



## Senators Feinstein, Collins Introduce Measure to Protect Retirement Benefits for Public Employees

January 9, 2007

**Washington, DC** – U.S. Senators Dianne Feinstein (D-Calif.) and Susan Collins (R-Maine) today introduced legislation to protect retirement benefits for public employees.

Specifically, the bill would repeal two provisions of the Social Security Act – the “Government Pension Offset” and the “Windfall Elimination Provision” – which effectively reduce the retirement benefits earned by public employees such as teachers, police officers, and firefighters. The bill serves as companion legislation to a House bill sponsored by Representatives Howard Berman (D-Calif.) and Buck McKeon (R-Calif.).

**“We must do more to encourage the best and the brightest to pursue careers in public service. Instead, current federal regulations make it more difficult to recruit teachers, police officers, and fire fighters,”** Senator Feinstein said. **“That’s because nearly one million federal, state, and municipal workers, including teachers and other school district employees, are held to a different standard when it comes to their retirement benefits.”**

**“It’s time to give our nation’s public servants the full retirement benefits they have earned and deserve.”**

**“The two provisions were intended to equalize Social Security’s treatment of workers. But we are concerned that they unfairly penalize individuals for holding jobs in public service when the time comes for them to retire,”** said Senator Collins. **“The WEP and GPO have enormous financial implications not just for federal employees, but for our teachers, police officers, firefighters, and other public employees. Despite their challenging, difficult, and sometimes dangerous jobs, these invaluable public servants often receive far lower salaries than private sector employees. It is therefore doubly unfair to penalize them when it comes to their Social Security benefits.”**

The Social Security Fairness Act is supported by more than 40 prominent organizations representing our Nation’s public employees, such as the National Education Association, National Association of Retired Federal Employees, Fraternal Order of Police, International

Association of Fire Fighters, and the American Federation of State, County, and Municipal Employees.

## **Background**

The **Windfall Elimination Provision** (WEP) was first enacted in 1983 as part of a large reform package designed to shore up the financing of the Social Security system. It was designed to remove a “windfall” for individuals who spent some time in jobs not covered by Social Security (such as public employees) and also worked other jobs where they paid Social Security taxes long enough to qualify for retirement benefits, such as from a teacher retirement fund.

Currently, private sector retirees receive monthly Social Security checks equal to 90 percent of their first \$656 in average monthly career earnings, plus 32 percent of monthly earnings up to \$3,299, and 15 percent of earnings above \$3,299. Government pensioners, however, are only allowed to receive 40 percent of the first \$656 in career monthly earnings, a penalty of more than \$300 per month.

The Windfall Elimination provision reduces the Social Security benefits earned by those also receiving a public pension by over \$4,000 per year.

The **Government Pension Offset** (GPO) provision reduces public employees’ Social Security spousal or survivor benefits by more than \$300 per month, on average. Like the Windfall Elimination Provision, the Government Pension Offset was adopted in 1983 to shore up the finances of the Social Security trust fund.

The GPO reduces the spouse's or widow(er)'s benefit from Social Security by two-thirds of the monthly amount received by the government pension. This “offset” law was aimed at cutting the benefits of spouses and widow(er)s who were also collecting a government pension. In some cases, this means the elimination of a spouse's entire Social Security benefit.

According to the Congressional Budget Office, the GPO provision cuts benefits of approximately 300,000 Americans by over \$3,600 per year.

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