
The Social Security Fairness Act of 2023

**Financial Experts Network Webinar
Presentation**

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Czarnowski Consulting: Expert Answers to Your Social Security Questions

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The Social Security Fairness Act of 2023

- **Signed into law January 5, 2025.**
- **Repeals both the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO).**
- **Effective for benefit payments made after December, 2023.**

Some of Those Impacted

- **Teachers:**

- A retired teacher who worked in a public school system (not covered by Social Security) for most of their career but also had a part-time job covered by Social Security may see a large increase in their Social Security benefits due to the elimination of the WEP reduction.

- **Police Officers:**

- Similar to teachers, a retired police officer who primarily worked in a state or local government job not covered by Social Security could see a significant increase in their Social Security benefit.

- **Firefighters:**

- Individuals who worked in a public sector firefighting role that did not contribute to Social Security could also experience a substantial boost in their Social Security benefits under the new law.

A Caution

Will every teacher, firefighter, police officer, or public worker receive a benefit increase because of the new law? ×

Not necessarily. We know that some press articles have mentioned teachers, firefighters, police officers, and other public employees when discussing the new law. However, only people who receive a pension based on work not covered by Social Security may see benefit increases. Most state and local public employees – about 72 percent – work in Social Security-covered employment where they pay Social Security taxes and are not affected by WEP or GPO. Those individuals will not receive a benefit increase due to the new law.

Website:

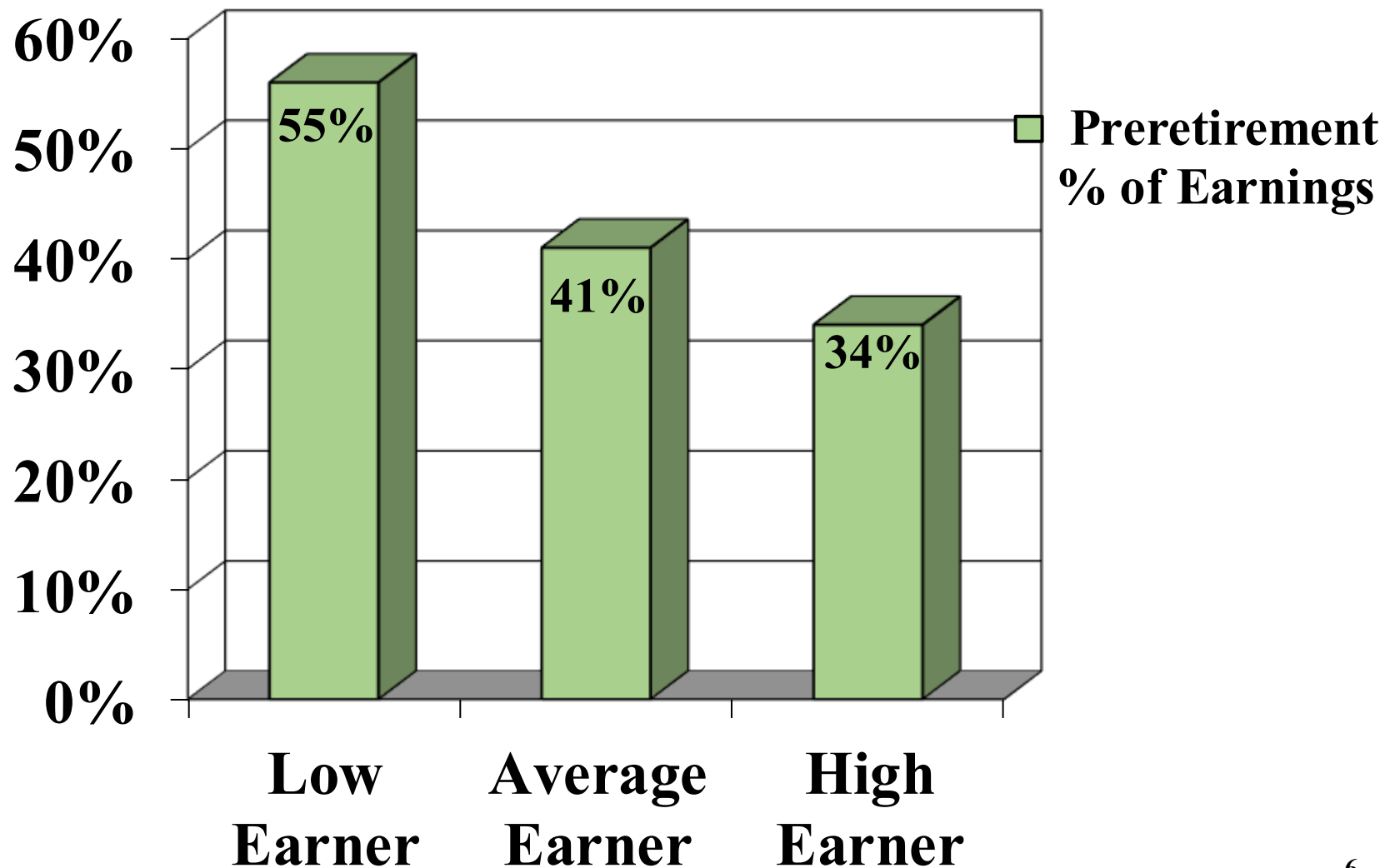
<https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html>

Windfall Elimination Provision

If any part of your pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.



What You Can Expect at Full Retirement Age



2024 Normal Retirement Benefit Computation Example

If your average monthly earnings are = \$8,000
Then your monthly benefit would be = \$3,083

Average Monthly Earnings	\$8,000		
90% of First	\$1,174	=	\$1,056
32% of Earnings over \$1,174 through \$7,078 (\$7,078 - \$1,174 = \$5,904)	\$5,904	=	\$1,889
15% of Earnings over \$7,078	\$922	=	\$138
	\$7,500		\$3,083

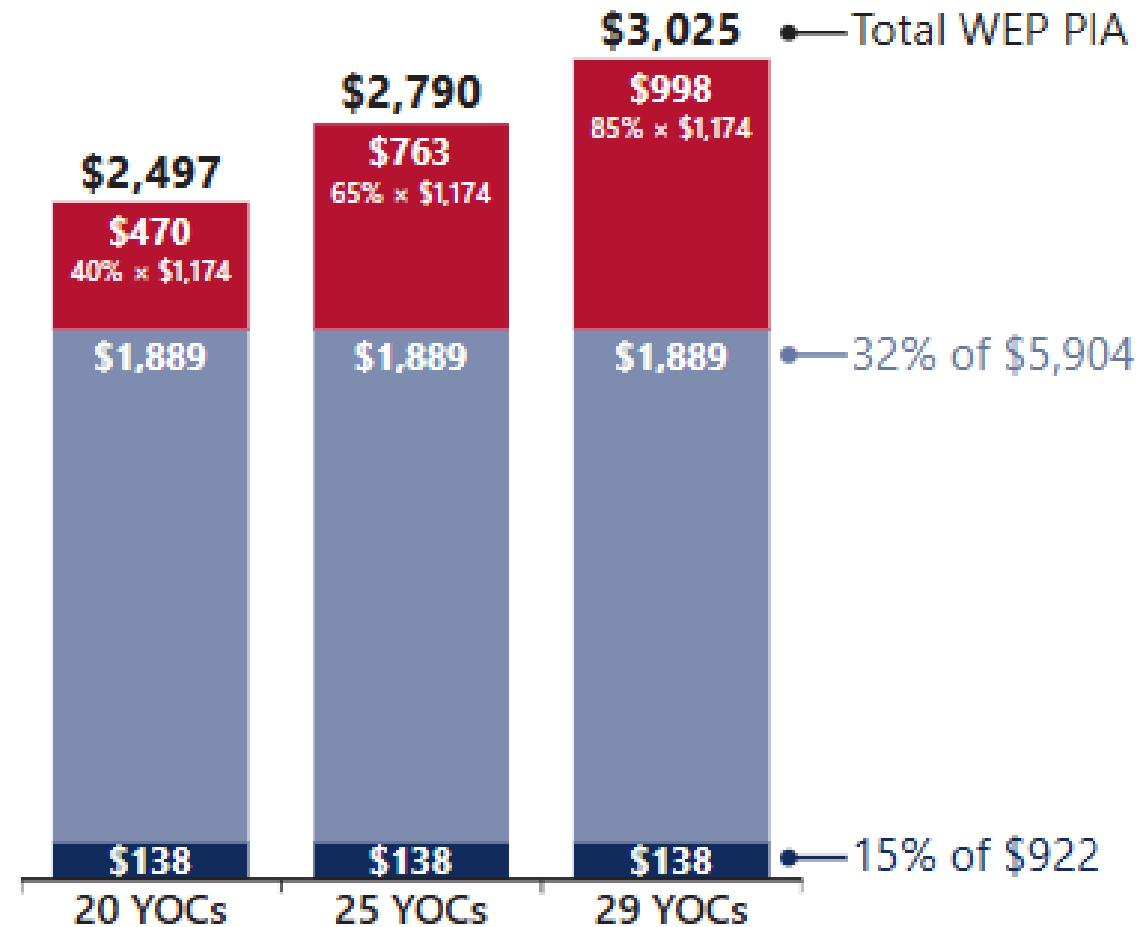
Exception to the Windfall Elimination Provision

Years of Social Security Coverage	% of First Factor in Benefit Formula
30 or more	90
29	85
28	80
27	75
26	70
25	65
24	60
23	55
22	50
21	45
20 or fewer	40

➤ SSA's Online WEP calculator allows you to estimate your Social Security benefit.

WEP PIA Examples for Different YOCs

For a hypothetical worker with an \$8,000 AIME



Government Pension Offset (GPO)

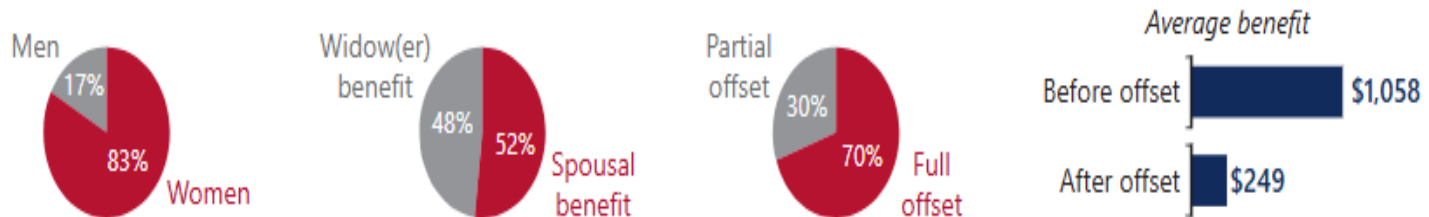
If you receive a government pension based on work not covered by Social Security, your Social Security spouse's or widow(er)'s benefits may be reduced.



CHARACTERISTICS OF GPO BENEFICIARIES

In 2022, the GPO applied to approximately 12.6 percent of the 5.84 million spousal or widow(er) beneficiaries (734,601 beneficiaries).

Selected Characteristics of GPO Population, 2022^b



Government Pension Offset (GPO)

Applies to Spousal and Survivor Benefits Only

2/3 of amount of government pension will be used to reduce the Social Security benefit

Example:

\$900 government pension; $2/3 = \$600$

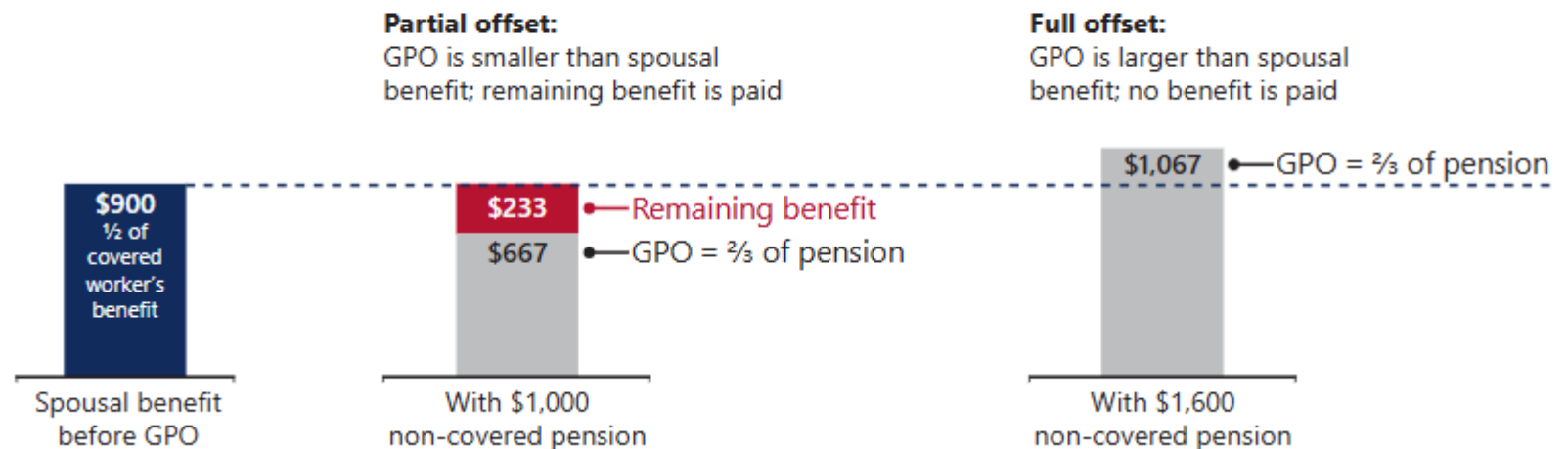
Social Security spouse's benefits = \$500

No benefit payable by Social Security



GPO Examples for Different Non-Covered Pensions

For a hypothetical spouse of a covered worker with an \$1,800 benefit



Example 1

Name: Jane Doe

Background: Retired public school teacher with a state pension and part-time private sector work contributing to Social Security.

Previous Situation: Due to the WEP, Jane's Social Security benefits were reduced by approximately \$400 per month.

Impact Post-Repeal: With the WEP eliminated, Jane will receive her full Social Security benefit, increasing her monthly income by \$400.

Example 2

Name: Mary Johnson

Background: A former federal employee who retired under the Civil Service Retirement System (CSRS), receiving a CSRS pension and qualified for survivor benefits from her late spouse's Social Security.

Previous Situation: The Government Pension Offset (GPO) had cut her survivor benefits by two-thirds of her CSRS pension, leading to a substantial reduction in her anticipated income.

Impact Post-Repeal: Following the repeal of the GPO, Mary will now obtain her complete survivor benefits, resulting in an increase of \$1,000 to her monthly income.

Example 3

Name: John Smith

Background: Retired police officer receiving a government pension and eligible for spousal Social Security benefits through his wife.

•**Previous Situation:** The GPO reduced John's spousal benefits by two-thirds of his pension amount, effectively eliminating his Social Security benefit.

•**Impact Post-Repeal:** With the GPO repealed, John can now receive full spousal benefits, adding an additional \$800 per month to his income.

Important Points to Remember

- **Impact on spousal benefits:**
- The Fairness Act could also positively impact the Social Security benefits of spouses of individuals who worked in non-Social Security covered jobs, as their spousal benefits might have been reduced under the previous rules.
- **Varying impact based on work history:**
- The exact impact on an individual's Social Security benefit will depend on their specific work history, the length of time they worked in non-Social Security covered jobs, and their earnings in those jobs.
- **Potential for increased financial security:**
- For many people affected by the WEP, the Social Security Fairness Act could mean a significant increase in their retirement income, providing greater financial stability.

The Social Security Fairness Act of 2023

- **Current beneficiaries just need to make sure that SSA has correct mailing address and direct deposit information.**
- **Those not currently collecting should contact SSA to apply or establish a “protective filing date.”**
- **Monitor agency progress at:
<https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html>**