



COMMENTS: When SERS became coordinated with Social Security in 1969, a reduced benefit formula for Social Security-covered members was implemented to reflect that a benefit would be provided through Social Security. While the same approach could have been utilized to determine widows' and survivors' annuities, an offset was adopted. The offset reduces widows' and survivors' annuities by  $\frac{1}{2}$  of the Social Security survivor benefit.

Prior to 1983, survivor benefits were based primarily on a percentage of the active salary, which was the same regardless of whether or not the member was covered by Social Security. However, in 1983, legislation was passed which established a minimum survivor annuity equal to 50% of the earned retirement benefit. Thus, even though survivor benefits for members covered by Social Security are computed based on a benefit formula already reduced to reflect Social Security, the Social Security offset continues, resulting in a double reduction for survivors of Social Security-coordinated members.

SB 1985 allows employees to file an election by January 1, 2009, thereby voluntarily increasing their employee contribution rate by 0.5% and removing the Social Security offset for their widow's annuity and survivor's annuity recipients. Removal of the offset for persons who began receiving benefits on or after January 1, 1998 will occur on January 1, 2009, when the elective active employee participation in this election reaches or exceeds 50% of all eligible active employees. Regardless of the election results, SB 1985 removes the Social Security offset against widows' and survivors' annuities of any person who began receiving benefits prior to January 1, 1998.

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