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Windfall Elimination Provision Government Pension Offset

SANTA BARBARA

— COASTAL ADVISORS —

Kathy is Married to Joe Apel



SOCIAL SECURITY

Government Pension Offset
May Eliminate these benefits

Joe Apel

SIGNATURE

Meet Joe and Kathy Apel

Joe works 35 years in Social Security (SS) covered job and makes \$120 k per year.

Joe retires at age 66 and now receives the maximum SS benefits for 2016 of \$2,650 per month from his SS benefits

His wife, Kathy, also just retired after teaching for 32 years from SBSD

Tragedy Strikes!!!



**One month later
Joe was reading a
text
congratulating
him on his career
and as he crossed
the street he was
struck by a car**

**Kathy, vibrant
and healthy, is
devastated**

**Kathy rests assured that she will receive her
husbands social security benefits as part of
social security's legacy planning**

What she has and what she thinks will occur

Fortunately, Kathy has CALSTRS retirement pension benefits that total \$4,000 per month

With their mortgage almost paid off, Kathy knows she will be alright financially

Kathy believes she will receive Joe's SS now that she is widowed

**Explaining the GPO and
2/3 rule**

Here is what happens.....

Kathy files for her survivorship benefits at the social security office in and is told about the Government Pension Offset (GPO) rule

Kathy however not knowing about the Government Pension Offset (GPO) rule, anticipates her social security survivorship benefit from Joe will be \$2,650--- the same as Joe's while he was alive

After 30 years of her Teaching Career

What Does Kathy believe she will receive from her husband's SS?

- A. \$2650
- B. \$1350
- C. \$0

\$2,650. The same as what her husband was receiving....

The reason it is \$0 is because....

The Government Pension Offset Rule

BOOMER BETRAYAL...

SORRY...YOU'LL HAVE
TO MAKE OTHER
ARRANGEMENTS...



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Translated...

**The GPO offset is $\frac{2}{3}$ of Kathy's
CALSTRS Pension of \$4,000=\$2,640**

What Kathy actually gets.....

**Kathy now gets a SS survivorship check
for only \$10 per month as a survivor
to her husband to augment her
CALSTRS benefits**

The GPO reduction will last the balance of Kathy's lifetime

For Example, If Kathy lives for 20 years after the sad/unexpected passing of her husband; She will have not received the anticipated social security benefit of \$2650/Month

Kathy's Dollar Cost

**In this example, over 20 years, this equals
\$633,600* of SS income benefits that
Kathy did not receive during her lifetime
as a widow**

***\$2,640 a month X 12 Months = \$31,680 a year**

\$31,680 x 20 years = \$633,600

Is This You? Planning Now

Discussion Questions