



## SOCIAL SECURITY FAIRNESS ACT PROVIDES MILLIONS WITH HIGHER SOCIAL SECURITY BENEFITS

January 13, 2025

On January 5, President Biden signed the Social Security Fairness Act which repealed the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). The repeal will ensure that approximately 2.8 million current and retired public employees who receive government pensions for their service as police officers, firefighters, teachers and in other public service jobs receive the full benefits they have earned through their contributions to the Social Security System.

By way of background, the WEP was a formula used to adjust Social Security benefits for public employees who receive “non-covered pensions” and also qualify for Social Security benefits based on other Social Security-covered earnings. A non-covered pension is a pension paid by an employer that does not withhold Social Security taxes from the employee’s salary, typically, state and local governments. The purpose of the WEP was to prevent workers who received non-covered pensions from obtaining a “windfall” by also receiving full Social Security benefits.

For example, an individual who worked as a high-earning executive for 25 years and opted to transition to teaching for the last 15 years of her career would see her Social Security benefit based on the 25 years of work reduced based on her non-covered pension income from the subsequent 15 years of work.

Applying the same concept, the GPO reduced Social Security spousal or survivor benefits for an employee who also receives a non-covered pension. It worked by reducing the Social Security benefits by two-thirds of the monthly pension amount. Depending on the amount of the pension, the reduction would partially, or in some cases could fully, offset an individual's spousal or survivor benefit.

For example, a surviving spouse who was supposed to receive a \$3,000 Social Security survivor benefit and a \$3,000 non-covered pension benefit would see her Social Security payment reduced to \$1,000 per month.

The repeal of the WEP and GPO represents a significant benefit for many public servants who have dedicated their careers to serving their communities. With the removal of these provisions, affected retirees will see their Social Security benefits increase. According to the Social Security Administration, beneficiaries affected by this change do not need to take any other action to receive the enhanced payments other than verifying that the agency has their current mailing address and direct deposit information. The law is retroactive to January 1, 2024 and impacted beneficiaries will receive a lump-sum payment to compensate for the shortfall in benefits they should have received in 2024.

If you have any questions regarding this alert, please contact your Cummings & Lockwood attorney.