

# Social Security and the Wisconsin Retirement System

Wisconsin's 218 Agreement and the Social Security Administration,  
Government Pension Offset, Windfall Elimination Program, and Social Security Fairness Act

Item 5F – Employee Trust Funds Board

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# Informational Item Only

- No Board action is required.

# Wisconsin's 218 Agreement and the Social Security Administration

- Wisconsin's Section 218 Agreement is a voluntary agreement between the State and the Social Security Administration (SSA) to provide Social Security coverage for state and local government employees.
- Employers must be covered by the 218 Agreement to join the Wisconsin Retirement System (WRS).
- ETF houses the State Social Security Administrator for Wisconsin – liaisons with the SSA.

# Wisconsin's 218 Agreement and the SSA - Continued

- New employers are added to the 218 Agreement via modifications.
  - Wisconsin has done approximately 870 modifications to date.
- Modifications are subject to SSA review and final determination.
- New employers are covered for Social Security under “absolute coverage” modifications, which means all employees (with limited exception) of the employer are covered even if those employees aren’t eligible to participate in the WRS.

# Recent SSA Issues ETF has Encountered

Long wait times for SSA review

Lack of timely responses to inquiries and communications

Responses may be incomplete and inconsistent when they review and deny a modification

Inconsistency in applying their own rules for joint entities (e.g., joint fire, police, EMS districts)

# Impact of SSA Issues on ETF

## Delays

- Long review and wait times may delay WRS participation and thus WRS benefits.

## WRS Participation Errors

- Lack of consistent and timely responses may mean that employers are erroneously allowed to participate in the WRS.

## Questions

- Frustration from employers can lead to questions and increased scrutiny from legislature, interest groups, and other interested parties.

# ETF Actions and Responses to Encountered Issues

- Updating employer training materials that highlight identified issues for inquiring employers
- Providing sample agreements or other documents, which the SSA has previously accepted in hopes of future acceptance
- Meeting with local municipal organizations (LWM, WTA, WCA, etc.) to help ensure understanding of necessary actions
- Discussing with legislative staff on potential statutory changes to ensure joint districts are clearly labeled as governmental employers
- Regularly requesting SSA to review outstanding modifications and provide sufficient justification for denials

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**Questions?**

# SSA Benefit Reduction Programs and the Social Security Fairness Act

Windfall Elimination Program (WEP)

Government Pension Offset (GPO)

Social Security Fairness Act (SSFA)

SSFA impact on the WRS

# WEP History and Background

- Enacted in 1983, WEP applies to individuals who receive both a pension from noncovered work and Social Security benefits based on fewer than 30 years of substantial earnings in covered employment.
- The Social Security benefit is reduced based on years of coverage (YOC) below 30.
- In Wisconsin, this mostly applies to firefighters who aren't covered for Social Security under the WRS but have worked in another position that is covered for Social Security.

# GPO History and Background

- Enacted in 1977, the GPO reduces the Social Security spouse's or widow(er)'s benefits of most people who receive a pension based on government employment not covered by Social Security.
- The GPO reduces the spousal or widow(er) benefit by two-thirds of the monthly non-covered pension and can partially, or fully, offset an individual's spousal/widow(er) benefit.

# Summary of WEP and GPO

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:	<p><b><u>WEP</u></b></p> <ul style="list-style-type: none"> <li>• This reduces your retirement or disability benefit if you receive a retirement or disability pension from work not covered by Social Security.</li> <li>• The reduction cannot be more than half the amount of your monthly pension that is based on work not covered by Social Security.</li> <li>• The WEP adjustment is made before any adjustments for early or delayed retirement benefits.</li> <li>• WEP does not affect survivors' benefits.</li> <li>• WEP does not apply if you have 30 or more years of substantial earnings covered by Social Security.</li> <li>• Visit our WEP calculator: <a href="http://www.ssa.gov/planners/retire/lanyPiaWepjs04.html">www.ssa.gov/planners/retire/lanyPiaWepjs04.html</a></li> </ul>	<p><b><u>GPO</u></b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• GPO can reduce your benefit as a spouse partially or fully, depending on the amount of the pension.</li> <li>• Visit our GPO calculator: <a href="http://www.ssa.gov/planners/retire/gpo-calc.html">www.ssa.gov/planners/retire/gpo-calc.html</a></li> </ul>

# SSFA

- President Biden signed the federal SSFA into law on Sunday, January 5, 2025.
- SSFA eliminates the GPO and WEP programs, impacting ~3 million works nationwide.
- The elimination of WEP and GPO is expected to result in increased Social Security benefits for those who worked in public service jobs not covered by Social Security.
- SSFA is retroactive to January 2024, meaning that eligible individuals could potentially receive retroactive benefit increases.

# SSFA – Impact on the WRS

Impact for most WRS members and operations should be small

Two areas where it may impact some members

- 1) Duty disability (increased offset due to higher Social Security benefit)
- 2) Accelerated annuity

SSA has highlighted implementation challenges which may result in further communication delays between ETF and the SSA

# Resources

## SSA Calculators



- GPO Calculator
- WEP Calculator

## Congressional Research Service Papers



- GPO
- WEP



**Questions?**