



What Is the Windfall Elimination Provision?

The **Windfall Elimination Provision (WEP)** reduces the earned Social Security benefits of an individual who also receives a public pension from a job not covered by Social Security.

Who does the Windfall Elimination Provision affect?

The WEP affects people who worked both as public employees in jobs not covered by Social Security and in jobs in which they earned Social Security benefits. For example, the WEP affects educators who do not earn Social Security from their jobs in the public schools, but who work part-time or during the summer in jobs covered by Social Security.

The WEP also affects people who change careers, moving from a job in which they earn Social Security benefits to a job, such as teaching, in which they are not covered by Social Security.

How does the Windfall Elimination Provision work?

The WEP reduces the factor by which average earnings are multiplied to determine Social Security benefits. How much the factor is reduced depends on when the individual becomes eligible to retire and how many years of earnings he or she has accumulated.

For example: Bob — a retired educator — worked for 17 years in Vermont, a state in which educators participate in the Social Security system. Bob then moved to Maine, a state in which

educators are not covered by Social Security. Bob worked for 14 more years in Maine before retiring. According to the Social Security Administration, he earned monthly benefits of \$540 per month for contributions paid into the Social Security system while he worked in Vermont. However, because of the WEP, his actual monthly benefits will be cut by \$196 a month. Bob will receive only \$344 per month from Social Security instead of the \$540 he earned.

What is the impact of the Windfall Elimination Provision?

The WEP causes low-paid public employees outside the Social Security system, like educators, to lose a significant portion of their Social Security benefits. The WEP also impacts the teaching profession, as people are less likely to leave other careers in which they earn Social Security benefits to become educators.

What can be done to address the WEP?

Representatives Rodney Davis (R-IL) sponsored H.R. 973 - The Social Security Fairness Act of 2015 (House version) and Senator Sherrod Brown (D-OH) sponsored S. 1651 - The Social Security Fairness Act of 2015 (Senate version).

If passed, these two pieces of legislation (H.R. 973 and S. 1651) would completely repeal GPO and WEP impacts on public school employees.

What Is the Government Pension Offset?

The **Government Pension Offset (GPO)** reduces public employees' Social Security spousal or survivor benefits by an amount equal to two-thirds of their public pension. Spousal and survivor benefits are normally available to any person whose retired or deceased spouse worked at a job in which he or she earned Social Security benefits. The GPO reduces or eliminates these benefits.

Who does the GPO affect?

The GPO affects individuals who worked as federal, state or local government employees, including as educators, police officers and firefighters, if the job was not covered by Social Security.

How does the GPO work?

The GPO reduces Social Security spousal or widow(er) benefits by two-thirds of the amount of an individual's public pension.

For example: Jane — a widowed, retired educator receives a public pension of \$600 a month. Her job in the public school system was not covered by Social Security. Her deceased husband, however, earned Social Security benefits from his job in the private sector. An amount equal to two-thirds of Jane's public pension — or \$400 — will be cut from her Social Security

widow's benefits. This means that if she were eligible for \$500 in survivor benefits, the GPO would reduce her benefits to \$100 (\$500 - \$400 = \$100).

What's the impact of the GPO?

Estimates indicate that nine out of 10 public employees affected by the GPO lose their entire spousal benefit, even though their deceased spouse paid Social Security taxes for many years. According to the Congressional Budget Office, the GPO reduces benefits for some 300,000 individuals by more than \$3,600 a year. The GPO has the harshest impact on those who can least afford the loss: lower-income women.

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#repealGPOWEP