



Windfall Elimination Provision (WEP)

While NALC and several other organizations continue to lobby and seek passage of legislation that would eliminate or at least change the effect of the Windfall Elimination Provision (WEP), it is clear that there is no mood in the current House of Representatives, Senate and perhaps even the White House for such passage. Since it appears that this provision will continue to affect some of our members, I offer the following information concerning the WEP.

As more and more of our CSRS retirees approach their retirement with Social Security eligibility, my office receives questions concerning how much they will draw. Some believe that there is a “minimum” amount they will receive. This is no longer true. Social Security payments are based upon workers’ high-35 Social Security earning years. Since most CSRS workers do not have 35 work years under Social Security or have very limited earnings during these years, they are affected by the WEP and Social Security Substantial Earnings Test.

Listed at right are the Social Security Substantial Earnings limits that are used to determine any offset for those federal and public workers who are affected by the provisions of WEP. For those who are covered, you will lose 5 percent of your Tier I Social Security benefits for each year under 30, up to a 50 percent deduction.

The offset is for each year of less-than-substantial earnings up to a maximum of 50 percent of your Tier I entitlement. For 2011, the offset is approximately \$38.50 for each substantial earnings year under 30. Example: 25 years = 25 percent reduction or up to \$192.50 per month offset. For a person with 20 or less years, the offset would be up to \$385 per month, but no more than 50 percent of the entitlement under Tier I.

To determine your offset, get your latest Social Security Earnings Statement and see how many years you have at the “substantial level.” For each year under

30, you will be offset 5 percent.

<u>Work Year</u>	<u>Substantial Earnings</u>	<u>Work Year</u>	<u>Substantial Earnings</u>	<u>Work Year</u>	<u>Substantial Earnings</u>
1937-54	\$900	1955-58	\$1,050	1956-65	\$1,200
1966-67	\$1,650	1968-71	\$1,950	1972	\$2,250
1973	\$2,700	1974	\$3,300	1975	\$3,525
1976	\$3,825	1977	\$4,125	1978	\$4,425
1979	\$4,725	1980	\$5,100	1981	\$5,550
1982	\$6,075	1983	\$6,675	1984	\$7,050
1985	\$7,425	1986	\$7,875	1987	\$8,175
1988	\$8,400	1989	\$8,925	1990	\$9,525
1991	\$9,900	1992	\$10,350	1993	\$10,725
1994	\$11,250	1995	\$11,325	1996	\$11,625
1997	\$12,150	1998	\$12,675	1999	\$13,425
2000	\$14,175	2001	\$14,925	2002	\$15,750
2003	\$16,125	2004	\$16,275	2005	\$16,725
2006	\$17,475	2007	\$18,150	2008	\$18,975
2009-11	\$19,800				

This article is not intended to provide a total understanding of this subject. I direct you to the Social Security website, ssa.gov, to research the WEP and its possible effect on your CSRS annuity. Those retirees who have been covered only by the Federal Employee Retirement System (FERS) are not affected by the WEP.

Caution notice to retirees: I have been advised that some of our “Medicare Eligible” retirees have been approached concerning dropping out of the Federal Employees Health Benefit Program and enrolling in Medicare Advantage, which would be cheaper. A very strong caution should be given to this idea. Once you drop out of FEHBP under this condition, you cannot get back in.

The right for lifelong health care is a benefit we enjoy. It was earned through legislation and negotiations over many years and should not be discarded without a clear understanding of your rights. I would urge anyone who is approached concerning this subject to contact his or her local union to gain a clear understanding of this issue. ☒

NALC Retirement Department

Toll-free number: 800-424-5186

Available Monday, Wednesday and Thursday only from 10 a.m. to noon and from 2 to 4 p.m. (Eastern time)

This toll-free number is answered ONLY during these hours on the days indicated.