



ISSUE BRIEF

Windfall Elimination Provision (WEP)

Our Position

We call for the repeal of Windfall Elimination Provision (WEP) and the passage of the Social Security Fairness Act, notably as applied to Americans who live abroad.

The WEP operates unfairly to confiscate a large part of the hard-earned social security retirement benefits of working Americans who live abroad and who paid into the Social Security system expecting it would treat them fairly upon their retirement. WEP threatens to thrust many of them into near poverty.

Background

The Windfall Exemption Provision was designed in the 1980s to prevent the so-called “windfall” that Federal employees would reap when they transferred into the Social Security retirement system, from which they had long been exempt. In 1984 Congress mandated that all government workers belong to the Social Security system. But Congress realized that many of these civil servants would retire having paid in only the minimum of 40 quarters or a little more, and reap significant benefits out of proportion to their contributions..

“Double-dipping” was a concern, particularly for those with a Federal pension beginning in 1984 who would in effect get that pension in full plus exaggerated social security retirement benefits, compared to people who had contributed for many more years but who had no Federal pension.

To adjust this situation, when Congress amended the Social Security Act in 1983, it included a provision to offset this known as the

Windfall Elimination Provision (WEP). This has the effect of removing up to 40% of a person’s social security retirement benefits for workers who at any time worked for an employer who was not required to pay into the social security system.

Provision 113-WEP of the 1983 Social Security Amendments PL98-21 went into effect in January 1986 and affects anyone drawing social security benefits after that date.

Impact on Americans at home and abroad

WEP was never intended to cover American citizens who live abroad and work for foreign, private employers. The simple fact that an American lives abroad and has a pension from a private employer can unfairly devastate the social security retirement benefits that these US citizens have paid into. This is a grossly unfair. Americans abroad DID pay into the social security system for the years that determine their social security retirement benefits. They are NOT asking for a free handout, or reaping the unfair benefits of the kind that Congress wanted to prevent in the 1980s.

Moreover, the great mass of Federal employees whom the WEP was designed to treat in the 1980s and 1990s have largely moved out of the system. But this outmoded legislation still unfairly damages the retirement of great numbers of elderly Americans who live abroad, as well that of many American teachers, policemen and other state and local employees.

Legislative Action Required

We call for the repeal of Windfall Elimination Provision (WEP) and the passage of the Social Security Fairness Act, notably as applied to Americans who live abroad.