

Social Security Offsets/Integration

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In comparing our peers' pension plans we introduce the term Social Security integration or Social Security offset.

Social Security provides disproportionately larger benefits to **lower paid** employees. Within limits, pension plans may provide larger benefits to **higher paid** employees to balance this (taking credit for the employer provided portion of social security benefits).

Pension plan design may “offset” the pension by the value of the employer provided portion of social security benefits.

Several public plans in our area integrate Social Security into their plans by having different benefit formulas or employee contributions above and below the social security wage base.

