

Windfall Elimination Provision

What is it?

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 \$592 of AIME, plus 32 percent of the next \$2,975 of AIME, plus 15 percent of the AIME that is more than \$3,567. The dollar range of each increment increases each year. (The maximum Social Security benefit is \$1,375 if you retire at age 62 in 2002.) However, the WEP provides that, if you also receive a benefit from employment not covered by Social Security, the first increment is changed from 90 percent to 40 percent if you had 20 years or less of substantial earnings under Social Security.

Who does it affect?

The windfall elimination provision (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 support HR 82, HR 1380, and S206.