

Windfall Elimination Provision

What is it?

The Windfall Elimination Provision (WEP) reduces the Social Security benefit for retired educators that receive a pension from either the Teachers' Retirement System (TRS) or the State Universities Retirement System (SURS). TRS and SURS participants do not pay into Social Security as an educator in Illinois. Thus, TRS and SURS are not coordinated with Social Security. This provision also impacts firefighters and police officers. Additionally, public educators and employees in at least 15 other states are impacted by this. The WEP penalizes educators by reducing the first increment used to calculate a member's Social Security benefit if they qualify for one, from 90% down to only 40%. The impact of this severe reduction is capped at the lesser of \$447 (set annually) or ½ of the TRS or SURS benefit received by the member. The formula for determining Social Security benefits is described below.

Your Social Security "average indexed monthly earnings" (AIME) is used to calculate your earned Social Security benefit. Generally, the AIME is based on the amount of wages on which you paid Social Security taxes during 35 years of employment.

The AIME is divided into three increments, and a portion of each increment is paid as a benefit. A Social Security benefit payment includes 90 percent of the first \$895 of AIME, plus 32 percent of the next \$4,502 of AIME, plus 15 percent of the AIME that is more than \$5,397. The dollar range of each increment increases each year (the maximum Social Security benefit is \$2,158 if you retire at age 62 in 2018). Again, those that are in TRS or SURS have the 90% referenced above reduced down to 40 percent simply because they receive a TRS or SURS benefit.

Who does it affect?

The WEP was gradually implemented beginning in 1986 and is now in full effect when you reach age 62 or become disabled.

The windfall elimination reduction does not apply in any of the following situations:

- You have 30 or more years of "substantial" Social Security coverage. If you have 21 to 29 years of "substantial" Social Security-covered work, you will not be subject to the full windfall reduction.
- You also paid Social Security tax on the public employment work.
- You qualified to begin receiving a monthly public retirement benefit (including reduced service retirement) before 1986, but continued to work beyond 1986.
- You were age 62 or disabled before 1986.

Call to action

Please contact your member of Congress and ask them to support the following:

H.R. 141 (Sponsor: Rep. Rodney Davis, R-IL-13)

Find your Representative by visiting www.house.gov/representatives/find/