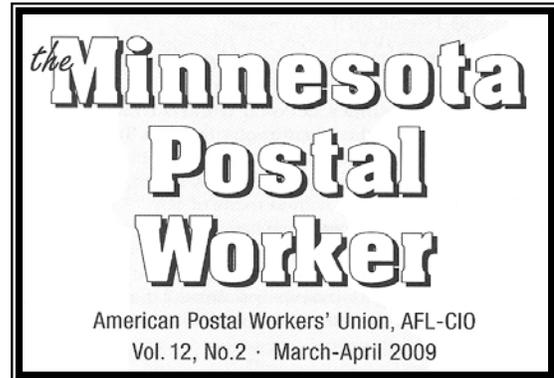


H.R. 235 Social Security Fairness Act and H.R. 958

by Judy McCann, Secretary/Treasurer

The first week-end in March, I accompanied President Dick Haefner to the National President's Conference in Washington D.C. The NPC was followed by a legislative day on Capitol Hill used to visit our senator and representatives on issues that affect us as postal workers and/or federal employees.



One of the issues we discussed with law makers was the Social Security Fairness Act. This piece of legislation, if passed, would repeal the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). Both the WEP and the GPO affects federal employees who are covered by the Civil Service Retirement System (CSRS).

The Windfall Elimination Provision (WEP) affects those CSRS employees who have 40 quarters paid in to Social Security, from other employment, thereby making them eligible to collect social security benefits at the age of 62. However, when the monthly benefit is calculated for a CSRS employee eligible for a social security benefit, a different formula is used other than the formula used for FERS and private sector employees. The WEP reduces the social security benefit of an eligible CSRS employee by roughly 55%. The Social Security Administration figures a person's benefit by estimating their average index monthly earnings. Then they take the average index monthly earnings and apply the following formula: For 2009, the first \$716 is multiplied by 90%; the next \$3,577 is multiplied by 32% and any amount over \$3,577 is multiplied by 15%. The three end products are added to produce the worker's social security benefit. If the employee is covered under the CSRS, instead of using 90% of the first \$716 in the first step, the Social Security Administration uses only 40% of the first \$716, a difference of \$358.00. The only way to increase the 40% to a higher percentage is to have more than 20 years of substantial earnings under Social Security. For each year of substantial earnings over 20 years, the 40% is increased by 5%. If a CSRS employee eligible for Social Security benefits has 30 years or more of substantial earnings, then the WEP does not affect their social security benefit. To see a yearly listing of substantial earnings thresholds, please visit the social security administration website and type "substantial earnings" in the search box.

The Government Pension Offset (GPO) affects the CSRS employee's social security spousal benefit as a widow or widower. For example, an annuitant was a CSRS covered employee and now receives a CSRS pension annuity but is not eligible for social security benefits on his/her own. However, this CSRS annuitant has a spouse who has worked and paid into social security and this spouse receives a social security benefit. This spouse passes away. The CSRS annuitant is not entitled to a social security spousal benefit as a widow/widower based on their deceased spouse's earnings. However, because of the GPO, the CSRS annuitant's social security spousal benefit is reduced by 2/3rd's of their CSRS annuity. Here's an example: let's say a CSRS annuitant receives \$2,100 as a monthly CSRS annuity. The spouse dies and let's say the social security spousal benefit would be \$1,700 per month. However, because of

the GPO, the social security spousal benefit is reduced by 2/3rds of the monthly CSRS annuity. So, instead of receiving \$1,700 monthly as a social security spousal benefit, the CSRS annuitant would receive only \$300 monthly as a social security spousal benefit. This is a difference of \$1,400 monthly! In some cases, the social security spousal benefit could even be eliminated!

Each year, the Social Security Administration mails our social security benefit statement to each of us. However, please be aware the WEP and the GPO effect to our benefits are not reflected on the statements. The figures listed are before the WEP and/or GPO effects are applied. If you are close to retirement age, you should contact the Social Security Administration to see how this legislation will impact your social security benefits.

Why do the WEP and GPO exist as law? These laws were enacted in the early 1980's to help shore up social security, but it was done on the backs of federal employees. Social Security taxes are not withheld from CSRS employees' wages. Instead, the CSRS employees pay retirement contributions into the CSRS fund. Congress passed the WEP and the GPO so that CSRS employees would not get their full benefit under social security, if they were eligible, thereby helping to shore up social security. The Federal Employees Retirement System (FERS) was created for the same purpose, to help shore up social security. All FERS employee's pay social security taxes from their wages and are not affected by the WEP or the GPO. The unfairness lies in the fact that the CSRS employee, if eligible or-social security benefits through a non-federal job, receives only a fraction of their benefit, but paid the full social security tax on those non-federal job wages.

Representatives McCollum, Oberstar and Walz cosponsored H.R. 235. Since being introduced in the 113th Congress by Democrat Howard Berman and Republican Howard "Buck" McKeowan, close to 200 Congressmen/congresswomen are supporting the bill. Please contact your representative and ask for their support.

Bill H.R. 958, if passed, would enable FERS employees to receive some credit for their sick leave balance. The General Accounting Office reported that FERS employees tend to use more of their sick leave at the end of their careers than CSRS employees. Makes sense since FERS employees must either use it or lose it and CSRS employees' sick leave balance can be converted to service time and applied to their annuity. Federal agencies reported the upswing in sick leave usage by FERS employees costs the agencies in overtime pay needed to cover the absences. This bill, too, seems to have a lot of support.

Both pieces of legislation are costly at a time when our nation is financially struggling. So, write, fax and or call your senator and representatives and ask for their support on these two bills.

In Solidarity