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Social Security Fairness Act

You may have heard about the recently signed Social Security Fairness Act and wondered what it was and how it might affect you. This change will affect nearly three million former public employees.

Qualified workers include police, firefighters, postal workers, public school teachers, and other government employees. Those who qualify need not apply for these increases, which will happen automatically. The Social Security Administration is still reviewing how to implement the law, so there is no timeframe for these increases for the moment.

Overall, the Social Security Fairness Act eliminates two longstanding provisions for Social Security: the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). These rules previously reduced Social Security benefits for retirees who receive pension income from non-covered employment.

This legislation is projected to result in an average monthly increase of $360 for eligible public sector workers, as well as their spouses and survivors. Additionally, it includes lump-sum payments for over 2.5 million individuals to compensate for benefits missed in prior years, which could amount to several thousand dollars per recipient.

Between this and the recent 2.5 percent cost of living adjustment, many households are poised to receive somewhat of a financial boost. Across MONECO, we have worked with clients to evaluate their retirement strategy due to the pending change in Social Security income, among other changes this year. If you want to revisit your approach, please reach out to your financial advisor. We are here for you!

Source: USA Today, January 2025

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