You Have Earnings Not Covered By Social Security

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We have important information for you

You are receiving this fact sheet because our records show you have earnings from work not covered by Social Security. This work was most likely for federal, state, or local government or in a foreign country. These earnings are from a job where you and your employer did not pay Social Security taxes.

The impact of such earnings on Social Security benefits

Social Security benefit rules are different for people who had a job that was not covered by Social Security and receive a pension because of that job. This document will help you understand how pensions based on such earnings affect Social Security benefits.

Pensions from work not covered by Social Security

Any pension you receive from work not covered by Social Security could reduce the amount of your Social Security benefits in one of two ways.

Benefits that can be reduced:	Your own retirement and disability benefits and benefits payable to your spouse and children	Your benefits as a spouse, widow, or widower
Adjustment that may apply:	**Windfall Elimination Provision (WEP)** • This reduces your retirement or disability benefit if you receive a retirement or disability pension from work not covered by Social Security. • The reduction cannot be more than half the amount of your monthly pension that is based on work not covered by Social Security. • The WEP adjustment is made before any adjustments for early or delayed retirement benefits. • WEP does not affect survivors benefits. • WEP does not apply if you have 30 or more years of substantial earnings covered by Social Security. • Visit our WEP calculator: ***www.ssa.gov/planners/retire/anyPiaWepjs04.html***	**Government Pension Offset (GPO)** • This reduces your benefits as a spouse, widow, or widower by two-thirds of the monthly retirement or disability pension amount you receive from your own work for a federal, state, or local government employer that was not covered by Social Security. • GPO can reduce your benefit as a spouse partially or fully, depending on the amount of the pension. • Visit our GPO calculator: ***www.ssa.gov/planners/retire/gpo-calc.html***

What to do

When you apply for Social Security benefits, we will ask whether you are receiving or plan to receive a pension from your earnings not covered by Social Security. You are required to provide your pension information so we can make any necessary adjustments to your benefit. Providing us with this information when you apply or when you start receiving a pension will help you avoid an overpayment. Learn more about WEP and GPO at ***www.ssa.gov/gpo-wep***.

Why WEP and GPO exist

Congress enacted WEP and GPO to treat all workers fairly under the Social Security program. See the following information on the history and the reasons for the WEP and GPO.

Why we use a different formula for the WEP

The Social Security Administration calculates benefits by applying a formula to a worker's average monthly earnings over his or her lifetime, adjusted to reflect the country's growth in wages. By law, the formula is weighted so that the benefits replace a greater percentage of the wages of lower-wage workers than they do for higher-wage workers. Non-covered earnings are not included in the Social Security benefit calculation. Find out more information about the benefit calculation at ***www.ssa.gov/OACT/COLA/piaformula.html***.

Before 1983, people whose primary job wasn't covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving Social Security benefits representing a higher percentage of their earnings, plus a pension from a job for which they didn't pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage by accounting for the non-covered pension.

Why we reduce your benefits by the GPO

Congress intended for Social Security spousal benefits to support non-working spouses who are financially dependent on a working spouse. Because many spouses have their own careers and are not financially dependent on their spouse, the law requires us to reduce spouse, widow, and widower benefits by the dollar amount of the spouse's own Social Security retirement or disability benefit. However, before 1977, the same was not true for spouse, widow, and widower beneficiaries who received a government pension based on employment on which they had not paid Social Security taxes. They could simultaneously receive an unreduced Social Security spousal benefit and a pension based on their own non-covered career in state or local government employment.

The Government Pension Offset reduces spouse, widow, and widower benefits by two-thirds of the person's own monthly government pension based on work that was not covered by Social Security. This approximates the $1-for-$1 reduction that applies to spouses, widows, and widowers who receive their own Social Security retirement or disability benefit.

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