Dear Friends:

We write to update you on the status of our Windfall Elimination Provision (WEP) and Government Pension Offset (GPO)Task Force. Since the Task Force's inception months ago, we have made much progress as we added groups and individuals beyond the original Alliance for Retired Americans leaders. Representatives from AFT, NEA, AFSCME, Social Security Fairness, Polish Strategic Alliance Initiative, California Retired Teachers Association, Federation of Federal and Government Employees, representatives from Firefighters, Police and a large Facebook group have joined forces to raise awareness of this gross unfairness and to support federal legislation to fully repeal WEP-GPO.

House bills 82 and HR 5723 both call for repeal. HR 82 calls for full repeal and has bi-partisan support. HR 5723 is a more comprehensive Social Security Fairness bill that also includes the full repeal and is paid for. To date, this bill does not have bi-partisan support, but because it is a Democrat-sponsored bill, may have a better chance of passing in the House.
Two companion bills in the Senate need more Senate sponsors. SB 1302 is a companion bill to HR 82 and SB 3071 is a companion to HR 5723.

On May 18th, about 70 Task Force members, representing many states assembled in D.C. for a Lobby Day and Rally. We visited many congressional offices, and at the Rally, several of our members recounted their WEP-GPO stories along with encouraging remarks from Senator Whitehouse (R.I.), and congressmen Cicilline (RI), Larson, (CT), and Moulton (MA)

We have a petition calling for WEP-GPO repeal. This petition was introduced a few years ago by John Pernorio (ARA, president, RI), and now has 90,995 signatures. We will present this petition to Congress when a bill is introduced on the House floor. For now, we ask anyone who has not yet signed, to go to MoveOn.org and search for Elimination of the Unfair WEP-GPO Provisions of the Social Security Act.

We ask that you reach out to friends and activists to contact their respective congresspeople and U.S. Senators urging them to support these legislations if they haven't already done so, and thanking them if they already have.

Our Task Force has come far in raising awareness of the injustice of this Social Security provisions and supporting positive legislation to completely repeal both the WEP and the GPO
Thank you for your attention. If we all do a little, we can accomplish a lot.

Suzie Dixon, Bonnie Cediel, Bette Marafino (on behalf of the Task Force)

June 2022 Task Force Next Steps

Next Steps:

1. Contact Speaker Pelosi staff member dick.meltzer@mail.house.gov
   Contact Rosa DeLauro staff member Jack.rayburn@mail.house.gov

Message:

Two important bills call for the repeal of both the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). H.R. 82 (Davis-IL) and H.R. 5723 (Larson-CT) The WEP and GPO are earned benefits that retirees have paid for. Millions of public service workers and educators are unfairly penalized by the WEP & GPO. The Windfall Elimination Provision (WEP) penalizes earners who have had two jobs, one where they paid into Social Security taxes and one in which they paid into a public pension. These pensions were earned separately and differently from Social Security, yet they are used to reduce the amount of Social Security benefits that a worker receives during retirement.

One of the harshest inequities of these two offsets is the Government Pension Offset (GPO) which creates an environment that takes earned benefits, primarily from women, to pay for benefits, not all of which are earned that are primarily for men. The Government Pension Offset (GPO) can eliminate $24,000 or more fully earned spousal or survivor benefits, paid for by their spouse causing devastating financial loss.

Now is the time to take action to repeal these two unjust penalties. **We urge you to bring H.R. 82 (Davis – IL) and H.R 5723 (Larson-CT) up for a vote and move this issue to the forefront of your priorities.**

2. Ask for additional cosponsors – use list below
3. Suzie will request virtual meeting with Speaker Pelosi's office/Task Force
4. Task Force Support letter
5. Educate non-sponsors staff with informational materials
6. Bette will continue to follow up on Senator Cassidy's office
7. Contact Party Leaders
8. Pam will follow up with Senator Durbin

Resources:

https://calrta.org/
www.RetiredAmericans.org
https://ssfairness.org/

Please contact the following Representatives who have not yet co-sponsored H.R. 82 or H.R 5723 and urge them to co-sponsor this important legislation. The time is NOW.

Representative Gus Bilirakis (FL) (202) 225-5755
Jonathan Vecchi Jonathan.vecchi@mail.house.gov

Representative Kat Cammack (Fl) (202) 225-5744
Aaron Bill **aaron.bill@mail.house.gov**

Representative Byron Donalds (FL) (202) 225-2536
Alexandria Smith alex.smith2@mail.house.gov

Representative Carlos Gimenez (Fl) (202) 225-2778
E.J. Valentine **ej.valentine@mail.house.gov**

Representative Rick Allen (GA) (202) 225-2823
Mary Christina Riley **marychristina.riley@mail.house.gov**

Representative Lucy McBath (GA) (202) 225-4501
Michael Williams **michael.williams3@mail.house.gov**

Representative Mary Miller (IL) (202) 225-5271
Christina Rabuse christina.rabuse@mail.house.gov

Representative Kurt Schrader (OR) (202) 225-5711
Kelly Nickel Kelly.nickel@mail.house.gov

Representative Nancy Mace (SC) (202) 225-3176
Madison Van Every Madison.vanevery@mail.house.gov

Representative William Timmons (SC) (202) 225-6030
Ann Thomas Johnson **at.johnston@mail.house.gov**

Representative Lizzie Fletcher (TX) (202) 225-2571
Ben Jackson ben.jackson@mail.house.gov

WEP/GPO Talking Points

The WEP and GPO are unfair laws that cut or eliminate earned benefits for more than 2 million retirees! Women and public sector workers like teachers, police, and firefighters are the most affected.

The **Windfall Elimination Program (WEP**) can cut up to half the value of your pension from your Social Security benefits because of work you've done on behalf of your city, county, state, or country. This currently affects 2 million retired workers and will affect millions more who are approaching retirement age.

The **Government Pension Offset (GPO)** can reduce and will usually eliminate all of your Social Security spousal or survivor benefits. More than 700,000 retired spouses and widows are currently affected. 83% of them are women.

Millions of working Americans are not even aware that they will be affected. For example, hard-working teachers and police officers—many who are already facing threats to their state pensions—often don't realize that their retirement benefits will be further cut with these laws until it is too late. As it becomes harder to retain these workers, the last thing we need is to penalize them further!

Retired seniors who are struggling with rising housing and living costs are losing out on fully EARNED benefits and are struggling to make ends meet. Retirees can lose up to $512 per month from the WEP. They can also lose more than $2,000 per month because of the GPO. Widowed seniors are the most vulnerable.

Thankfully, many in Congress have begun to take note of these unfair laws and how they impact some of our most hard-working and vulnerable Americans. Two bills—H.R. 82 and H.R. 5723—have been written to repeal both the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

The time is now to bring back some level of fairness to our Social Security system!

The timing is critical. **Once passed by the house the bills need to sit for 25 legislative days.**

Congressional Research Service
Informing the legislative debate since 1914

IN FOCUS

Updated February 22, 2022

Social Security: The Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO)

Background

Social Security is a work-related, federal insurance program that provides monthly cash benefits to workers and their eligible family members in the event of the worker's retirement, disability, or death. A worker's employment or self-employment is considered covered by Social Security if the services performed in that job result in earnings that are taxable and creditable for program purposes. Although participation in Social Security is compulsory for most workers, about 6% of all workers in paid employment or self-employment are not covered by Social Security. Noncovered workers include state and local government employees covered by alternative staff-retirement systems; most permanent civilian federal employees hired before January 1, 1984, who are covered by the Civil Service Retirement System (CSRS) or other alternative retirement plan; employees covered by the Railroad Retirement system; domestic, election, or farm workers with earnings below certain thresholds; people with low levels of net earnings from self-employment; and certain nonimmigrants.

The Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) are two separate provisions that reduce regular Social Security benefits for workers and their eligible family members if the worker receives (or is entitled to) a pension based on earnings from employment *not covered* by Social Security.

The Windfall Elimination Provision

The WEP applies to most people who receive both a pension from noncovered work (including certain foreign pensions) and Social Security benefits based on fewer than 30 years of substantial earnings in covered employment or self-employment. In 2022, the amount of substantial earnings in covered employment or self-employment needed for a year of coverage (YOC) is $27,300. This amount is adjusted annually by the growth in average wages in the economy, provided a cost-of-living adjustment (COLA) is payable. The WEP affects retired- or disabled-worker beneficiaries and their eligible dependents. However, it does not affect survivor beneficiaries.

The Social Security benefit formula is progressive, replacing a greater share of career-average earnings for low-paid workers than for high-paid workers. The regular benefit formula applies three factors—90%, 32%, and 15%—to three different brackets of a worker's *average indexed monthly earnings* (AIME), which is a measure of career-average earnings in covered employment or self-employment. The result is the *primary insurance amount* (PIA), which is the worker's basic benefit before any adjustments are made for factors such as COLAs, early retirement, or delayed retirement. For workers who become eligible for benefits in 2022, the PIA is determined based on the formula in **Table 1**. The dollar amounts in the table, known as *bend points*, are adjusted annually for average earnings growth.

Table 1. Social Security Benefit Formula for Workers Who Attain Age 62, Become Disabled, or Die in 2022

Factor	Average Indexed Monthly Earnings (AIME)
90%	of the first $1,024 of AIME, plus
32%	of AIME over $1,024 and through $6,172, plus
15%	of AIME over $6,172

Source: CRS, based on Social Security Administration, *Benefit Formula Bend Points*.

For people with 20 or fewer YOCs who become eligible for benefits in 2022, the WEP reduces the first factor from 90% to 40%, resulting in a maximum reduction of $512 (90% of $1,024 *minus* 40% of $1,024). For each year of substantial earnings in covered employment or self-employment in excess of 20, the first factor increases by 5%. For example, the first factor is 45% for those with 21 YOCs. The WEP factor reaches 90% for those with 30 or more YOCs and at that point is phased out.

The WEP includes a *guarantee* that the reduction in the benefit amount caused by the WEP formula can never exceed more than one-half of the noncovered pension. Thus, for workers who become eligible for benefits in 2022, the maximum reduction under the WEP may be less than $512. In addition, because the WEP reduces the initial benefit amount *before* it is reduced or increased due to early retirement, delayed retirement credits, COLAs, or other factors, the difference between the final benefit with the WEP and the final benefit without the WEP may be less than or greater than $512. However, the maximum WEP reduction is still limited to 50% of the noncovered pension.

How Many People Are Affected by the WEP?

As of December 2021, about 2.0 million people (or about 3% of all Social Security beneficiaries) were affected by the WEP. Nearly 1.9 million of those affected were retired-worker beneficiaries, which was about 4% of the entire retired-worker beneficiary population. The remaining affected individuals were disabled-worker beneficiaries and eligible family members of retired- or disabled-worker beneficiaries.

Legislative History and Rationale

The WEP was enacted in 1983 as part of major amendments designed to shore up the financing of Social

Security. Its purpose was to remove an unintended advantage or "windfall" that the regular Social Security benefit formula provided to workers who also had pensions from noncovered employment. The regular formula was intended to help workers who spent their careers in low-paying jobs, by providing them with a benefit that is relatively higher in relation to their career-average earnings in covered employment than the benefit that is provided for workers with high career-average earnings.

However, the formula could not differentiate between those who worked in low-paid jobs throughout their careers and other workers who appeared to have been low paid because they worked many years in jobs not covered by Social Security (these years are shown as zeros for Social Security benefit purposes). Thus, under the old law, workers who were employed for only a portion of their careers in jobs covered by Social Security—even highly paid ones—also received the advantage of the weighted formula, because their few years of covered earnings were averaged over their entire working career to determine the average covered earnings on which their Social Security benefits were based. The WEP is intended to remove this advantage.

The Government Pension Offset (GPO)

The GPO reduces the Social Security spouse's or widow(er)'s benefits (hereinafter "spousal benefits") of most people who also receive a pension based on federal, state, or local *government employment* not covered by Social Security. The program provides benefits to the spouses and widow(er)s of insured workers, because immediate family members are presumed to be dependent on a worker for their financial support and thus are presumed to be in need of such benefits when the family experiences a loss of income due to the worker's retirement, disability, or death. In general, a spouse receives up to 50% of the worker's PIA, and a widow(er) receives up to 100%.

Under Social Security's *dual entitlement rule*, a person's spousal benefit is reduced, dollar-for-dollar, by the amount of his or her own Social Security retired- or disabled-worker benefit but not below zero (i.e., a 100% offset). The difference, if any, is paid as a spousal benefit and is added to the worker's Social Security benefit. In effect, the person receives the higher of the two Social Security benefit amounts, but not both. For example, if a person is entitled to a $600 retired-worker benefit (based on his or her own work history in covered employment) and an $800 spousal benefit (based on his or her spouse's work history in covered employment), then the person would receive the $600 worker benefit plus the $200 difference between the worker benefit and the spousal benefit ($800 - $600 = $200). The dual entitlement rule is an implicit test of a spouse's or widow(er)'s dependency on an insured worker for his or her financial support.

The GPO is intended to replicate the dual entitlement rule for spouses and widow(er)s who receive pensions based on noncovered employment. The Social Security spousal benefit is reduced by an amount equal to two-thirds of the noncovered government pension (i.e., a 67% offset). If a person receives a monthly noncovered pension of $900, two-thirds of that amount (or $600) is deducted from his or her Social Security spousal benefit. For example, if the same person were also entitled to a spousal benefit of $800, then he or she would receive $200 per month from Social Security ($800 - $600 = $200). The other one-third of the noncovered government pension is assumed to be equivalent to a supplementary private pension, which would not cause a reduction in the Social Security spousal benefit.

How Many People Are Affected by the GPO?

In December 2021, 723,970 Social Security beneficiaries, or about 1% of all beneficiaries, had their benefits reduced by the GPO. Of those directly affected by the GPO, 52% were spouses and 48% were widow(er)s. The GPO affected 17% of all spouse beneficiaries and 9% of all widow(er) beneficiaries. About 71% of all GPO-affected beneficiaries had their benefits fully offset and about 29% had their benefits partially offset.

Legislative History and Rationale

The GPO was enacted in 1977, after the Supreme Court ruled that men were not required to prove that they received at least one-half of their support from their wives in order to qualify for husband's or widower's benefits. (Women were not subject to an explicit dependency test, as they were presumed to be dependent on their husbands.) This ruling made hundreds of thousands of male retirees who worked in noncovered government employment immediately eligible for Social Security benefits as spouses or widowers, adding hundreds of millions of dollars annually to the cost of the program and raising questions about whether these were unnecessary or "windfall" benefits. To prevent the payment of full Social Security spousal benefits to people receiving a pension from noncovered government employment, Congress created the GPO as part of the Social Security Amendments of 1977 (P.L. 95-216), which provided that 100% of the noncovered government pension be subtracted from the Social Security spousal benefit.

The dollar-for-dollar reduction implicitly assumed exact equivalency between government pensions and Social Security worker benefits. However, government pensions often combined the elements of a worker's Social Security benefit and a pension intended to supplement Social Security. Although a spouse covered under Social Security may have his or her spousal benefits reduced under the dual entitlement rule, that rule takes into account only his or her worker's Social Security benefits and does not count income he or she may have from a private pension.

In response to this criticism, Congress lowered the GPO reduction to two-thirds of the noncovered government pension under the Social Security Amendments of 1983 (P.L. 98-21). The House version of the 1983 amendments called for the reduction to be lowered to one-third of the noncovered government pension. The House proposed a one-third reduction the previous year based on the rationale that "thirty-three percent approximates the portion of the CSRS annuity which is equivalent to social security retirement benefits for the average earner." The Senate version of the bill contained no such provision and thus would have left standing the existing 100% offset. In conference, lawmakers agreed to a two-thirds reduction.

Zhe Li, Analyst in Social Policy

IF10203

EFFECTS OF WINDFALL ELIMINATION PROVISION (WEP) and GOVERNMENT PENSION OFFSET (GPO)

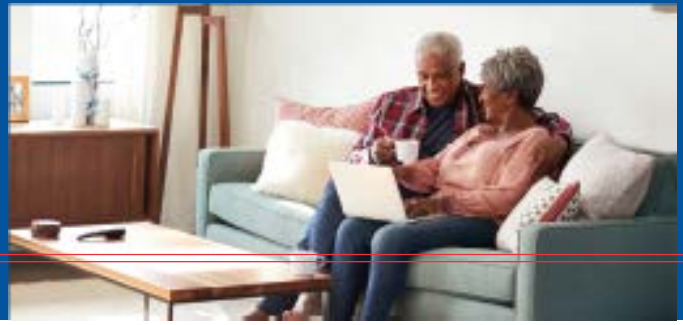
1. Fully Vested in Social Security	2. Fully Vested in Social Security	3. Fully Vested in Social Security	4. Fully Vested in Social Security	5. Fully Vested in Social Security
1. Spouse who worked outside the home is vested in S.S. Earned 40 quarters- collects 100%	2. Stay at home spouse – no higher education. Did not pay into S.S. Did not pay into Social Security	3. Stay at home spouse – college degree. Did not pay into S.S. Did not pay into Social Security	4. Public School Teacher – did not pay into S.S. Did not pay into Social Security	5. Public School Teacher – earned 40 quarters in S.S. in other jobs Earned 40 quarters- is penalized up to 50%
#1 collects 100% S.S. ex. $2767. Monthly. Spouse collects the greater of 100% of their SS or 50% of #1 SS of their eligible monthly amount	#2 collects 100% S.S. ex. $2767. Monthly. Spouse collects 50% of #2 monthly benefit which is a monthly $ 1383.50 Total $4150.50	#3 collects 100% S.S. ex. $2767. monthly. Spouse collects 50% of #3 eligible monthly amount or $1,383.50 for a family total of $4,150.50	#4 collects 100% S.S. ex. $2767. monthly. Spouse collects Nothing for spousal while #5 is living (Not absolutely accurate for death benefit if the spouse has a public-school benefit of less than $4,150.50 per month because the offset is $2 for every $3 in pension benefit	#5 collects 100% S.S. ex. $2767. Monthly GPO penalty applied on spousal benefit but spouse collects their own eligible SS after application of WEP penalty
1 dies. Spouse now collects 100% benefit - $2767. Monthly	#2 dies. Spouse now collects 100% benefit - $2767. monthly	#3 living spouse has the ability to choose higher monthly S.S. amount	#4 dies Spouse could collect nothing of # 4 S.S. benefits.(see above)	#5 dies Spouse cannot collect any of # 5 S.S. benefits if the public pension is equal to or greater than $4,150.50 per month but continues to receive own earned S.S. after application of WEP penalty

*What is the justification for ability to collect on Social Security benefits – scenarios 2, 3 & 4

Alliance for Retired Americans®

POSITION PAPER

JUNE 2021



The Social Security Fairness Act

On The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) were enacted in 1977 and 1983 respectively as amendments to the basic Social Security law.

These provisions reduce Social Security benefits for public sector retirees who receive a public pension or the spouse or survivor of a Social Security beneficiary who worked for a period of time in a job not covered by the Social Security program.

More than 2.5 million Social Security beneficiaries are affected by one of both these provisions, and they do not receive the full Social Security benefits that they otherwise earned. The WEP and GPO disproportionately affect lower-income workers. As a result, many face economic hardship during retirement.

Alliance for Retired Americans Position

In 2021, Senators Sherrod Brown (OH) and Susan Collins (ME) and Representatives Rodney Davis (IL) and Abigail Spanberger (VA) introduced the Social Security Fairness Act (S. 1302 and H.R. 82). The bills would repeal the WEP and GPO provisions and allow those affected to keep the full Social Security benefits they or their spouses earned.

The Alliance supports the Social Security Fairness Act and urges members of Congress to co-sponsor and help pass this important legislation.

The Windfall Elimination Provision

The WEP reduces the Social Security benefits of a public sector worker who collects a pension from a job not covered by Social Security. Four percent of retired workers, or nearly 2 million retirees, were affected as of December 2019. These workers are retired federal, state and local government employees who worked as teachers, police, firefighters, postal workers and general employees.

The WEP provision was intended to reduce what Congress considered overly-generous Social Security payments; however, the adjustment formula does not differentiate between high- and low-wage workers. As a result, retirees who earned lower wages at work are disproportionately hurt by the WEP.

The Government Pension Offset

The GPO reduces Social Security spousal or survivor retirement benefits of a worker who collects a public pension from a job not covered by Social Security. The individual's Social Security spousal or survivors benefits are reduced by two-thirds of the amount of their government pension. The reduction is recalculated each year, when the retiree receives a cost-of-living increase in their pension, further reducing the benefit. In some cases, if two-thirds of the individual's government pension is greater than their Social Security spousal benefits, those Social Security benefits are reduced to zero.

As of December 2019, 707,879 Social Security beneficiaries had their spousal or survivor benefits completely eliminated or partially reduced by the GPO. The GPO has a particularly harsh effect on moderate and low income pensioners. Eighty-three percent of Americans subject to the GPO are women, who are already more likely to fall into poverty as they age.

Which public sector workers and retirees are affected?

- Many teachers in 15 states—Arkansas, California, Colorado, Connecticut, Georgia, Illinois, Kentucky, Louisiana, Massachusetts, Maine, Missouri, Nevada, Ohio, Rhode Island and Texas;
- Many state, county, city and special district employees around the country; and
- Federal employees in every state (hired before January 1, 1984) who are in the CSRS retirement system.

Alliance for Retired Americans

POSITION PAPER

NOVEMBER 2021

Social Security 2100: A Sacred Trust Act

On October 26, 2021, Representative John Larson (CT) and Senators Richard Blumenthal (CT) and Chris Van Hollen (MD) introduced the Social Security 2100: A Sacred Trust Act, H.R. 5723 and S. 3071. This bill expands Social Security benefits for all beneficiaries and requires that wealthy Americans pay their fair share.

Alliance for Retired Americans Position

The Alliance endorses the Social Security 2100 Act and urges Congress to pass this bill.

The bill will:

Increase Benefits and Improve COLA

The bill provides a two percent benefit increase for all current and future beneficiaries. It also adopts the Consumer Price Index for the Elderly (CPI-E), which would ensure seniors get an adequate cost-of-living adjustment (COLA).

Improve Benefits for Widow(er)s

Widowed spouses would be able to keep 75% of the Social Security household benefits they received prior to the death of their spouse.

Provide a Caregiver Credit

The bill provides up to 5 years of Social Security earnings credit for caregivers who drop out of the workforce or reduced hours to care for a child under 12 or a dependent relative.

Increase Benefits for Low Wage Workers and Older Retirees

The bill ensures that the "special minimum benefit" for people who earned low-wages are at least 125% of the Federal Poverty Level and provides a 5% benefit increase to those who have been retired for over 15 years. The benefit increase will be gradually phased-in over five years.

Grandparent Benefits

The bill increases access to benefits for children living with their grandparents.

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Repeal the WEP and GPO

The bill repeals the Windfall Elimination Provision (WEP), which claws back the Social Security benefits of public sector workers who also receive a pension, and the Government Pension Offset, which reduces the Social Security spousal benefits of public sector workers with pensions. The WEP and GPO affect more than 2.2 million Americans.

Lower Taxes for Some Seniors

Social Security benefits are taxed when beneficiaries have other income in addition to their benefits, if their income exceeds certain thresholds. The bill raises the threshold when Social Security income must be included for tax purposes from $25,000 to $35,000 for singles and $32,000 to $50,000 for married couples.

Repeal the Five Month Waiting Period for Disability Insurance

The bill eliminates the waiting period (currently 5 months, except for individuals with ALS who do not have a waiting period) to receive Social Security disability benefits.

Provide Gradual Reduction or Offsets for Disabled Individuals with Earnings

The bill gradually reduces the Social Security benefits for disabled beneficiaries who have earnings by reducing it $1 for every 2 dollars earned above the threshold, which is currently set at $2,190 a month.

Extend Child Student Benefits

The bill extends child student benefits to children of deceased, disabled or retired workers up to age 25 if the child is at least a part-time student.

Extend Trust Fund Solvency

The bill raises the payroll caps set at $147,000 in 2022 for individuals making over $400,000, ensuring wealthy Americans will pay their fair share. The added payroll contributions will help pay for the benefit improvement and extend the solvency of the trust fund until 2038.

Social Security Statements

Clarifies that Social Security statements must be mailed out to all workers 25 and over who are not receiving benefits, unless they sign up for electronic delivery.

Office Closings

Prevents the closure of Social Security hearing and field offices unless certain requirements are met.

*Benefit improvements must be reauthorized after 5 years.