

April 2, 2016

Representative Sam Johnson, Chairman

House Ways and Means

Social Security Sub-Committee

U.S. House of Representatives

Washington, D.C.

RE: Comment on March 22, 2016, Hearing on H.R. 711,

“Social Security and Public Servants: Ensuring Equal Treatment”

Dear Members of the Committee:

I am writing on behalf of the Committee for Social Security Fairness, a nation-wide group of public servants, mostly retired, who have been or will be affected by the Social Security Offsets, the Windfall Elimination Provision and the Government Pension Offset.

We believe that the current Windfall Elimination Provision formula is arbitrary, punitive, and that it results in unequal treatment of retired Americans. Our public pensions have been contributed to and are taxed differently than are Social Security earnings. We believe that only a complete repeal of this offset would provide a sufficient remedy. A great many of us, however, are pleased that you are considering a formula that would result in a greater return in investment for the contributions that we have made to Social Security over the years.

Your own Congressional Research Service report—Social Security: The Windfall Elimination Provision (WEP), dated April 16, 2014 (the most current)—illuminates two of the issues that we find most egregious:

1) The current WEP causes a higher reduction of benefits for low-income retirees. *We have members who are school bus drivers in Louisiana. Why are we cutting the paid Social Security benefits for these workers? One of our members, a California teacher, earned \$600 a month in Social Security benefits working for a city childcare center, later, after transferring to the local school district, she earned \$900 a month in a teacher*

retirement pension. Because of the WEP, her Social Security benefits were cut in half. Instead of receiving a total of \$1,500 a month, she is getting only \$1,200.

How would H.R. 711 mitigate this problem? How does H.R. 711 protect low-income workers?

2) Because of the often temporary, low-pay, or part-time nature of the employment of women in this society, **women have been less likely to be affected by the provision of the WEP that eliminates the penalty for people with 30 years of “substantial” earnings.** As part of this provision, the WEP penalty is reduced for people with more than 20 years of “substantial” earnings and is reduced by 5% every additional year until it is eliminated at 30 years of substantial earnings.

In a Social Security Fairness survey we conducted last year, out of the more than 2,200 persons affected by the WEP who answered our question, 80% of them stated that they were NOT aware of this provision. Because of this failure, they had no opportunity to reduce the effect of the WEP by working longer in a Social Security-paying job before they retired.

How does H.R. 711 affect people who have both a short non-covered public employment and a short Social Security covered work history?

The lack of clear and accessible communication about both of the Social Security penalties has been one of the most outrageous aspects of the Social Security offsets. The Social Security Administration has failed to adequately warn recipients ahead of time that they would not be getting the amount in retirement benefits that their statements said they would. Public employers were required by Congress only at the beginning of 2005 to notify their newly-hired employees that they would be affected by the offsets. Not knowing about the offsets has caused harsh financial problems for retirees.

The Committee for Social Security Fairness, in our 2015 survey mentioned above, obtained survey responses from more than 3,250 persons affected by one or both the Government Pension Offset and the Windfall Elimination Provision. Responses came from every state and

from a few foreign countries. Only 5% of these retirees had known about the offsets when they began work for their public agency. Nearly 30% only learned that their Social Security retirement benefits would be cut from the amount that their statements said they would be earning when they walked into the Social Security office to claim their benefits.

This failure to notify public servants that they would not be getting the retirement benefits that the Social Security Administration said they would has distorted many retirement plans. Of those affected by the WEP, 35% reported themselves to be 65 years old or older and still working. Eighteen percent said they had not been able to afford necessary health or dental services. Nearly 3% had taken public assistance.

More than half of those affected by the WEP said they would have planned differently for retirement, including planning to work longer. Twenty percent said they would never have worked for a government agency. More than 500 teachers said they would have forgone those summer jobs they took in order to make up their Social Security quarters. Since, apparently, lawyers don't have any idea about these offsets, and public workers haven't known, 7% reported having gotten a bad legal settlement. An example: one woman said that she had had to give her husband 40% of her teacher pension in a divorce settlement, but when she retired, because of the Government Pension Offset, she could not get any of her expected Social Security spousal benefit. The GPO usually eliminates ALL Social Security retirement benefits for those affected.

How will H.R. 711 compensate these retired public workers for the failure of the Social Security Administration to give them accurate information about their earned benefits? A slight improvement in their monthly Social Security benefits because of H.R. 711 would be welcome, but it would make a only a small dent in the tens of thousands of dollars that have been unfairly withheld from these deserving, mostly low and middle income, public servants.

We thank you for considering these issues and realizing that the WEP and GPO result in a process of means-testing middle and low-income Americans in a way that no other persons with different forms of income are affected. Our public employees are punished first by not

earning Social Security benefits while they are working for public agencies, and then they are punished again by having the Social Security benefits they have already earned in other work cut back when they retire.

Sincerely,

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