HEATHER SCHREIBER'S
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SOCIAL SECURITY ADVISOR
Social Security Planning for Retirement

WHAT'S INSIDE?

Landmark Legislation Boosts Benefits to Millions of Public Sector Retirees

For millions of public sector employees and retirees, 2025 ushered in a groundbreaking law change by repealing two longstanding provisions that had historically reduced their Social Security or railroad retirement benefits for more than four decades. On January 5, 2025, former President Biden signed the Social Security Fairness Act of 2023 (SSFA) into law, which many lobbyists and public servants consider a landmark victory. Supporters of SSFA argue that these complex provisions unfairly reduce the Social Security benefits of many unsuspecting public workers. In contrast, those favoring the provisions argue they existed to reduce the risk of overly generous Social Security benefits being paid to beneficiaries who paid little into the system.

Specifically, SSFA repealed both the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) — *two rules that previously reduced or eliminated Social Security or Tier 1 Railroad Retirement benefits for many retirees receiving public pensions from earnings not subject to Social Security taxes.* Affected workers include some teachers, firefighters, police officers, and other federal, state, and local government employees.

SSFA is effective for those benefits that are payable after December 2023. This means that those affected by the WEP and the GPO will receive refunds for benefits that were withheld in the previous year, and they will also see a permanent increase in their monthly income moving forward. It is essential for financial advisors to understand the history of these two provisions, regardless of their stance on them. This knowledge is crucial for effectively guiding public sector clients through this transition, given SSFA's wide-ranging impact.

GPO Wipeout

Congress created the GPO in 1977 to ensure that the spousal or widow(er) benefits of a worker who had covered (social security taxable) or non-covered earnings would be roughly equal. Much like Social Security's dual entitlement rule, a worker's benefit is offset dollar-for-dollar by a spousal or widow's benefit, and only the higher of the two benefits is payable. Initially, non-covered pensions were treated the same way when the GPO was created; a non-covered pension would offset a Social Security spousal or widow's benefit dollar-for-dollar. However, in 1983, Congress reduced the offset to two-thirds of the non-covered pension.

Example: Walter, a long-time Ohio high school chemistry teacher, retired