



THE SOCIAL SECURITY OFFSETS WEP & GPO

The Windfall Elimination Provision

The Windfall Elimination Provision (WEP) reduces the Social Security benefits of local, state and federal retirees who worked in employment covered by Social Security (e.g., private-sector jobs) and who also receive an annuity from their government employment not covered by Social Security.

As of December of 2017, the WEP affects 1,804,095 beneficiaries, including 1,687,542 retired workers, 13,981 workers with disabilities, and 102,572 spouses and children.¹ In 2019, the WEP can result in a monthly benefit that is \$463 lower than under the regular benefit formula. As a regressive penalty, the WEP imposes a disproportionately larger benefits reduction on lower-earning households.

The WEP applies to federal retirees who began their federal employment prior to 1983 and are covered by the Civil Service Retirement System (CSRS). Under CSRS, federal employees pay a 7 percent payroll contribution toward their CSRS retirement annuities. They do not pay a 6.2 percent payroll tax toward Social Security, and therefore, do not earn any Social Security benefits based on their federal work. The WEP does not apply to federal employees covered by the Federal Employees Retirement System (FERS), as these federal employees pay the 6.2 percent payroll tax, in addition to their FERS retirement contributions, and therefore earn Social Security benefits based on their government work.

The Government Pension Offset

Legislation enacted in 1977 prevents government retirees from collecting both a government annuity based on their own work in non-Social Security-covered employment *and* Social Security benefits based on their spouse's work record. The new law became effective with government employees who were first eligible to retire in December 1982. The law – known as the Social Security Government Pension Offset, or GPO – provides that two-thirds of the government annuity offsets whatever Social Security benefits would be payable to the retired government worker as a spouse (wife, husband, widow, widower). For example, a spouse receives a civil service annuity of \$900 per month based on his/her own earnings and applies for a Social Security widow(er)'s benefit of \$500. Two-thirds of his/her annuity, or \$600, totally offsets the Social Security widow(er)'s benefit. Therefore, he/she receives no widow(er)'s benefit from Social Security.

As of December 2017, the GPO affects 682,933 beneficiaries. Of those affected by the GPO, 45 percent are widows or widowers, and 82 percent are women.² In addition to Civil Service Retirement System (CSRS) annuitants, the GPO affects thousands of state and municipal retirees, as well as teachers and police whose work is not covered by Social Security.

¹ See "Social Security: The Windfall Elimination Provision (WEP)," Congressional Research Service, p. 5, available at: <https://crsreports.congress.gov/product/pdf/RS/98-35>.

² See "Social Security: The Government Pension Offset (GPO)," Congressional Research Service, p. 7, available at: <https://crsreports.congress.gov/product/pdf/RL/RL32453>.



THE SOCIAL SECURITY OFFSETS WEP & GPO

WEP and GPO Legislative History

NARFE is a leader in the efforts to repeal or reform the Windfall Elimination Provision as well as the Government Pension Offset. In the 115th Congress, NARFE was supportive of legislation to provide some relief to those affected by the WEP.

H.R. 6933/S. 3526, the Equal Treatment of Public Servants Act of 2018

Starting in 2020, the Equal Treatment of Public Servants Act of 2018 (115th Congress) would have altered Social Security benefit calculations for WEP-affected beneficiaries as follows:

- **For individuals who turn 62 prior to 2025:** Under the bill, these individuals would have received an additional payment of \$100 per month if they receive Social Security benefits based on their own work record. Meanwhile, individuals receiving a WEP-reduced Social Security benefit based on their spouse's employment would have received an additional \$50 payment each month.
- **For individuals turning 62 in 2025 or later:** These individuals would have been subjected to a new formula designed to more accurately account for earnings based on Social Security-covered employment, such as private-sector jobs, compared to earnings from a position not covered by Social Security. This formula would affect each individual differently, but could have increased Social Security benefits for a significant majority of individuals who would be subject to the WEP under current law.

Rep. Kevin Brady, R-TX, introduced H.R. 6933 in partnership with Rep. Richard Neal, D-MA. The Senate companion bill, S. 3526, was introduced by Sen. Ted Cruz, R-TX. Though this legislation would not have fully repealed the WEP, it represented a significant improvement over the status quo for CSRS retirees unfairly penalized for their public service – and for this reason, NARFE supported the bill. New versions of these bills have not been reintroduced in the 116th Congress, but they remain part of the conversation.

Current Legislation

NARFE strongly supports efforts to fully repeal the GPO and WEP. Legislation to that end has been introduced for many years, garnering hundreds of cosponsors.

H.R. 141, the Social Security Fairness Act of 2019

H.R. 141, like its predecessor in the previous Congress, is sponsored by Rep. Rodney Davis, R-IL, and would fully repeal both the WEP and GPO. NARFE supports this bill.

NARFE continues to work with our allies in the 116th Congress to reintroduce WEP and GPO repeal and reform legislation to provide meaningful relief to federal retirees affected by the unfair penalties.