



## GPO AND WEP SOCIAL SECURITY PROVISIONS

### *Unfair Public Pension Offsets*

Social Security benefits are based on an individual's earnings and paid according to a progressive formula that replaces a larger portion of previous earnings for working families. But, the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) impose offsets, which unfairly penalize many public employees. The offsets rely on a formula that does not fully consider workers' lifetime earnings. GPO-WEP offset formulas are enforced when a public employee is eligible for a pension from their work that is not covered (non-covered) by Social Security, but who also has worked in other employment where they earned Social Security benefits (covered). Both provisions were intended to adjust benefits for higher income earners but severely harm lower-income and middle-class retirees and their survivors; the very people Social Security's progressive benefit was designed to help.

**How the Government Pension Offset (GPO) Works** – Social Security pays benefits to the spouse of retired and disabled workers and to widow(er)s of deceased workers. **The GPO offset** requires a reduction in the Social Security spousal and widow(er)'s benefit received by public employees who earn a pension from non-covered employment. The GPO offset amounts to a two-thirds reduction in one's public pension. If two-thirds of one's government pension is more than their Social Security benefit, their benefit could be reduced to zero. The GPO especially hurts low-wage public sector workers, particularly women, who find the Social Security benefits they expected substantially diminished, if not eliminated entirely. This happens even if their public pension is very modest.

**How the Windfall Elimination Provision (WEP) Works** – **The WEP offset** reduces the Social Security benefit of a public employee who has job earnings in non-covered employment, but who also worked in covered employment and qualified for a Social Security benefit by working at least 40 quarters (or 10 years). It applies to people who split their careers and received both a pension from uncovered work and Social Security benefits based on fewer than 30 years in covered employment. WEP reduces a worker's standard monthly benefits by up to 55%. Basically, a worker's earned Social Security benefit is cut by an arbitrary amount with middle- and lower-income workers losing the largest amount of their monthly benefit, further reducing or eliminating large portions of their Social Security. The WEP, along with GPO, was enacted as part of the 1983 Social Security Refinancing Act (P.L. 98-21) that was designed to shore up the financing of the Social Security Trust Fund.

**Individuals are Unfairly Impacted by GPO and WEP** – The GPO-WEP provisions unfairly penalize approximately 25% of public workers. In Dec. 2020, about [1.9 million people \(or about 3% of all Social Security beneficiaries\)](#) were affected by the WEP and [716,662 Social Security beneficiaries \(or about 1% of all beneficiaries\)](#) had spousal or widow(er)'s benefits reduced by the GPO. Due to the new data exchanges, the Social Security Administration (SSA) will soon have 35 years of W-2 earnings data

for all covered workers on file. With this data, SSA will be able to more accurately identify individuals who are receiving pensions from non-covered employment, but whose benefits are not yet being reduced. As SSA begins to use this data, it is likely that more individuals will have their Social Security benefits reduced from these unfair laws.

**Reform Bill Pending in Congress** – In 2021, Sen. Sherrod Brown (D-Ohio) and Rep. Rodney Davis (R-Ill.), with bipartisan support in the [Senate](#) and [House](#), introduced the **Social Security Fairness Act** ([S. 1302](#), [H.R. 82](#)) to fully repeal both the GPO and WEP. AFSCME endorses this legislation to fully repeal both the GPO and the WEP.

- It is expected that a full repeal of GPO and WEP would cost \$150 billion over 10 years. [SSA has reported](#) that full repeal of both GPO and WEP could also impact the fiscal solvency of Social Security Trust funds. The projection of an earlier depletion of the trust fund reserves presumes that general revenues would be needed to replace these funds.

### **AFSCME supports full repeal of GPO and WEP.**

*June 15, 2021*

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