the name of the employee and his/her County Identification Number;
- Have the employee sign and date the form;
- Submit a copy of the signed form to LACERA; and
- Place the original signed form in the employee's official Personnel Folder.

If you have any questions or need additional information, please call me, or your staff may call Tom Beggane at (213) 639-6736.

MJH:TJH
LT:TPB

Attachments

c: Each Supervisor
Chief Administrative Office
Auditor-Controller
Los Angeles County Employees Retirement Association
Administrative Deputies
Personnel Officers

Statement Concerning Your Employment in a Job Not Covered by Social Security

Employee Name _____ **Employee ID#** _____

Employer Name County of Los Angeles **Employer ID#** 95-6000927

Department Name _____ **Department #** _____

Your earnings from this job are not covered under Social Security. When you retire, or if you become disabled, you may receive a pension based on earnings from this job. If you do, and you are also entitled to a benefit from Social Security based on either your own work or the work of your husband or wife, or former husband or wife, your pension may affect the amount of the Social Security benefit you receive. Your Medicare benefits, however, will not be affected. Under the Social Security law, there are two ways your Social Security benefit amount may be affected.

Windfall Elimination Provision
Under the Windfall Elimination Provision, your Social Security retirement or disability benefit is figured using a modified formula when you are also entitled to a pension from a job where you did not pay Social Security tax. As a result, you will receive a lower Social Security benefit than if you were not entitled to a pension from this job. For example, if you are age 62 in 2005, the maximum monthly reduction in your Social Security benefit as a result of this provision is $313.50. This amount is updated annually. This provision reduces, but does not totally eliminate, your Social Security benefit. For additional information, please refer to the Social Security publication, "Windfall Elimination Provision."

Government Pension Offset Provision
Under the Government Pension Offset Provision, any Social Security spouse or widow(er) benefit to which you become entitled will be offset if you also receive a Federal, State or local government pension based on work where you did not pay Social Security tax. The offset reduces the amount of your Social Security spouse or widow(er) benefit by two-thirds of the amount of your pension.

For example, if you get a monthly pension of $600 based on earnings that are not covered under Social Security, two-thirds of that amount, $400, is used to offset your Social Security spouse or widow(er) benefit. If you are eligible for a $500 widow(er) benefit, you will receive $100 per month from Social Security, $500 - $400= $100. Even if your pension is high enough to totally offset your spouse or widow(er) Social Security benefit, you are still eligible for Medicare at age 65. For additional information, please refer to the Social Security publication, "Government Pension Offset."

For More Information
Social Security publications and additional information, including information about exceptions to each provision, 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.

I certify that I have received Form SSA-1945 that contains information about the possible effects of the Windfall Elimination Provision and the Government Pension Offset Provision on my potential future Social Security benefits.

Signature of Employee _____ **Date** _____

Form **SSA-1945 (1 1-2004) (Expires January, 2006)**

c: Personnel File
LACERA

Information about Social Security Form SSA-1945,
Statement Concerning Your Employment in a Job Not Covered by Social Security

New legislation [Section 419(c) of Public Law 108-203, the Social Security Protection 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.

Form SSA-1945, **Statement Concerning Your Employment in a Job Not Covered by Social Security,** is the document that employers should use 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 Windfall Elimination Provision can affect the amount of a worker's Social Security retirement or disability benefit. The Government Pension Offset Provision can affect any possible Social Security benefit entitlement as a spouse or an ex-spouse.

Employers must:

- Give the statement to the employee prior to the start of employment;
- Get the employee's signature on the form; and
- Submit a copy of the signed form to the pension paying agency.

Social Security will not be setting any additional guidelines for the use of this form.

Copies of the SSA-1945 are available online at the Social Security website, www.socialsecurity.gov/form1945. Paper copies can be requested by email at **oplm.owsm.rqct.orders@ssa.gov,** or by fax at 410-965-2037. The request must include the name, complete address and telephone number of the employer. Forms will not be sent to a post office box. Also, if appropriate, include the name of the person to whom the forms are to be delivered. The forms are available in packages of 25. Please refer to Inventory Control Number (ICN) 276950 when ordering.