



Social Security WEP and GPO Laws

What you need to know

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Prepared by The Retired State, County and Municipal Employees Association of Massachusetts
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Introduction

- Retired State, County and Municipal Employees Association of Massachusetts
 - Nonprofit Association founded in 1968
 - Represents ALL retired MA public employees, from all walks of public service
 - Mass Retirees now represents over 52,000 retired MA public employees
- Mass Retirees recently launched Associate member program, geared toward active employees nearing retirement age. An Associate membership includes a subscription to our bimonthly newsletter, *The Voice*
- Learn more and become a Mass Retirees member at www.MassRetirees.com

A History

Massachusetts Public Employees & Social Security

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The Massachusetts public workforce is not covered by Social Security. This exclusion dates to the creation of Social Security in 1935.

Originally, public employees who belonged to a public pension plan were prohibited from participating in Social Security

Massachusetts has the oldest public pension plans in the US, predating the creation of Social Security

Following World War II, federal law changed to allow public employees to participate in both the public pension plan AND Social Security

- *Massachusetts opted not to join Social Security*

- Nationally, 2/3rds of all firefighters, police officers and teachers are not covered by Social Security
- The majority of public workers in CA, CO, IL, LA, MA, OH, and TX are not covered by Social Security
- Those covered by Social Security pay 6.2% of their annual income into the program through the payroll (FICA) tax, along with another 6.2% coming from the employer
- MA public employees, as well as the state/local government as the employer, could not afford to pay for the current public pension system AND also Social Security

What are the Social Security WEP and GPO laws?

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What are the Social Security WEP and GPO laws?

- Feds created the law to end what was considered to be double dipping. Old formula gave added benefit to public retirees, due to the nature of the Social Security formula designed to benefit “low wage” workers

1982 Greenspan Commission recommended creation of WEP and GPO. This effort began in mid-1970s

Produced two alternatives to address what was viewed at the time as “double dipping”:

Creation of WEP, which is a simple yet arbitrary formulas

Creation of a new proportional formula to accurately calculate time paid into Social Security vs. a non-covered pension plan

Due to the lack of data and the ability to calculate said data, Congress opted for the simple WEP calculation

Windfall Elimination Provision (WEP)

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Windfall Elimination Provision (WEP) applies to your own Social Security.

- Must have a minimum of 40 quarters (10 years)
- Impact of WEP is based on number of years of what is considered to be “substantial earnings” covered by Social Security
 - *Substantial earnings threshold equals full-time employment*
- Less than 20 years of substantial earnings (80 quarters) full impact of WEP reduction \$558 for those first eligible for Social Security in 2023.
- 21-29 years of substantial earnings the WEP is prorated
- 30+ of substantial earnings eligible for full Social Security benefit
- Substantial earnings set at \$29,700 in 2023. Indexed to inflation each year
- Nationally, more than 2 million current public retirees are impacted

Government Pension Offset (GPO)

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Government Pension Offset (GPO) impacts spousal Social Security benefit

- Created in 1938, the spousal benefit was designed to provide retirement income to those not otherwise eligible for their own Social Security benefit or public pension
- Mostly impacted women, who did not have to opportunity to work outside of the home
- Normally eligible for ½ of Social Security when spouse is living and 100% after spouse dies.
- GPO reduces or can eliminate the spousal Social Security by applying 2/3rds of pension against the spousal SS benefit. If there is a balance remaining it becomes the spousal Social Security benefit
- Congress created the GPO because it was felt that it was unfair for public retirees, receiving a pension from employment not covered by Social Security, to receive a spousal Social Security benefit. This focus reflects the original intent of the benefit when created in 1938
- Nationally, more than 740,000 current retirees are impacted

National Grassroots Effort to Repeal or Reform Both WEP and GPO

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Mass Retirees has been at the forefront of the issue since 1983

Leader amongst groups try to end the WEP and GPO

To date, no proposal pertaining to changing WEP/GPO has come to a vote

National support for full repeal is lacking

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HR82: Full Repeal

- Bipartisan proposal with 300 House cosponsors
- Would fully repeal both WEP and GPO
- Current retirees would see full benefit restored
- Future retirees would receive full Social Security benefit under current formula

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WEP Reform

Democrat and Republican Versions Exist

- Creates a new proportional Social Security formula for future retirees, based on years of covered service vs. non-covered service
- Current retirees harmed by the WEP would see up to \$150 a month in lost benefits prospectively restored
- No current proposal to reform GPO

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Current Congressional Action

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Republicans Control the
House
&
Democrats Control the
Senate

House Ways and Means
Committee maintains
oversight over Social Security,
which means that any
legislation impacting
WEP/GPO would originate
here

MA Congressman Richie Neal remains
the ranking Democrat member on
Committee

Ways and Means Chair is Jason Smith
(R-MO)

Budget Committee Chair is Jodey
Arrington (R-TX). He is also the GOP
sponsor of WEP reform bill

Ways and Means
Committee Held
Hearing in Baton
Rouge, LA on
11/20/23

- Focus was on impact of WEP/GPO on public retirees
- Also highlighted the lack of notification of WEP/GPO when employees are hired
- No specific fix was discussed

Additional Online Resources

- Mass Retirees Association
 - <https://pr.massretirees.com/wepgpo-explained/>
 - <https://massretirees.com/issues/social-security/>
- Social Security Administration
 - <https://www.ssa.gov/pubs/EN-05-10045.pdf>
 - <https://www.ssa.gov/benefits/retirement/planner/anyPiaWepjs04.html>
- Congressional Research Service
 - WEP:
<https://crsreports.congress.gov/product/pdf/RS/98-35/59>
 - GPO:
<https://sgp.fas.org/crs/misc/RL32453.pdf>
 - Report on proportional formula proposals:
<https://crsreports.congress.gov/product/pdf/IF/IF11355>