

Social Security Fairness Act Summary

Background

On January 5, 2025, President Biden signed the Social Security Fairness Act, repealing the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). The bill passed with a large bipartisan majority in both the House and Senate. The repeal is retroactive to January 1, 2024.

By repealing WEP and GPO, the Social Security Fairness Act eliminates the reduction of Social Security benefits for someone entitled to public pensions from work not covered by Social Security. These noncovered pensions are often earned by teachers, police officers, firefighters, other state and local employees in some states, and Federal employees hired before 1984 (Social Security covers those hired after 1983).

WEP was enacted in 1983 and impacted a worker's Social Security benefits based on their earnings record if they received a noncovered pension and did not have 30 years of earnings history with Social Security. GPO was enacted in 1977 and affected those who would otherwise have been eligible for Social Security based on their spouses' or deceased spouses' earnings if not for their noncovered pensions.

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At A Glance

By the numbers...

The Congressional Research Service found that more than two million Social Security beneficiaries had their retirement incomes reduced because of the WEP and GPO.¹

Once implemented...

The Social Security Fairness Act eliminates the reduction of Social Security benefits while entitled to public pensions from work not covered by Social Security. It will provide new or additional Social Security benefits for about three million individuals who receive government pensions from jobs not covered by Social Security.^{2,3}

Taking effect...

President-elect Trump supported the legislation, and it will be his administration's responsibility to make the new benefit structure a reality.⁴

1. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://sgp.fas.org/crs/misc/98-35.pdf
2,3. <https://www.govexec.com/pay-benefits/2025/01/social-security-fairness-act-what-we-know-so-far/402058/#:~:text=The%20Social%20Security%20Fairness%20Act%20eliminates%20the%20reduction%20of%20Social,the%20Civil%20Service%20Retirement%20System.>
4. <https://www.forbes.com/sites/cicelyjones/2025/01/07/who-is-affected-by-the-social-security-fairness-act--what-to-do-next/>

Social Security Fairness Act Cont'd

What's Next?

The Social Security Administration (SSA) is evaluating how to implement the Act.

Individuals previously ineligible for Social Security and therefore never applied for Social Security should apply immediately. This includes those eligible for spousal benefits if not for GPO. Social Security benefits are generally only payable retroactively for six months. You may file online at ssa.gov/apply or schedule an appointment with SSA.

If you previously filed for Social Security and your benefits are partially or completely offset, no action is needed now other than verifying your mailing address and direct deposit information. Most people can do this online via their "My Social Security account" at www.ssa.gov/myaccount. SSA will provide ongoing updates regarding implementation on their website, and Sequoia will continue to monitor the situation.

We encourage you to contact your Sequoia advisor if you would like to discuss the Act's impact on your financial plan.

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Social Security Statistics

Number of beneficiaries

In 2023, 67.1 million people received Social Security benefits each month.¹

Benefit types

In 2023, 77.8% of benefits went to retired workers and dependents, 11.0% to disabled workers and dependents, and 11.2% to survivors of deceased workers.²

Age of beneficiaries

About 4 in 5 Social Security beneficiaries are older adults, the majority those beneficiaries are retired workers.³

Retirement age

People can start receiving Social Security retirement benefits at age 62 but receive full benefits at full retirement age.⁴

1, 2, 4. <https://www.ssa.gov/policy/trust-funds-summary.html#:~:text=Beneficiaries%20and%20Benefit%20Payments,from%20the%20DI%20Trust%20Fund>.

3. <https://www.cbpp.org/research/social-security/top-ten-facts-about-social-security#:~:text=About%2067%20million%20people%2C%20or,Social%20Security%20payroll%20tax%20contributions>.