History of Social Security and The Government Pension Offset and Windfall Elimination Provisions

1935: Establishment of the Social Security system.

Social Security was created as a retirement program in response to the Great Depression and the shift from a primarily agrarian-based to a more industrial workforce. Congress created a social insurance program to pay workers age 65 or older a continuing income after retirement. The system excluded state and local government employees from coverage.

1939: Creation of spousal and survivor benefits.

In 1939, Social Security was expanded to provide payments to the spouse and minor children of a retired worker, and survivor benefits to the family in the event of the worker's premature death. This change transformed Social Security into a family-based economic security program.

1960s: State and local option.

In the 1960's, state and local employees were given the opportunity to elect to participate in the Social Security system. Public sector employees in 36 states opted to enroll in Social Security in the 1960s and 1970s. The remaining 13 states and a number of local governments in 2 others chose instead to maintain and enhance their existing retirement systems.

1977: Creation of a dollar for dollar Government Pension Offset (GPO).

In 1977, Congress amended the Social Security Act to treat state and local public pensions as Social Security benefits. Recipients of such pensions were now covered by the "dual entitlement" rule, prohibiting receipt of earned Social Security benefits and full survivor benefits at the same time. Spousal benefits for those earning state or local public pensions were, therefore, reduced dollar for dollar.

1983: Change to a two-thirds offset.

In the early 1980's, criticism of the GPO's dollar for dollar reduction was strong. In response, Congress amended the law in 1983, reducing the dollar for dollar reduction to a two-thirds offset.

1983: Creation of the Windfall Elimination Provision (WEP).

Congress enacted the WEP in 1983, intending to remove a perceived advantage to persons who also had pensions from non-Social Security employment. The original Social Security formula was intended to help low-paid workers by replacing a higher proportion of their earnings than for workers with higher earnings. However, the formula could not differentiate between those who worked in low-paid jobs throughout their careers and those who appeared to have been low paid because they worked many years in jobs not covered by Social Security. The WEP was intended to remove this advantage. Yet, instead of protecting low-earning retirees, the WEP has unfairly impacted retirees with only slightly higher earnings.

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