Windfall Elimination Provision & Government Pension Offset

The Windfall Elimination Provision (WEP) rule, enacted in 1983, reduces the Social Security benefits of those who receive an annuity under the Civil Service Retirement System (CSRS) and who also earned Social Security benefits from other employment. Designed to prevent CSRS annuitants from collecting sizable Social Security benefits in addition to their CSRS annuities on the basis of only a few years of work under Social Security, the WEP rule applies to anyone who becomes 62 (or disabled) after 1985 and becomes eligible for his or her government annuity after 1985.

The WEP rule established that a person would only draw Social Security benefits for the actual work done under the Social Security Act. It established that a person who draws a civil service annuity (or other non-covered annuity) must have at least 30 years of “substantial” Social Security coverage to draw full benefits from Social Security. For each year less than 30 years of “substantial” coverage, the Social Security benefit is reduced by 5 percent until it reaches 40 percent. That 40 percent becomes the floor for the Social Security benefit. In some cases, this provision can reduce a worker’s earned Social Security benefit by as much as 55.6 percent.

Meanwhile, employees covered by the Civil Service Retirement System (CSRS) who retired December 1982 and later are affected by the Government Pension Offset (GPO) rule. Enacted in 1977, the GPO rule reduces or eliminates the Social Security spouse or survivor benefits for which a federal retiree may be eligible based on the Social Security record of his or her spouse. The retiree’s Social Security spousal benefit is cut by an amount equal to two-thirds of the retiree’s CSRS annuity.

Under the GPO rule, for example, if a person worked for federal, state or local government and was not covered by Social Security when his or her employ-

NALC urges members of the House of Representatives to co-sponsor H.R. 1205.