

# Letter carriers' long history with WEP, GPO

**T**he road to Social Security fairness has been a long one. A version of the bill has been introduced in every Congress since the 107th Congress in 2001. Despite steady and strong bipartisan support over the years, it took more than 40 years to finally repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). Each Congress, the bill would be introduced, gain more and more co-sponsors, and eventually die in committee. Many important pieces fell into place to make the 118th Congress the venue to finally pass this legislation.

With the passage of the Social Security Fairness Act (SSFA), it's important to understand how WEP and GPO came to be and how they came to cause such harm to letter carriers and other federal workers.

When Social Security was created in 1935, federal employees covered by the Civil Service Retirement System (CSRS) were excluded from the Social Security program and exempt from Federal Insurance Contributions Act (FICA) taxes that funded it due to their government employment and coverage under CSRS. That changed in 1987 when the Federal Employees Retirement System (FERS) was created and new federal employees began to pay the FICA tax so that when they retired, they'd receive a government pension, Social Security benefits, and the returns on their savings in the Thrift Savings Plan.

However, not all CSRS retirees spent the entirety of their careers in government employment. Some worked at private-sector jobs, where they paid taxes into Social Security. When they retired, they received their government pension and Social Security benefits. Other CSRS annuitants also benefited



**In 1983, then-NALC President Vincent R. Sombrotto (second from r) testified before a congressional subcommittee that CSRS retirees shouldn't be penalized unfairly through WEP and GPO.**

from spousal and survivor benefits earned by their spouses under Social Security. But critics claimed that federal retirees were “double-dipping,” arguing that they were getting a “windfall” by receiving both their government pension and their earned Social Security benefits. This unfair characterization ignored the fact that private-sector workers received both private pension benefits and Social Security.

Nevertheless, the double-dipping claim led Congress to adopt the GPO provision in 1977 and the WEP in 1983 to slash the Social Security benefits of federal CSRS retirees and of state and local government retirees in similar situations.

## **WEP**

In 1983 Congress passed the WEP as part of an effort to shore up the financing of Social Security. It reduced the formula for the Social Security benefits for these affected workers.

The WEP affected the determination of a new retiree's monthly Social Security benefit (the Primary Insurance Amount)—which involved a three-part calculation applied to a worker's Average Indexed Monthly Earnings (AIME) from Social Security-covered employment. A worker's top 35 years of earnings were indexed to wage inflation to express earnings from years ago in today's dollars and then converted into a monthly average—or AIME. The first \$1,115 of a worker's AIME was multiplied by 90 percent, an AIME between \$1,115 and \$6,721 was multiplied by 32 percent, and then any AIME more than \$6,721 was multiplied by 15 percent. That formula ensured that lower-income workers got a higher relative benefit.

That's how the calculation works for private-sector workers and now under the revised law. But previously for CSRS retirees, the first bracket of the calculation was different. The Social

## Long history with WEP, GPO (continued)

Security Administration multiplied the first \$1,115 of their AIME (from private-sector jobs) by 40 percent instead of 90 percent—reducing the benefit by \$558 per month (\$6,696 annually).

The impact of the WEP could be reduced if CSRS workers had at least 21 years of substantial earnings from Social Security-covered employment (in private-sector jobs before and after their CSRS employment—or through second jobs during their federal service). The 40 percent multiplier would be increased to 45 percent for a worker with 21 years of substantial Social Security earnings—and by 5 percent for each additional year of such earnings—until it reached the normal 90 percent multiplier for those with 30 years of such earnings.

In all, nearly 2 million Americans have been adversely and unfairly affected by the WEP provision since it was enacted.

### GPO

The Government Pension Offset (GPO), adopted in 1977, was especially draconian: It provided that 100 percent of the non-covered government pension (CSRS) be subtracted from the Social Security spousal or widow(er)'s benefit.

Normally, survivors and spouses of Social Security beneficiaries qualify for spousal and survivor benefits based on the earnings and benefits of their spouses—unless they qualify for greater benefits based on their own Social Security earnings history. For CSRS letter carriers with little or no private-sector work experience, such spousal and survivor benefits from Social Security could be significant—since their own Social Security benefits would be minimal.

The GPO was amended in 1983 to two-thirds. So, since 1983, GPO reduced



President Renfro speaks about the effect WEP and GPO have had on letter carrier retirees during a rally near the Capitol with other public-employee labor union leaders..

Social Security spousal and survivor benefits by \$2 for every \$3 paid in CSRS annuity benefits to affected retirees.

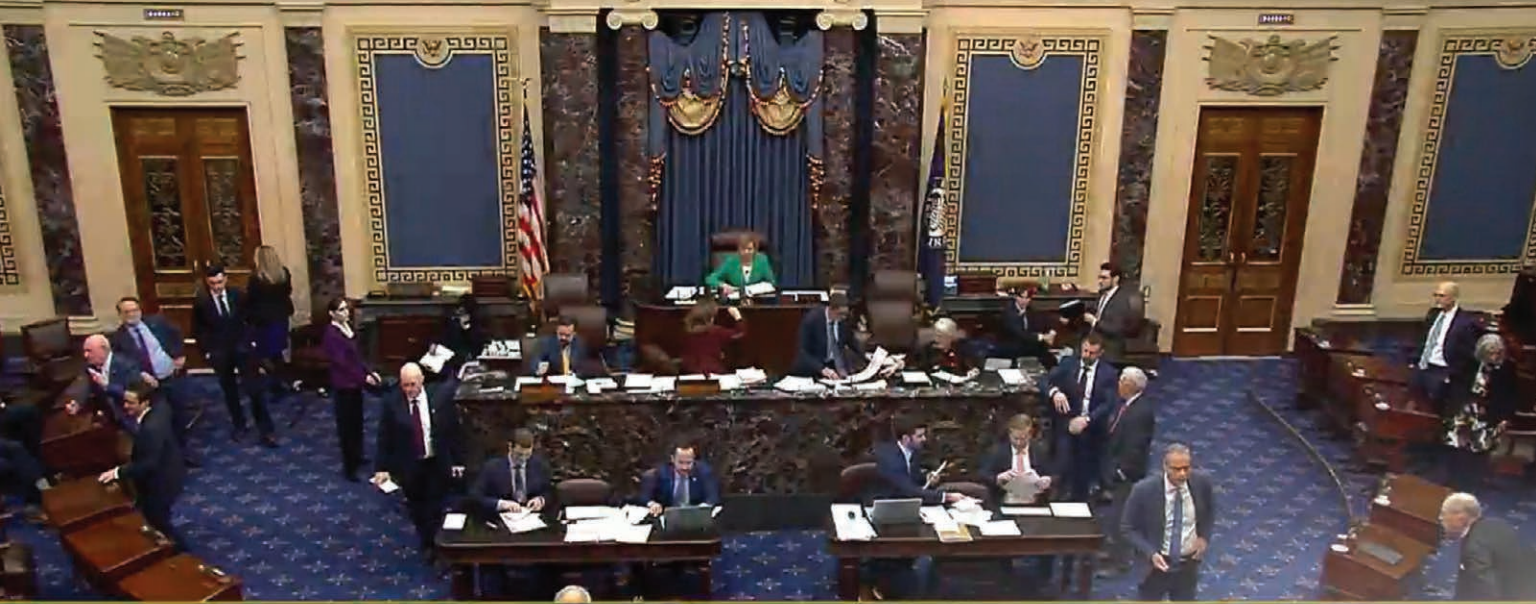
For example, if a CSRS retiree's spouse received \$2,000 in Social Security retirement benefits, the 50 percent spousal benefit would normally have been \$1,000 per month. But if the annuitant received \$3,000 in CSRS benefits, the spousal benefit would be totally eliminated. In fact, since 1983, for most CSRS retirees, that is precisely what happened: The GPO unfairly eliminated their spousal benefits—and much of their Social Security survivor benefits as well.

### The road to the SSFA

Since they were enacted, NALC has lobbied Congress to repeal WEP and

GPO. In 2000, then-President Vincent R. Sombrotto testified before Congress that “there are no issues that generate more passion among my members than those associated with the reduced Social Security benefits, either through the Government Pension Offset or the Windfall Elimination Provision.”

In Congress after Congress, NALC members would tirelessly lobby their members of Congress and large numbers of co-sponsors would sign onto bills calling for the repeal of WEP and GPO. But in Congress after Congress, the bills would not make it out of committee, be put on an anonymous hold (one member of Congress could put a hold on the bill without anyone knowing who had done it), or would not receive floor time.



YEA 76 NAY 20

## H.R. 82, the Social Security Fairness Act



NALC was engaged in the fight from the start, but in the last few Congresses, the union prioritized partnering with lawmakers and other unions that represent affected retirees to finally move this bill forward.

Retiring Reps. Abigail Spanberger (D-VA) and Garret Graves (R-LA) led the bipartisan House bill together in the 118th Congress. They were passionate and outspoken advocates from the moment the bill was introduced. They formed a coalition that NALC was actively involved with. It included other unions and organizations that came together to strategize the most effective way to move the bill forward.

In September 2023, NALC participated in a rally on Capitol grounds to gain co-sponsors and support for the bill. NALC Director of Retired Members Dan Toth spoke at the event, which featured other labor leaders, legislators and advocates.

As co-sponsors increased—ultimately reaching 330 supporters—and momentum continued to build on the House side, it became evident that the committee of jurisdiction, the House Committee on Ways and Means, was unlikely to consider the bill. Together, the bill's co-leads decided to file a discharge petition. This is a procedural

**During the early morning of Saturday, Dec. 21, the Senate voted 76-20 to approve the Social Security Fairness Act and send the bill to President Joe Biden's desk for signing.**

measure that, if adopted, allows the bill to bypass the committee of jurisdiction and go straight to the floor for a vote.

This complicated and usually unsuccessful maneuver was met with great support. The petition needed a majority (218) of House members' signatures for the bill to go to the House floor. A little more than a week after the petition was filed, 218 members signed on. The threshold meeting signature came on the same day as another rally on Capitol Hill that NALC participated in. NALC President Brian L. Renfroe spoke at this event, calling on all House members to sign the petition and support the bill's passage. The event brought attention to the issue and helped push the discharge petition to the finish line.

A few weeks later, the bill made history, passing in the House with a 327-75 vote.

With the House victory in the rear-view mirror, all eyes were on the Senate, where the companion bill had 62 co-sponsors, which indicated enough support for passage.

In the middle of a lame-duck session where government funding, among other priorities, needed to be con-

sidered, it was unclear if the Senate would make time to consider the bill.

Once again, NALC stood up and made its voice heard by participating in a labor-led event on Capitol grounds to call on the Senate to act. Before President Renfroe spoke to the crowd, Majority Leader Chuck Schumer (D-NY) took the stage and committed, to loud applause, to bring the bill to the floor.

One week later, the Senate passed the bill, sending it to President Biden to sign into law.

All this work, coupled with NALC members' years of activism calling, writing and meeting with their members of Congress to educate them on this issue, was the reason this bill will become law. The advocacy, involvement and commitment of letter carriers and other federal annuitants who were affected by WEP and GPO were key for why this bill ultimately succeeded.

"These provisions have always been grossly unfair," President Renfroe said. "CSRS retirees earned their full Social Security benefits and now, thanks to the passage of the Social Security Fairness Act, they will finally receive them." **PR**