

## **“WINDFALL ELIMINATION PROVISION” (WEP)**

This applies to individuals who are eligible for Social Security retirement benefits based on their own work in the private sector.

WEP means the Social Security retirement benefit may be lowered when the public pension begins. Social Security benefits will NEVER be eliminated. It is a *formula* change.

### **DEFINITIONS:**

#### **“Date first eligible”**

The date an individual first meets all requirements for payment, except stopping work and applying for the benefits. Eligibility is determined by the Retirement Board. Employment vesting does not in itself constitute pension eligibility.

#### **“Pension”**

Any periodic or lump sum payment received from a defined benefit or defined contribution plan. Lump sum payments are prorated and subject to WEP. Payments from 457 plans from public employers not paying into Social Security are subject to WEP if the plan is the primary retirement plan.

#### **“Monthly pension amount”**

The pension amount used for the WEP includes the gross monthly amount payable before any reduction for health insurance, allotments, assignment of pension, etc.

#### **“Withdrawals”**

Withdrawals of employee’s own contributions and interest made before the employee is eligible to receive a pension are not subject to WEP if the employee forfeits all rights to the pension.

Withdrawals of employee’s own contributions and interest made after the employee is eligible to receive a pension are considered a lump-sum pension for WEP purposes.

### **WEP WILL NOT APPLY IF ANY OF THE FOLLOWING ARE MET:**

- Individual was age 62 by 1/86
- Individual was eligible to retire from public service by 1/86
- Individual has at least 30 years of what Social Security considers “substantial earnings” in the private sector (see link below for yearly amounts)

WEP will not be imposed until the public pension begins

At the social Security “Full Retirement Age,” the earnings limit is eliminated. This means a public employee can begin to receive Social Security benefits and still continue working,

regardless of how much they earn. Social Security retirement payments will not be subject to WEP while employment continues.

Changes in pension amount will not affect the initial WEP calculation.

**SOCIAL SECURITY LINKS FOR WEP**

<b>TOPIC</b>	<b>LINK</b>
Social Security Website	<a href="http://www.socialsecurity.gov">www.socialsecurity.gov</a>
Create a "MySS" account	<a href="http://www.socialsecurity.gov/myaccount">www.socialsecurity.gov/myaccount</a>
WEP and "substantial earnings"	<a href="http://www.socialsecurity.gov/planners/retire/gpo-wep.html">www.socialsecurity.gov/planners/retire/gpo-wep.html</a>
Form to report pension for WEP	<a href="http://www.socialsecurity.gov/forms/ssa-150.pdf">www.socialsecurity.gov/forms/ssa-150.pdf</a>
WEP online calculator	<a href="http://www.socialsecurity.gov/planners/retire/anyPiaWepjs04.html">www.socialsecurity.gov/planners/retire/anyPiaWepjs04.html</a>