

To: Superintendent Addressed  
From: Rodney Watson, PhD  
Date: February 4, 2025  
Re: Social Security Fairness Act

For more information about a significant federal legislation change, please review TCG's informational presentation enclosed. This change removed two restrictions that impact educators receiving Social Security with the result having a positive impact on retirement income. Please reach out to Chris Jamail at TCG with any questions [chris.jamail@hubinternational.com](mailto:chris.jamail@hubinternational.com).

ag

Attachments



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

# The Social Security Fairness Act

**It's impact and how Social Security Benefit is earned**

# Retirement & Private Wealth Services

## We help you get ready for tomorrow.

When you work with us, you're at the center of a vast network of retirement, wealth management, and financial wellness specialists ready to bring clarity to a changing world with tailored solutions and unrelenting advocacy.

## National Reach | Local Leadership



## Who We Serve



## HUB International By the Numbers



530+

Locations in North America



Top 5\*

Global Insurance Broker



17,000+  
Employees

\*Source: <https://bit.ly/2IK26Zs>

Insurance services are offered through HUB International, an affiliate.

\*HUB International Limited ("HUB") owned RIAs provide investment advisory and management services to its respective clients, under the general trade name of HUB Retirement and Private Wealth. All current HUB RIAs maintain a combined total of \$172,292,249,664 in aggregated regulatory assets under management ("Aggregated AUM"), based on the reported AUM for each respective individual HUB RIA effective as of December 31, 2023. The AUM for each individual HUB RIA may be found in the respective Form ADV for each respective HUB RIA. This Aggregated AUM for all HUB RIAs are broken out as follows: \$109,326,671,524 in nondiscretionary institutional AUM; which AUM primarily represents qualified retirement plan assets (both ERISA and non-ERISA plans), non-qualified plan assets, and other types of institutional assets. \$33,455,679,298 in discretionary institutional AUM; which AUM primarily represents qualified retirement plan assets (both ERISA and non-ERISA plans), non-qualified plan assets, and other types of institutional assets. \$29,509,868,842 in Private Wealth Client AUM; which is a combination of both discretionary and non-discretionary AUM.

**REMEMBER:**  
**Your TRS Annuity is never  
reduced by Social Security**

**THIS HAS NOT CHANGED**

**Forget everything else you  
have been told for YEARS.**

**We were the ones telling you  
then, so listen to us now!**

# Social Security – The Double Dip

CS488865.



"I was thinking income when you mentioned double dipping."

# Social Security Provision Changes

## 2 Regulations that NO LONGER APPLY

- **Government Pension Offset (GPO)**
  - Applied to member's SPOUSAL Social Security benefits (SSA Pub No. 05-1007)
  - "Marriage is expensive"
- **Windfall Elimination Provision (WEP)**
  - Applied to member's OWN Social Security benefits (SSA Pub No. 05-10045)
  - "If you earned it, you will get it...but maybe not 100%"



# Social Security Fairness Act

## Scenarios for Potential Impact on Social Security Benefit for Couples and Individuals

1. Life-Long Educator + Non-Educator = *Educator is now likely eligible for a Spousal Benefit*
2. Second Career Educator + Non-Educator = *Educator is likely to have a Higher Social Security Benefit (although a Spousal Benefit could still be larger)*
3. Life-Long Educator + Life-Long Educator = *Likely No Change; neither Educator May Qualify for a Benefit nor realize an Increase if they do qualify*
4. A Life-Long Educator who takes second career in private industry after retirement – *Individual situations will likely range from No Increase in Benefit to a Substantial Benefit depending on the person's Social Security credits and earnings in the second career.*

# Earning a Social Security Benefit

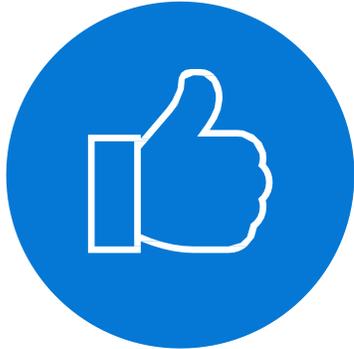
*This section is for you personally.*

**Remember your TRS Annuity is never  
reduced by Social Security**

---

**THIS HAS NOT CHANGED**

# Basic Social Security Information



---

You must be at least **62 years** old to take a benefit.



---

To earn your own benefit, you must have worked and paid Social Security taxes for at **least the equivalent of 10 years, earning 40** Social Security credits.



---

**Highest 35 years** of earnings are used to calculate the benefit amount

*(if you don't have 35 years, SS uses \$0 for each of the missing years)*

# Eligibility for Social Security Benefits

## ○ Your Own Benefit

- Service Credits under Social Security (SS)
  - Eligible for four credits per year
  - For 2025, you receive four credits if you earned \$7,240
  - One credit per \$1,810 of earnings up to 4 credits
  - Total of 40 credits to qualify for a benefit

## ○ Spousal Benefit

- A spousal benefit is an amount equal to 50% of your spouse's SS benefit.
- A former spouse is eligible if married at least 10 years.
- ***You receive the larger of the two; not both.***

# When can I claim a benefit?

Many factors go in to selecting when to claim a Social Security benefit; such as if you are still working, current health, life expectancy, income needs, and other issues.

## Before FRA

- The earliest you can claim a Social Security benefit is age 62 and that is the lowest \$\$\$ amount you can receive.
- If you claim at 62, the benefit will be reduced by 30%. This early retirement reduction is based on how many months you claim your benefit before FRA.
- If you take SS before FRA and work (have earned income) then an earnings test is applied that may reduce your benefit.

## Full-Retirement Age (FRA)

- Full-Retirement Age is based on your birth year:
  - 1957 or earlier: 66
  - 1958: 66 and 8 months
  - 1959: 66 and 10 months
  - 1960 or later: 67
- At FRA, you receive 100% of your benefit.

## Up to 70

- Every year you delay taking a benefit, you earn a “delayed retirement” credit of 8% until age 70.
- Waiting until age 70 means a benefit 24% above your FRA amount.
- There is no increase to your benefit after age 70.

# Calculating your own Potential Benefit

- Go to [www.SSA.gov](http://www.SSA.gov)
- Click *Sign In* (right side of blue tool bar)
  - Sign in if you have an account or
  - Create an account
- Follow the prompts and instructions and you will get to *my* Social Security
- Use the information and tools to learn about your own situation.

# Sample Social Security Statement



## Your Social Security Statement

WANDA WORKER October 2, 2021

**Retirement Benefits**

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn "credits" through your work — up to four each year. Your full retirement age is 67 based on your date of birth: April 10, 1950. As shown in the chart, you can start your benefits at any time between ages 62 and 70. For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.

These personalized estimates are based on your earnings to date and assume you continue to earn \$20,000 per year until you start your benefits. To learn more about retirement benefits, visit [ssa.gov/benefits/retirement/your.html](https://www.ssa.gov/benefits/retirement/your.html).

**Disability Benefits**

You have earned enough credits to qualify for disability benefits. If you become disabled right now, your monthly payment would be about \$1,656 a month.

**Survivors Benefits**

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

- Minor child: **\$2,129**
- Spouse, if caring for a disabled child or child younger than age 18: **\$2,129**
- Spouse, if benefits start at full retirement age: **\$2,838**
- Total family benefits cannot be more than: **\$4,968**

Your spouse or minor child may be eligible for an additional one-time death benefit of \$255.

We base benefit estimates on current law, which Congress has revised before and may revise again to address needed changes. Learn more about Social Security's future at [ssa.gov/70era/forthe](https://www.ssa.gov/70era/forthe).

**Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)**



**Medicare**

You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for:

- people age 65 and older,
- under 65 with certain disabilities, and
- people of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to avoid a lifetime late enrollment penalty. Special rules may apply if you are covered by certain group health plans through work.

For more information about Medicare, visit [www.medicare.gov](https://www.medicare.gov) or [ssa.gov/medicare](https://www.ssa.gov/medicare) or call 1-800-MEDICARE (1-800-633-4227) (TTY: 1-877-488-2048).

**Earnings Record**

View your earnings history below to ensure it is correct. This is important because we base future benefits on our record of your earnings. There is a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above that do not appear on your earnings record. We combined your earlier years of earnings, but you can view them online with my Social Security. If you find an error, view your full earnings record and call 1-800-772-1213.

**Earnings Not Covered by Social Security**

You may also have earnings from work not covered by Social Security. This work may have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. To find out more, visit [ssa.gov/ncse](https://www.ssa.gov/ncse).

**Important Things to Know about Your Social Security Benefits**

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- We use cost of living adjustments so your benefits will keep up with inflation.
- The age you claim benefits will affect the benefit amount for your surviving spouse.
- If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your divorced spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- When you apply for either retirement or spousal benefits, you may be required to apply for the other benefit as well.
- For more information about benefits for you and your family, visit [ssa.gov/benefits/retirement/planning2.html](https://www.ssa.gov/benefits/retirement/planning2.html).
- When you are ready to apply, visit us at [ssa.gov/benefits/retirement/apply.html](https://www.ssa.gov/benefits/retirement/apply.html).
- The Statement is updated annually. It is available upon request, either online or by mail.

Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
-1950	\$ 13,989	\$
-1965	46,482	46,482
-1970	18,236	18,236
-1980	20,000	20,000
-1990	41,250	41,250
-2000	257,712	257,712
01	34,915	34,915
02	35,591	35,591
03	36,717	36,717
04	38,696	38,696
05	40,325	40,325
06	42,315	42,315
07	44,346	44,346
08	45,437	45,437
09	44,784	44,784
10	45,847	45,847
11	47,146	47,146
12	48,349	48,349
13	48,606	48,606
14	49,860	49,860
15	50,850	50,850
16	50,158	50,158
17	50,440	50,440
18	50,653	50,653
19	Not yet recorded	

**Taxes Paid**

Total estimated Social Security and Medicare taxes paid over your working career based on your Earnings Record.	
<b>Social Security taxes</b>	<b>Medicare taxes</b>
You paid: \$34,288	You paid: \$19,398
Employer(s): \$36,003	Employer(s): \$19,398

SSA.gov | Follow us on social media [ssa.gov/socialmedia](https://www.ssa.gov/socialmedia)

Form SSA-7005-SM-OL (06-21)

View your earnings at:  
<https://www.ssa.gov/myaccount/>

# The effect of the Fairness Act on your School District

*This section is for you professionally.*

**If you are from one of the 15-20 districts in the state paying into Social Security for your employees; then these slides will not apply.**

# Educate Your Staff

- It will be the number one topic in teacher workrooms soon and that means rumors, misinformation, and lots of headaches for payroll and HR staff.
- **EDUCATING** employees is critical. It can help them and help you!
- TCG, a HUB International company, can assist you, contact any of us and we can discuss options.
- Everyone's situation will be unique, so referring staff to a trusted resource will be important.

# Pressure to add Social Security

- Getting into Social Security for ALL employees would be very expensive.
  - It would add a NEW cost of 6.2% of TOTAL Payroll.
  - It may not even be legally possible.
- FICA Alternative Plans are discussed on the next slide but even paying Social Security on all substitutes and other part-time workers will increase districts' cost by 6.2% of the gross amount.
- The public, retired teachers, current teachers, and board members will likely not understand the impact on the District's budget or that this would take more dollars out of the employee's monthly paycheck.

# FICA Alternative Plans

- FICA Alternative Plans will likely not be impacted.
- These Plans are typically set up in a manner that eliminates the District's Social Security expense. Funds that can then be used for other needs.
- FICA Alternative Plans still have their advantages for part-time employees and can help support their financial future.
- Superintendents and Board members will need you to explain this to them because individuals in your community, such as retired or retiring teachers, may pressure them to eliminate the FICA Alternative Plan and adopt Social Security to “help” them get eligible.

# Other Items

## QDROs

- Must be approved by TRS
- Should run by TRS before finalized
- TRS Rule that can change the QDRO
  - Texas Government Code Sec. 804.005
  - Designed to provide retirement income for spouse once member can retire
  - Can significantly reduce growth in member's future TRS benefit increases

## Check Your TRS Statement!

- Unreported service credit can only be corrected if pointed out to TRS within 5 years
- Correction of Compensation and/or Service Records
  - No correcting information will be accepted by TRS after the member has retired and received the first annuity check

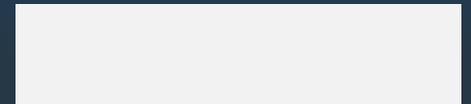


# Thank you

---

900 S Capital of Texas Hwy, STE 350 Austin, TX  
78746

Get 1:1 assistance at [www.tcgservices.com/telewealth](http://www.tcgservices.com/telewealth)



# Important Disclosures

Investment advisory services offered through HUB Investment Partners LLC, an SEC registered investment advisor f/k/a TCG Advisors LLC. Insurance Services offered through HUB International. HUB International, owns and operates several other entities which provide various services to employers and individuals across the U.S. HUB FinPath and Tax Services are offered through RPW Solutions. Cypher is offered through Cypher Security, LLC. Consulting Services are offered through TCG Consulting Services, LLC. TeleWealth virtual meetings are offered through HUB Investment Partners . TCG Administrators, HUB FinPath, RPW Solutions, Cypher Security, LLC and TCG Consulting Services are under common ownership of HUB International and are affiliates of HUB Investment Partners. Legal and Tax advice may be provided by Hessler Legal, an unaffiliated law firm. Certain of HUB Investment Partners' investment advisory representatives may also be affiliated with Hessler Legal. HUB Investment Partners does not receive compensation from Hessler Legal for referrals.

HUB International, owns and operates several other entities which provide various services to employers and individuals across the U.S. Employees of HUB International may offer securities through partner Broker Dealers not affiliated with HUB. Employees of HUB International provide advisory services through both affiliated and unaffiliated Registered Investment Advisors (RIA). Global Retirement Partners, LLC, HUB Investment Advisors, HUB Investment Partners, and Millennium Advisory Services are wholly owned subsidiaries of HUB International.

This message is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. All statements that are not historical facts are forward-looking statements, including any statements that relate to future market conditions, results, strategies, opportunities, positioning or prospects. Economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate. Remember all investing involves risk.

The information contained in this presentation is not intended to be a complete discussion of all federal or state income tax requirements. This information cannot be used by an investor to avoid any income tax penalties that may be imposed under the Internal Revenue Code. Investors should seek advice from a financial and/or tax advisor about the potential tax implications of their investments through HUB Investment Partners or HUB International, based on their individual circumstances.

# The Social Security Fairness Act, HR 82

SIGNED INTO LAW JANUARY 5, 2025

This law repeals the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) for everyone who has retired under Social Security (SS) beginning effective January 2024. These reductions in SS applied to those receiving annuity payments from the Teacher Retirement System of Texas (TRS) or any other state or local pension plan.

## Key Changes Under the Act

### 1. Windfall Elimination Provision (WEP):

- **What Changed:** The WEP formula, which reduced SS benefits for individuals receiving a pension TRS has ended.
- **Impact:** TRS retirees will now receive their full SS payments if they have earned a SS benefit.
- **Example:** Previously, a retiree with a \$1,000 calculated SS benefit could see it reduced by about \$400 under WEP. With WEP repealed, the full \$1,000 benefit will be restored.

### 2. Government Pension Offset (GPO):

- **What Changed:** GPO, which reduced or eliminated SS spousal or survivor benefits by two-thirds of a TRS pension, has been repealed.
- **Impact:** Retirees are now eligible to receive their full spousal or survivor benefits without reductions.
- **Example:** A spousal benefit of \$1,000, previously reduced to \$0 due to a \$3,000 TRS pension, will now be paid in full.

## Who Benefits?

### 1. Current Retirees:

- Retirees who previously lost SS income due to the WEP or GPO will see increased benefits due on or after January 2024.
- While retroactive payments are included, they apply only from January 2024 onward. Benefits will not be backdated to retirement years before the new law's effective date.

Example: If you retired in 2022 and your SS income was reduced under WEP or GPO, you will begin receiving full SS payments in 2024 but won't receive SS for reductions incurred during 2022-2023

### 2. Future Retirees:

- Individuals who retire after 2024 will not face WEP or GPO reductions, ensuring full payment of SS benefits due on or after January 2024.

### 3. Individuals with No Social Security-Covered Work History

- Those who never worked in Social Security-covered employment will not directly benefit from WEP's repeal.

**The Social Security Administration currently says on its website that individuals do not need to take any action - that if they are affected then their SS benefits will be corrected.**

TCG, a HUB International Company

900 S Capital of Texas Hwy, Suite 350, Austin, TX 78746  
800-943-9179 | [www.tcgservices.com](http://www.tcgservices.com)



## Important Notes

### Additional Details on Formula Changes

#### 1. WEP Formula Details:

Previously, the WEP formula reduced the percentage of earnings factored into Social Security benefit calculations. Most individuals with fewer than 20 years of paying SS/FICA tax on “substantial earnings” would receive approximately 40% of their normal SS income (subject to a floor amount). The percentage of their SS went up with each year of substantial earnings; many people who had 30 or more years had no offset. To be more exact, the reduction was 40% of the first tier of SS calculation, which could be 44.44% for someone whose income is only in that tier and the percentage could vary if they have income in second or third tiers that were not impacted by WEP. For those with 30 or more years paying into SS under substantial earnings, they would receive 90% of the first tier. To the extent they had income in tiers two and three, the money paid to them could be very close to 100% of the benefit on their SS statement.

#### 2. GPO Offset Details:

Under GPO, spousal or survivor benefits were reduced by two-thirds of the recipient’s TRS pension. This offset no longer applies, allowing retirees to claim full benefits.

### Footnotes

\*Or other government worker covered by a state or local pension plan

\*\*Using assumptions and calculators in the SS Quick Calculator online program. This includes discounting current salary by 2% back to the beginning of the number of years the individual is in SS. For TRS, example is of unreduced annuity with no spousal benefit or deductions, before taxes. SS example is before taxes.

### Disclosures

Investment advisory services offered through HUB Investment Partners LLC, an SEC registered investment advisor f/k/a TCG Advisors LLC. Insurance Services offered through HUB International. HUB International, owns and operates several other entities which provide various services to employers and individuals across the U.S. HUB FinPath and Tax Services are offered through RPW Solutions. Cypher is offered through Cypher Security, LLC. Consulting Services are offered through TCG Consulting Services, LLC. TeleWealth virtual meetings are offered through HUB Investment Partners. TCG Administrators, HUB FinPath, RPW Solutions, Cypher Security, LLC and TCG Consulting Services are under common ownership of HUB International and are affiliates of HUB Investment Partners. Legal and Tax advice may be provided by Hessler Legal, an unaffiliated law firm. Certain of HUB Investment Partners’ investment advisory representatives may also be affiliated with Hessler Legal. HUB Investment Partners does not receive compensation from Hessler Legal for referrals.

HUB International, owns and operates several other entities which provide various services to employers and individuals across the U.S. Employees of HUB International may offer securities through partner Broker Dealers not affiliated with HUB. Employees of HUB International provide advisory services through both affiliated and unaffiliated Registered Investment Advisors (RIA). Global Retirement Partners, LLC, HUB Investment Advisors, HUB Investment Partners, and Millennium Advisory Services are wholly owned subsidiaries of HUB International.

This message is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. All statements that are not historical facts are forward-looking statements, including any statements that relate to future market conditions, results, strategies, opportunities, positioning or prospects. Economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate. Remember all investing involves risk.

The information contained in this presentation is not intended to be a complete discussion of all federal or state income tax requirements. This information cannot be used by an investor to avoid any income tax penalties that may be imposed under the Internal Revenue Code. Investors should seek advice from a financial and/or tax advisor about the potential tax implications of their investments through HUB Investment Partners or HUB International, based on their individual circumstances.

### **TCG, a HUB International Company**

900 S Capital of Texas Hwy, Suite 350, Austin, TX 78746  
800-943-9179 | [www.tcgservices.com](http://www.tcgservices.com)

