"During the August meeting, there was a discussion about a similar bill introduced by Ranking Member Brady, HR 3934.  There was a question about what if any plans Ways and Means Chairman Neal had on this issue.  I have been in touch with the Committee Staff and they told me that it was very likely that the Chairman would introduce a bill.  I believe that since the Chairman has introduced H.R. 4540 that RASCOE should consider endorsing it.  It’s not the total repeal but it will provide some relief to retirees."

David

**From:** Walker, Elisa

On behalf of Chairman Neal, I’m thrilled to be able to share with you H.R. 4540, the Public Servants Protection and Fairness Act. This is hot off the presses, as it was introduced this morning. The bill includes relief for current WEP retirees ($150 per month), as well as a fairer, proportional formula for calculating the benefits of future retirees with noncovered service – coupled with protections to shield all current and future workers from any benefit cuts as a result of the bill.

**FOR IMMEDIATE RELEASE**

September 27, 2019

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**Neal Introduces Legislation to Fix Social Security WEP Provision, Improve Public Employees’ Retirement Security**

**WASHINGTON, DC –** Today, Ways and Means Committee Chairman Richard E. Neal introduced the Public Servants Protection and Fairness Act, H.R. 4540, legislation to fix the Windfall Elimination Provision (WEP) for future retirees and provide meaningful relief to current WEP retirees. The bill ensures that public servants across the nation can retire with the security and dignity they deserve.

The legislation establishes a new, fairer formula that will pay Social Security benefits in proportion to the share of a worker’s earnings that were covered for Social Security purposes. This provision is coupled with a benefit guarantee ensuring no benefit cuts relative to current law for all current and future retirees. Current WEP retirees will receive $150 a month in relief payments.

“The WEP negatively affects nearly 2 million retired public servants across the country, including about 73,000 in Massachusetts,” said Chairman Neal. “Public employees like firefighters, teachers, and police officers should not miss out on the Social Security benefits they earned over decades of hard work. With this legislation, these valued members of our communities will have greater retirement security and peace of mind.”

Originally, the WEP was intended to equalize the Social Security benefit formula for workers with similar earnings histories, both inside and outside of the Social Security system. However, in practice, it unfairly penalizes many public employees. The much-needed reforms in this bill provide meaningful WEP relief to current retirees and public employees while treating all workers fairly.

“Members on both sides of the aisle can get behind this legislation and the solutions it puts forward,” added Chairman Neal. “I want to commend Ways and Means Committee Ranking Member Kevin Brady for his work to address the WEP issue for many years. He is a tireless advocate for affected workers, and I appreciate his commitment to fixing this problem. I look forward to working with him to move a solution through Congress expediently.”

The following is an overview of the Public Servants Protection and Fairness Act:

Public Servants Protection and Fairness Act ~ H.R. 4540 The Public Servants Protection and Fairness Act fixes the Windfall Elimination Provision (WEP) by introducing a new proportional formula, provides meaningful WEP relief to current retirees, includes a benefit guarantee so that no current or future retirees can be worse off as a result of the bill, and ensures that public servants across the nation can retire with the security and dignity they deserve. Originally, the WEP was intended to equalize the Social Security benefit formula for workers with similar earnings histories, both inside and outside of the Social Security system. However, in practice, it has unfairly penalized many public employees. Currently, 1.8 million Social Security beneficiaries are affected by the WEP. The much-needed reform in this bill provides meaningful WEP relief to current retirees and public employees while treating all workers fairly. Current Retirees: Immediate Relief Payments The bill provides immediate relief to current Social Security beneficiaries affected by the WEP. Current beneficiaries (and those turning 62 before 2022) who are affected by the WEP due to their own public service work will receive an extra $150 a month, starting nine months after enactment and continuing for as long as the eligible individuals are receiving Social Security benefits. The relief amount cannot exceed the size of each person’s current WEP reduction. Future Retirees: New Formula and Benefit Guarantee Future retirees (those turning 62 in 2022 and later) will be eligible for a new, fairer benefit formula, called the Public Servant Protection (PSP) formula. The PSP formula calculates benefit amounts based on the proportion of lifetime earnings covered by Social Security. The Public Servants Protection and Fairness Act includes critical protections to ensure that no one receives a lower benefit a result of this legislation. First, it maintains the current WEP exemptions (i.e., for individuals not receiving a pension, and for those with 30 years of coverage) and extends them to the PSP as well. That is, people are exempt from both the PSP and the WEP if they have 30 or more years of coverage or if they do not receive any pension based on their state or local employment. In addition, the bill provides a benefit guarantee for all future retirees: if someone’s PSP benefit is not as high as their WEP benefit, they will automatically receive the higher benefit. This guarantee is permanent, applying to all future retirees. About seven in 10 future retirees affected by the WEP will receive a higher benefit under the new PSP formula, with the increase averaging about $75 a month. The remaining three in 10 are protected by the benefit guarantee and will see no change in benefits because they already receive higher benefits under the WEP than they would under the proportional formula due to their specific earnings patterns. They will get to keep that higher amount. Finally, the bill shields millions of other public servants from being newly subjected to the WEP or PSP. Additional Provisions The bill also improves the Social Security Statement for affected workers, so that future benefit amounts will not be a surprise. Finally, it protects the Social Security trust funds with general revenue transfers to cover these costs, so as not to penalize other workers’ retirement security even as we correct the urgent problems with the WEP.

[https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/HR%204540%20Summary.pdf](https://click.icptrack.com/icp/relay.php?r=46747841&msgid=360842&act=0NQY&c=807670&destination=https%3A%2F%2Fwaysandmeans.house.gov%2Fsites%2Fdemocrats.waysandmeans.house.gov%2Ffiles%2Fdocuments%2FHR%25204540%2520Summary.pdf),

The following is a section-by-section summary:

Public Servants Protection and Fairness Act H.R. 4540 Section-by-Section Summary Section 1: Title. The short title for the bill is the Public Servants Protection and Fairness Act. Section 2: Alternative Formula Equalizing Benefits for Certain Individuals with NonCovered Employment. This section creates an alternative formula for new retirees who become eligible for benefits starting in 2022. It creates a new Public Servant Protection (PSP) formula based on all employment in covered and noncovered jobs, paying Social Security benefits in proportion to the share of a worker’s earnings that were covered for Social Security purposes. The PSP formula will apply to workers who are receiving a pension based on noncovered earnings and who have less than 30 years of substantial work in Social Security covered employment. Individuals will receive the higher of the two formulas, PSP or the current Windfall Elimination Provision (WEP). This approach ensures both fairness (an equitable benefit formula based on actual earnings) and protection (no benefit cuts relative to current law) for all public servants. Section 3: Additional Monthly Payment for Certain Individuals Whose Benefit Amount is Reduced by the Windfall Elimination Provision. This section provides immediate relief to current retirees (and those becoming eligible before 2022) who are affected by the WEP. This is intended to assist those WEP workers who are ineligible for the new formula simply because of their age. The relief payments will be $150 a month to public-servant retirees affected by the WEP. The relief payments will begin nine months after enactment of the bill and will continue each month for as long as the eligible individuals are receiving Social Security benefits. The relief payment is limited to the amount of each worker’s current WEP reduction. Section 4: Improvement in Social Security Account Statements for Public Servants. Social Security is required by law to mail annual Social Security Statements to all workers, informing them of their projected benefit amounts and prompting them to check the accuracy of their earnings records. This section requires the Statements to show noncovered as well as covered earnings records, and to use the new PSP formula for calculating the projected benefits for workers likely to be subject to this formula – in order to ensure that workers have the most accurate benefit projection possible. Section 5: Study on Availability of Information Relating to Retirement Plans. This section requires the Government Accountability Office (GAO) to report to Congress within two years on the extent to which state and local governments know whether the public employee pensions they pay are based on noncovered service. This will fill a critical knowledge gap for determining the feasibility of data exchanges or other reporting mechanisms on noncovered pensions. Section 6: Hold Harmless for the Social Security Trust Funds. This section provides for transfers from general revenues to cover all costs of this bill in order to place the Social Security trust funds in the same position as they would have been without the bill. This approach ensures that the bill does not penalize other workers’ retirement security even as we correct the urgent problems with the WEP.

[https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/HR%204540%20Section\_By\_Section.pdf](https://click.icptrack.com/icp/relay.php?r=46747841&msgid=360842&act=0NQY&c=807670&destination=https%3A%2F%2Fwaysandmeans.house.gov%2Fsites%2Fdemocrats.waysandmeans.house.gov%2Ffiles%2Fdocuments%2FHR%25204540%2520Section_By_Section.pdf) .

Bill text is available at:

[https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/HR%204540,%20Public%20Servants%20Protection%20and%20Fairness%20Act.pdf](https://click.icptrack.com/icp/relay.php?r=46747841&msgid=360842&act=0NQY&c=807670&destination=https%3A%2F%2Fwaysandmeans.house.gov%2Fsites%2Fdemocrats.waysandmeans.house.gov%2Ffiles%2Fdocuments%2FHR%25204540%2C%2520Public%2520Servants%2520Protection%2520and%2520Fairness%2520Act.pdf).

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