



LOUISIANA RETIRED
TEACHERS ASSOCIATION

***Government Pension
Offset (GPO) and
Windfall Elimination
Provision (WEP)***

What is the GPO/WEP?



The GPO and WEP are Social Security provisions which impact individuals who have chosen to serve their school boards, towns, cities, counties and states in public jobs. These provisions reduce retired public employee's individual Social Security and survivor benefits. The Government Pension Offset (GPO) eliminates or reduces the spousal benefit by an amount that is determined using a formula which factors in the amount of a teacher's retirement benefit. This reduction occurs whether the Social Security receiving spouse is alive, deceased, or divorced. Remember, the GPO only impacts those individuals who were not eligible to retire prior to December 31, 1982 (at least age 55 and twenty years of credible service).

The Windfall Elimination Provision (WEP) uses a modified formula that may reduce your earned Social Security benefit. The modified formula applies to you when you attain age 62 or if you 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.

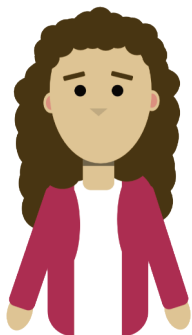
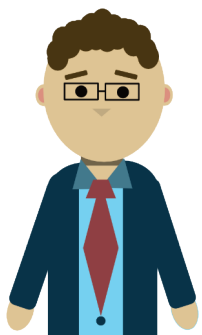
The GPO and WEP affect public employees in states that do not participate in the Social Security system. These Social Security benefit reductions affect public employees in virtually every state; however, those states with the greatest impact, in addition to Louisiana, are Alaska, California, Colorado, Connecticut, Illinois, Kentucky, Maine, Massachusetts, Missouri, Nevada, New Mexico, Ohio, Rhode Island, and Texas.

Non-public employees with private pensions get to keep their entire Social Security benefit and their Social Security survivor benefits. Take a minute to contact members of your congressional delegation to let them know you do not appreciate being treated differently from your family members and friends who worked in private sector jobs.

Contact a Social Security representative to verify your years of "substantial" earnings and request a calculation of your Social Security benefit. Visit www.ssa.gov for more detailed information on the GPO and WEP, and how these offsets are computed.

How Does the GPO Work?

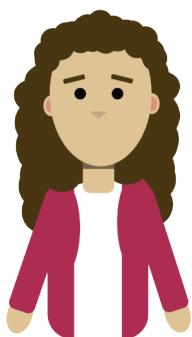
The Government Pension Offset (GPO) eliminates or reduces the spousal benefit by two-thirds the value of a teacher's retirement benefit. This reduction occurs whether the Social Security receiving spouse is alive, deceased, or divorced. Remember, the GPO only impacts those individuals who were not eligible to retire prior to December 31, 1982 (at least age 55 and twenty years of credible service). The following examples help clarify how the GPO may affect an individual in these different circumstances.



Michael collects a Social Security benefit of \$800 per month. His wife, Jan, who is a retired public school teacher worked for a school district that did not pay Social Security on its employees.

Jan receives a monthly teacher annuity of \$1,200. For the purpose of this example, both Michael and Jan are age 65 or older.

Effect of GPO with Living Spouse



Jan's potential Social Security Benefit

SS Benefit: \$800

Spousal Portion: $\frac{1}{2}$

$\$800 \times \frac{1}{2} = \400



Amount Calculated for GPO Reduction

Jan's Benefit: \$1,200

Reduction: $\frac{2}{3}$

$\$1,200 \times \frac{2}{3} = \800

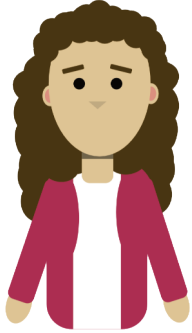
Jan's Total Monthly Social Security Benefit

Spousal Portion: \$400

GPO: \$800

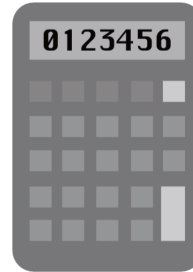
$\$400 - \$800 =$ **No benefit**

Effect of GPO upon Death or Divorce



Jan's potential Social Security Benefit

SS Benefit: \$800



Amount Calculated for GPO Reduction

Jan's Benefit: \$1,200

Reduction: $2/3$

$\$1,200 \times 2/3 = \800

Jan's Total Monthly Social Security Benefit

SS Benefit: \$800

GPO: \$800

$\$800 - \$800 =$ **No benefit**

These examples illustrate a complete offset, whereas in other situations, there may not be a complete offset. It is important to remember that in cases where a complete offset has not occurred, any increase in the teacher's benefit, even the provision of periodic COLAs from the Teachers' Retirement System of Louisiana, will result in a recalculation of the Social Security benefit. In other words, as the teacher's annuity goes up, the Social Security benefit goes down.

How Does the WEP Work?

The Windfall Elimination Provision (WEP) uses a modified formula that may reduce your earned Social Security benefit. The modified formula applies to you when you attain age 62 or if you 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.

The modified formula is used to figure your Social Security benefit beginning with the first month you get both a Social Security benefit and a teacher's retirement benefit. However, you can be exempt from WEP if you retired or were eligible to retire prior to December 1985 or have 30 years of substantial Social Security earnings.

The WEP reduction formula does not totally eliminate potential Social Security earnings. In addition, the WEP reduction is not based on how much you earned from other work not covered by Social Security (e.g., your teacher's retirement benefit). The formula used for calculating the first portion of the Social Security benefit will be reduced if you have less than 30 years of "substantial" earnings in Social Security. Contact a Social Security representative to verify your years of "substantial" earnings and request a calculation of your Social Security benefit. You may also visit www.ssa.gov for more detailed information on the GPO and WEP, and how these offsets are computed.



What is Being Proposed?

Each year, several bills are proposed by members of the U.S. Congress which address the reduction or repeal of both the GPO and WEP. The Coalition to Preserve Retirement Security has information regarding these proposals posted on their website, www.retirementsecurity.org.

In addition, a grassroots organization founded in California—Social Security Fairness—has developed a web site that provides updated information on the repeal initiative. That web site address is www.ssfairness.org. The web site provides a thorough explanation of GPO/WEP, and suggests steps you can take to further the cause for the repeal of these federal statutes.

In 2021, U.S. Rep. Rodney Davis (IL-R) filed H.R. 82, or the Social Security Fairness Act of 2021. H.R. 82 seeks to repeal the GPO and WEP. As of February 2021, H.R. 82 has over 65 cosponsors from representatives across the country.

LRTA **SUPPORTS** the repeal of the GPO and WEP.