Windfall Elimination Provision (WEP)	
Key Point	WEP impacts the Social Security benefits of a public employee who also has a pension based on employment that is not covered by Social Security. The impact of the WEP is dependent on the details of that public employee’s Social Security covered employment history.
Social Security Key Point	Social Security benefits are calculated using a three-tier multiplier formula with lower wage earners receiving a greater income replacement percentage. In this way, Social Security is intended to be redistributive, with higher wage earners paying more in payroll taxes and lower wage earners receiving relatively higher benefits.
Who	WEP may be applied to people with: 1) a pension from non-Social Security covered service, **<u>and</u>** 2) eligibility for a Social Security benefit through other employment over their career.
Impact	WEP reduces the multiplier for Social Security benefit calculation, depending on how much (or little) covered service the person has. For a person with less than 20 years of Social Security service, the base income multiplier is reduced from 90 percent to 40 percent; the reduction is lower (on a graduated basis) for individuals between 21 and 30 years of Social Security service; and the WEP reduction cannot exceed half of the pension from non-covered service.
Purpose	This reduction is intended to prevent a person from receiving a Social Security benefit intended for a low-wage earner while also receiving a pension from non-Social Security employment.
Example	For example, a police officer could work for a city that does not participate in Social Security, and earn a defined benefit pension. In this example, the individual retires at 55 years old with 30 years of service in a 3 percent @50 plan and a final compensation amount of $100,000, providing an unmodified estimated benefit of $90,000 annually. Separately, this person worked enough through part-time work and sporadic full-time work after retiring from public service to earn his/her own Social Security benefit. Without the WEP, this person’s Social Security benefit would be calculated as though he/she were a lower wage earner because the years of non-covered employment would be counted as zeroes. With the WEP, the Social Security benefit would likely be reduced.

Government Pension Offset (GPO)	
Key Point	GPO impacts the Social Security beneficiary benefit amount of a person that does not have his/her own Social Security benefit and does have a pension from employment not covered by Social Security.
Social Security Key Point	A person with his/her own Social Security benefit will have their beneficiary benefit amount reduced on a dollar for dollar basis, and may have the entire beneficiary amount eliminated if their own benefit exceeds the beneficiary benefit.
Who	GPO may be applied to people who: 1) are beneficiaries for Social Security benefits, 2) have not earned a Social Security benefit themselves, **and** 3) have a pension earned through non-Social Security employment.
Impact	GPO reduces a beneficiary's benefit by 2/3 of the person's non-Social Security pension benefit, which could eliminate the beneficiary benefit completely.
Purpose	This reduction is intended to replicate the reduction that occurs for a Social Security beneficiary that has his/her own Social Security benefit.
Example	For example, a public school teacher works for a school district that does not participate in Social Security. In this example, the individual retires at 60 years old with 35 years of service in a 2 percent @60 plan and a final compensation amount of $75,000, earning an unmodified estimated benefit of $52,500 annually ($4,375/month). The retired teacher is not eligible for his/her own Social Security benefits. However, the retired teacher's spouse has a Social Security benefit and dies years later, leaving a Social Security beneficiary benefit of $700 per month. Without the GPO, the retired teacher would receive the full beneficiary amount. The GPO would eliminate this beneficiary benefit because 2/3 of $4,375 per month is greater than the beneficiary amount.