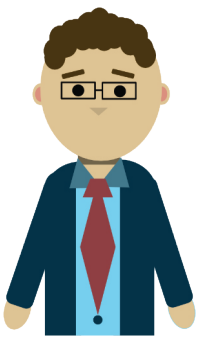


How Does the GPO Impact Retired Teachers?

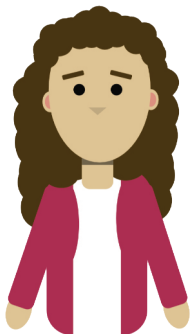
The Government Pension Offset (GPO) eliminates or reduces the spousal benefit by two-thirds the value of a teacher's retirement benefit. This reduction occurs whether the Social Security receiving spouse is alive, deceased, or divorced. Remember, the GPO only impacts those individuals who were not eligible to retire prior to December 31, 1982 (at least age 55 and twenty years of credible service). The following examples help clarify how the GPO may affect an individual in these different circumstances.



Michael collects a Social Security benefit of \$800 per month. His wife, Jan, who is a retired public school teacher worked for a school district that did not pay Social Security on its employees.

Jan receives a monthly teacher annuity of \$1,200. For the purpose of this example, both Michael and Jan are age 65 or older.

Effect of GPO with Living Spouse

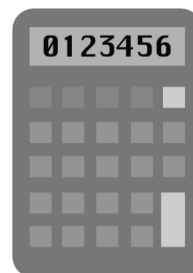


Jan's potential Social Security Benefit

SS Benefit: \$800

Spousal Portion: $\frac{1}{2}$

$\$800 \times \frac{1}{2} = \400



Amount Calculated for GPO Reduction

Jan's Benefit: \$1,200

Reduction: $\frac{2}{3}$

$\$1,200 \times \frac{2}{3} = \800

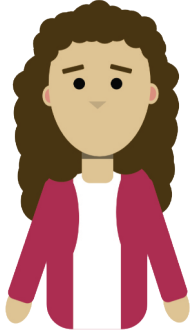
Jan's Total Monthly Social Security Benefit

Spousal Portion: \$400

GPO: \$800

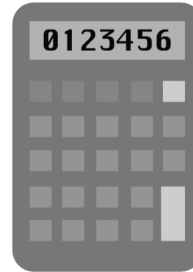
$\$400 - \$800 =$ **No benefit**

Effect of GPO upon Death or Divorce



Jan's potential Social Security Benefit

SS Benefit: \$800



Amount Calculated for GPO Reduction

Jan's Benefit: \$1,200

Reduction: $2/3$

$\$1,200 \times 2/3 = \800

Jan's Total Monthly Social Security Benefit

SS Benefit: \$800

GPO: \$800

$\$800 - \$800 =$ **No benefit**

These examples illustrate a complete offset, whereas in other situations, there may not be a complete offset. It is important to remember that in cases where a complete offset has not occurred, any increase in the teacher's benefit, even the provision of periodic COLAs from the Teachers' Retirement System of Louisiana, will result in a recalculation of the Social Security benefit. In other words, as the teacher's annuity goes up, the Social Security benefit goes down.