



Information Bulletin - Social Security for Illinois Police and Fire

Introduction. Retirement income is often thought of as a “three-legged stool,” the legs being pension, Social Security, and personal savings. Your police or fire pension is a solid leg. For most of you, the personal savings part is your public employee deferred compensation plan at work. That’s a great way to save.

As far as Social Security is concerned, it’s a mixed bag. Most Illinois police and fire sworn personnel are *not* in Social Security during their public safety careers - but some are. If you are in Social Security, you receive the same benefits as any private-sector worker whose career is covered by Social Security. If you are not in Social Security at the police station or firehouse, you are still eligible for Social Security benefits based on the wages you earned before, during (part-time) or after you retire from public service. In order to qualify, you must attain so-called forty (40) “credits” under Social Security. A credit in 2024 is attained if you earn \$1,730 and you can earn up to four credits each year. So if you work roughly 40 calendar quarters or 10 years in non-fire/police work, you will receive a benefit from Social Security.

For those of you who are not in Social Security, your monthly benefit from that program will likely not be very high. Workers cannot spend 30 or so of their highest salaried years outside of Social Security and expect to get too much of a benefit. For a hypothetical officer or firefighter with a modest career before the fire/police department, then no Social Security earnings for 30 years, and later 10 years of work after police/fire/EMS retirement, we’ve estimated a benefit of \$500 - \$600 per month. It could be lower or higher depending on your earnings.

Special formulas for people with public pensions outside of Social Security. There are some formulas that specifically affect public employees who earn a pension outside the Social Security system. They are:

The Windfall Elimination Provision (Publication 05-10045). The Social Security formula is progressive in nature. That means that low-income workers receive a higher rate of wages than higher income people. Certainly your fire/police pension does not work this way. A captain with 30 years of service receives the same 75% fire/police pension rate as does a firefighter or patrol officer with the same service.

But under Social Security, a person who works as a hotel maid gets a higher percentage of her wages reflected in her Social Security check than does the highly-paid management consultant. The rich guy’s Social Security check is certainly higher than the hotel maid’s, maybe his \$3,300 to her \$1,100. But the percentage of earnings being paid is much higher for her, maybe 70% of inflation adjusted wages compared to the consultant’s 30%.

This progressive formula is the reason why the government felt the need to put in the so-called Windfall Elimination Provision (WEP). A retired police officer or EMT is not a low-income worker, but the Social Security computer would do it that way when it looks only at his or her Social Security wages. The government does not want to pay this retiree at the 70% rate, so the WEP formula moderates the payment down more towards the 40% level, commensurate with other full-time workers who are covered under Social Security. Note that the WEP formula does not apply or is diminished if you have 21 or more years of “substantial employment” in Social Security. A year of substantial employment in 2024 is \$31,275. This was lower in the past and will be higher in the future.

The Government Pension Offset (Publication 05-10007). This offset reduces the benefit fire/police retirees might earn from their spouse’s record, not their own Social Security record. In Social Security, a person normally can be paid a benefit from their own earnings history or one-half of their spouse’s benefit, if that would be higher. So if Ward is receiving a Social Security benefit of \$2,000 and his wife June is entitled to \$700 from her own earnings record, June will actually be paid \$1,000 per month (one-half of Ward’s benefit)

But a retired Chicago or suburban or downstate police officer/firefighter who has a pension from work outside of Social Security will see any Social Security benefit he might receive from a spouse’s earnings record offset by two-thirds of his or her public pension. *This essentially eliminates any benefit off of a spouse’s record.* So there is a simple rule. You will not receive any Social Security benefit from your spouse’s record.

Where to learn more. If you are interested in more information, go to ssa.gov or Google and download the two-page publications noted above, 05-10007 for the Government Pension Offset and 05-10045 for the Windfall Elimination Provision. These are excellent Social Security communications pieces and are each only two pages long. Also, the website www.GovernmentPensionOffset.com explains the various features of these two important federal rules and links the reader to the government and other publications. Finally, our two retirement guides, the *IPPPFA Retirement Guide* (for downstate and suburban personnel) and the *Chicago Police and Fire Retirement Guide* have a full chapter on this subject.

Takeaways. Personnel who are covered by Social Security (county sheriffs, IMRF towns and some Downstate/Suburban police and fire) have the same benefit formulas and rules as the private sector. Chicago, Cook County and most Downstate/Suburban sworn personnel who work outside of Social Security still receive a benefit from Social Security for any non-police/fire/EMS work if they earned 40 credits. Your benefit will be fairly low. This is primarily because you spent your peak career earnings time outside of Social Security.

About the Illinois Public Pension Fund Association (IPPPFA)

The association was founded in 1985 to represent the police and fire pension funds throughout the state. The goals were simple: educate pension fund trustees and active and retired members, provide advice and representation and support legislation beneficial to Illinois Pension Funds. In 2001, the IPPFA Board of Directors introduced propriety 457 deferred compensation and VEBA plans to further ensure the retirement security of public safety personnel. **IPPPFA 5/28/24**