

1050.5 General

This chapter explains how the Social Security Administration (SSA) family maximum affects survivor family groups, when the maximum is involved, and how to determine individual rates.

1050.10 Application of the SSA Family Maximum

1050.10.1 When Two Beneficiaries Will Produce Maximum Rates

- A. Two 75% Shares – The SSA family maximum may be involved when there are two beneficiaries (two children, one mother/father or surviving divorced mother/father and a child, or two parents) Although the maximum may be reached, there is no reduction because the maximum will not be exceeded.
- B. One 75% Share and One 100% Share – The SSA family maximum may be involved when there are two beneficiaries (one aged, disabled or remarried widow(er) and one child) and a reduction will be necessary. A surviving divorced spouse or a legal widow(er) found entitled after a deemed widow(er) is not considered in computing the SSA family maximum and that annuity rate is not reduced for the SSA family maximum.

1050.10.2 When Three Beneficiaries Will Produce Maximum Rates

Three beneficiaries will always produce maximum rates and a reduction will almost always be necessary. However, a surviving divorced spouse or a legal widow(er) found entitled after a deemed widow(er) is not considered in computing the SSA family maximum and that annuity rate is not reduced for the SSA family maximum.

1050.15 Determining Beneficiary's Share of The Maximum

1050.15.1 Original Rate

The original rate (i.e., the beneficiary's unreduced share of the PIA) is the following percentage of the tier I PIA:

Beneficiary	% Share
Widow(er) - aged or disabled	100%
Widow(er) - mother or father	75%
Remarried Widow	100%
Surviving Divorced Wife	100%

Divorced Young Mother	75%
Child	75%
One parent	82 ½%
Two parents	75%

1050.15.2 Reduced for Maximum Rate

Use the following charts to determine the beneficiary's reduced for maximum rate (i.e., the beneficiary's share of the SSA family maximum):

Family Composition*	100% Share	75% Share
1-100% Share and 1-75% Shares	.57143	.42857
1-100% Share and 2-75% Shares	.40000	.30000
1-100% Share and 3-75% Shares	.30769	.23077
1-100% Share and 4-75% Shares	.25000	.18750
1-100% Share and 5-75% Shares	.21053	.15789

Family Composition*	Each
3-75% Shares	.33333
4-75% Shares	.25000
5-75% Shares	.20000
6-75% Shares	.16667

1050.15.3 Determining the Maximum When the Widow(er) is Entitled to the ALT PIA

These charts cannot be used if a widow(er) is entitled to the ALT PIA. When the ALT PIA applies, the widow(er)'s tier 1 is computed using a PIA that is higher than the death PIA used for the other payees.

Even though the ALT PIA is greater than the death PIA, individual shares are computed using the family maximum computed for the death PIA. Therefore, the maximum will

generally apply if a widow(er) entitled to an ALT PIA and any beneficiary, other than a surviving divorced spouse, is payable.

Example: There is a widow and initial child payable:

- Death PIA \$ 1214.10
- ALT PIA 1622.30
- Widow(er)'s full share 1622.30
- Child's full share: 910.50
- Family max: 2476.50
- Total shares: 2532.80 (ALT PIA, 1622.30 plus child's full share, 910.50)
- Widow's adjusted: 1586.20 (1622.30/2532.80 times 2476.50)
share
- Child's adjusted 890.20 (910.50/2532.80 times 2476.50)
share:

1050.15.4 Parisi Redistribution of the Family Maximum

In L-00-26, the Office of General Counsel determined that we must change the calculation of an individual's share of the family maximum if the following conditions are met:

- The tier one family maximum applies; and,
- At least one, but not all, family member who is included in the maximum is entitled to a social security or railroad employee benefit.

The annuitant who is not dually entitled is a Parisi member. The dually entitled annuitant is non-Parisi.

The redistribution of the family maximum to the Parisi member is effective on the later of August 2000, the OBD or the effective date of entitlement to the SS or railroad employee benefit.

Calculation

The Parisi redistribution is calculated as follows:

1. The social security benefit, railroad employee benefit or statutory share of the maximum, if lower, of all non-Parisi class members are added together.
2. The total is divided by the number of Parisi class members. Round the result down to the dime.
3. The amount in step 2 is added to the Parisi class member's share of the family maximum. The redistributed share of the maximum cannot be greater than the statutory share of the PIA.

EXAMPLE:

The payees are an aged widow and two disabled children.

August 2000 PIA	\$ 681.90
August 2000 Max	1098.60
Widow's share of the Max	439.40
Widow's SS benefit	708.00
Disabled children's share of the Max	329.50

The disabled children are the Parisi members. To compute their redistributed share of the maximum:

- Add \$219.70 (the lower of the widow's share of the family maximum or SS benefit divided by 2) to \$329.50 (each disabled child's share of the max)
- Compare the total, \$549.20, to the statutory share of the PIA, \$511.40.
- The lower amount, \$511.40, is payable.

The rate of the non-Parisi member does not change.

NOTE: If the Parisi class member is entitled to a WIMA, it must be recomputed based on the new share of the family maximum

REAP does not perform the Parisi calculation. If the applicant is a Parisi class member, the REAP estimate will be understated.

1050.20 Tier II Minimum And Maximum

If the employee was not awarded a retirement annuity before 10-1-81 and died after 9-30-81, the survivor Tier II is computed based on the "high 60" Tier II amount which would have been payable to the employee in the month of death (after any reduction for W/F, but before any age reduction). After 9-30-86, all initial survivor computations will be based on the employee's "high 60" Tier II.

The minimum 1981 Amendment Tier II a family would receive is 35%; the maximum is 80%.

If the employee was awarded an RR Act annuity or died before 10-1-81, and the survivor annuity is awarded before 10-1-86, the survivor Tier II is equal to 30% of the original or reduced for maximum Tier I rate.

1050.25 Determining Beneficiary's 1981 Amendment Tier II Share

1050.25.1 Widow(er)'s Share

The aged, disabled or young widow(er)'s share is the following percentage of the employee's "high 60" tier II:

Family Composition	Widow(er)'s Share
Widow(er) and 0 Children	50%
Widow(er) and 1 Child	50%
Widow(er) and 2 Children	50%
Widow(er) and 3 Children	42.105%
Widow(er) and 4 Children	36.364%
Widow(er) and 5 Children	32.000%
Widow(er) and 6 Children	28.572%

1050.25.2 Child's Share

The child's share is the following percentage of the employee's "high 60" tier II:

Family Composition	Child's Share
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Family Composition	Child's Share
Widow(er) and 1 Child	15%
Widow(er) and 2 Children	15%
Widow(er) and 3 Children	12.632%
Widow(er) and 4 Children	10.909%
Widow(er) and 5 Children	9.6%
Widow(er) and 6 Children	8.571%
1 Child	35%
2 Children	17.5%
3 Children	15%
4 Children	15%
5 Children	15%
6 Children	13.33%

1050.25.3 Parent's Share

A parent's share is 35% of the employee's "high 60" tier II whether there are one or two parents. A parent cannot qualify for a tier II when the employee was survived by a widow(er) or a child who could ever qualify for an annuity.

