

Chapter 12: Medicare and Social Security

As an active TRS member, you may be required to contribute toward Medicare coverage. However, you do not contribute to Social Security on your TRS-covered earnings. We will not reduce your TRS benefit because of any Social Security benefit you may receive.

Medicare

All public employees hired after March 31, 1986, are required to make contributions toward Medicare coverage. Persons who change employers after that date are also subject to the Medicare tax. Currently, these individuals and their employers each contribute 1.45 percent of salary to Medicare.

Annuitants who return to teaching after March 31, 1986, also contribute to Medicare, regardless of the number of days they teach. Annuitants and their employers each pay the 1.45 percent Medicare tax.

TRS annuitants with 40 credits of coverage under Social Security will receive free Medicare Part A (hospital insurance) coverage at age 65. A TRS annuitant may also obtain free Medicare Part A coverage as the result of paying the Medicare tax on covered employment. In addition, a TRS annuitant may have Medicare hospital coverage at age 65 if his or her spouse has worked in Social Security-covered employment at least 40 credits and if the spouse is at least age 62. If you are a widow or widower of a Social Security-covered spouse, you are eligible for Medicare Part A at age 65. Please contact Social Security to verify your eligibility.

If you do not qualify for free Medicare coverage, you can purchase Medicare Part A coverage through monthly premium payments. Medicare Part B (medical insurance) is optional and must be purchased separately from Social Security through monthly premium payments. Annuitants must have both Medicare Parts A and B to enroll in the TRIP Medicare Supplement. For information about Medicare Part D, please contact Social Security.

For additional information, read Social Security Publication CMS-10050, *Medicare & You* at: <http://www.socialsecurity.gov/pubs/EN-05-10043.pdf>.



Premium rate information is also available on the website.

Social Security

Active TRS members do not contribute to the retirement and disability program under Social Security on their TRS-covered earnings. However, they may accumulate credit under Social Security through other employment that is not covered by TRS.

Annuitants who return to teaching do not contribute to Social Security.

You may sign up to get your Social Security Statement online at <http://www.socialsecurity.gov>.

The statement provides you with an earnings history under Social Security, the number of credits you have earned, and an estimate of benefits you will receive (provided you have earned sufficient credits of coverage), excluding any offsets that may be applied.

Social Security benefit reductions

Two provisions may cause a reduction in your Social Security benefits: the Windfall Elimination Provision and the Government Pension Offset. Only the Social Security Administration can provide information on the actual amount of the reduction. We will not reduce your TRS benefit because of Social Security benefits you receive.

Windfall Elimination Provision

As a TRS member, you do not pay Social Security tax on your earnings. In 1983, Congress enacted legislation that would prevent those members who earned Social Security credits through supplemental income from receiving a full Social Security benefit. Social Security includes a formula that grants lower-paid workers a higher percentage return than their more highly compensated counterparts. Prior to congressional enactment of the Windfall Elimination Provision, Social Security benefits were computed as if TRS members were long-term, low-wage earners, resulting in a higher percentage Social Security benefit in

addition to their TRS pension. The modified formula eliminates this “windfall.”

Your Social Security benefits may not be reduced due to the Windfall Elimination Provision if, before 1986, you:

- reached age 62;
- became disabled and remained entitled to a Social Security disability benefit in any of the 12 months before reaching age 62, even if you reached age 62 after 1985; or
- received, or were first eligible to receive, a TRS retirement annuity.

In addition, the effects of the Windfall Elimination Provision are moderated if you had more than 20 years of “substantial” Social Security employment and are eliminated after 30 years of “substantial” employment.

To obtain additional information, read Publication 05-10045, *The Windfall Elimination Provision* online at <http://www.socialsecurity.gov/pubs/EN-05-10045.pdf>.

Government Pension Offset

This spousal offset also affects the Social Security benefits for those who receive spousal or widow’s benefits. The spousal benefit was designed to provide security to spouses who had little or no Social

Security benefits of their own and were, therefore, financially dependent on a spouse’s Social Security coverage. Before the offset was enacted, many TRS members qualified for a pension from TRS and from Social Security, even though they were not financially dependent on their spouses.

Under the Government Pension Offset, your Social Security benefits may not be reduced if you:

- began to receive or were eligible to receive a TRS retirement annuity before December 1982 and
- meet all the requirements for Social Security spouse’s or surviving spouse’s benefits in effect in January 1977. At that time, divorced women must have been married at least 20 years (rather than 10 years as required today) and men must have received at least one-half support from their spouses.

If you do not meet these two criteria, you may be exempt from the offset if you received or were eligible to receive a TRS retirement annuity before July 1, 1983, and if you were receiving at least one-half support from your spouse.

If you qualify to receive a single-sum retirement benefit or take a refund from TRS instead of a monthly benefit, you may wish to ask if your Social Security benefits will be reduced.