

# ISSUE BRIEF

## Government Pension Offset and Windfall Elimination Provision

**If you worked for a federal, state or local government where you did not pay Social Security taxes, the pension you receive from that agency may reduce any Social Security benefits for which you are qualified.** Both of these provisions of federal law may reduce a person's Social Security benefits if they also receive a government pension. The Government Pension Offset (GPO), sometimes called the Public Pension Offset, can reduce the Social Security benefit for spouses, divorced spouses and surviving spouses, by an amount equal to two-thirds of their government pension. The Windfall Elimination Provision (WEP) changes the formula used to figure your retirement or disability benefits if you receive a pension from work not covered by the Social Security system.

**Background on the GPO and WEP.** Changes to Social Security were enacted to prevent receipt of full Social Security and spousal benefits at the same time. In 1977, Congress changed the law and began treating government pensions as Social Security benefits. The affect of this change offsets a persons Social Security survivor benefits with their public pension. Then in 1983, Congress also amended the law and the WEP was enacted to prevent people with relatively high-compensated government service and relatively low-paying Social Security-covered employment from having their Social Security benefits determined under the more favorable formula used for retirees with the lowest Social Security earnings.

**Who is affected by the GPO and the WEP.** The windfall elimination provision primarily affects people who earned a pension from working for a government agency and also worked at other jobs where they paid Social Security taxes long enough to qualify for retirement or disability benefits. The modified formula applies to you if you reach 62 or become disabled after 1985 and first become eligible after 1985 for a monthly pension based in whole, or in part, on work where you did not pay Social Security taxes. You're considered eligible for a pension if you meet the pension requirements, even if you continue to work. The modified formula is used to figure Social Security benefits beginning with the first month you get both a Social Security benefit and the other pension.

**Many IAM active and retired members are already affected, or will be affected by, the GPO and WEP.** Passage of Proposed legislation would help eliminate the effects of the GPO and WEP.

**Proposed Legislation.** The "Social Security Fairness Act" HR-594 introduced by Congressman Buck McKeon (R-CA) would amend Title II of the Social Security Act to Repeal the government pension offset and the windfall elimination provisions. Companion legislation has also been introduced in the Senate by Diane Feinstein (D-CA) bill number S-349. Bill number HR-887 by William Jefferson (D-LA) would also reduce the amount of Social Security offsets for public pension retirees.