



NALC Fact Sheet

Department of Legislative and Political Affairs — National Association of Letter Carriers, AFL-CIO
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Repeal Social Security's WEP and GPO provisions (H.R. 82 and S. 1302)

Many retired letter carriers worked both for the Postal Service and for private sector employers over their working years, paying into both the federal pension programs (CSRS or FERS for their federal service) and into Social Security (for their private sector employment).

FERS retirees receive full benefits from both their federal pension plan and Social Security for their federal service since they paid into both systems while employed by the Postal Service. Although retired CSRS letter carriers naturally don't expect to receive Social Security benefits for their service for the Postal Service (for which they paid no FICA tax), most are shocked to find out that their Social Security benefits for their private sector work—or for the private sector work of their spouses—are usually reduced by provisions in the Social Security law enacted several decades ago.

These provisions—the Windfall Benefit Reduction (WEP) and the Government Pension Offset (GPO)—were adopted by Congress in the late 1970s and early 1980s to address the false perception that federal retirees were somehow “double dipping.” In fact, these provisions are grossly unfair. The Social Security benefits of retired private sector workers are not reduced if such retirees receive benefits from private pension plans. CSRS retirees earned their full Social Security benefits and should receive them.

NALC has been working for decades to reform or repeal the WEP and GPO provisions. We are trying to do so once again in the current Congress, though budget rules that require tax increases or other spending cuts to pay for such legislation continue to be obstacles.

This fact sheet outlines how the two provisions work and the legislation before Congress to fix their unfairness.

Windfall Elimination Provision (WEP)

The WEP (enacted in 1982) reduces the Social Security benefits of retired public employees (federal, state and local) who also worked in Social Security-covered private sector employment—if they receive a government annuity for their non-Social Security-covered government employment. This provision hits CSRS retirees directly (but not FERS retirees). In all, nearly two million Americans have been adversely affected by the WEP provision—a number that will grow as more CSRS employees retire.

The WEP affects the determination of a new retiree's monthly Social Security benefit (the *Primary Insurance Amount*)—which involves a three-part calculation applied to a worker's *Average Indexed Monthly Earnings* (AIME) from Social Security covered employment. A worker's top 35 years of earnings are indexed to wage inflation to express earnings from years ago in today's dollars and then converted into a monthly average—or AIME. In 2021, the first \$996 of a worker's AIME is multiplied by 90%, the next \$5,006 of his or her AIME is multiplied by 32% and then any AIME more than \$6,002 is multiplied by 15%. This formula insures that lower-income workers get a higher relative benefit.

That's how the calculation works for private sector workers and/or FERS workers (whose federal service is covered by Social Security). But for CSRS retirees, the first bracket of the calculation is different. The Social Security Administration multiplies the first \$996 of their AIME (from private sector jobs) by 40% instead of 90%—reducing the benefit by \$498 per month (\$5,976 annually). This is grossly unfair—private workers with private pensions face no similar reduction in Social Security benefits.

The impact of the WEP can be reduced if CSRS workers have at least 21 years of substantial earnings from Social Security-covered employment (in private sector jobs before and after their CSRS employment—or through second jobs during their federal service). The 40% multiplier is increased to 45% for a worker with 21 years of substantial Social Security earnings—and by 5% for each additional year of such earnings—until it reaches the normal 90% multiplier for those with 30 years of such earnings. (See <https://www.ssa.gov/pubs/EN-05-10045.pdf> for a full explanation of the WEP from the Social Security Administration.)

Government Pension Offset

Normally, survivors and spouses of Social Security benefits qualify for spousal and survivor benefits based on the earnings and benefits of their spouses—unless they qualify for greater benefits based on their own Social Security earnings history. For CSRS letter carriers with little or no private sector work experience, such spousal and survivor benefits from Social Security could be significant—since their own Social Security would benefits would be minimal.

Unfortunately, the GPO (adopted in 1977) typically eliminates most, if not all, of the otherwise payable spousal and survivor benefits for retirees who receive a government annuity for non-Social Security work. That's because the GPO reduces Social Security spousal and survivor benefits by two dollars for every three dollars paid in CSRS annuity benefits to affected retirees.

For example, if a CSRS retiree's spouse receives \$2,000 in Social Security retirement benefits, the 50% spousal benefit would normally be \$1,000 per month. But if the annuitant receives \$3,000 in CSRS benefits, his spousal benefit would be totally eliminated. The same grossly unfair impact

is seen with Social Security survivor benefits. Again, Social Security recipients who receive private pensions see no reduction in the Social Security's spousal or survivor benefits.

The Social Security Fairness Act of 2021 (H.R. 82 and S. 1302) would eliminate the GPO and the WEP titles of the Social Security Act for benefits payable for months after December 2021. By repealing the GPO and the WEP, the bill would change the current law that reduces Social Security benefits for individuals who receive other benefits. NALC fully supports H.R. 82 and S. 1302 and urges Congress to cosponsor and pass into law this important legislation.

NALC supports H.R. 82/S. 1302, which would eliminate the GPO and the WEP titles of the Social Security Act for benefits payable for months after December 2021. Sponsored by Reps. Rodney Davis (R-IL) and Abigail Spanberger (D-VA) and Sens. Sherrod Brown (D-OH) and Susan Collins (R-ME).