



fact sheet

Government Pension Offset

What is it?

The Government Pension Offset (GPO) is a federal law that applies to nearly everyone receiving a public pension from work not covered by Social Security as public employees. The GPO impacts those individuals who were not eligible to retire prior to December 31, 1982. The GPO reduces or eliminates the Social Security survivor or dependent benefit. Under the GPO, the Social Security Administration reduces your dependent/survivor benefit by two-thirds of your government pension. In other words, the GPO lowers the dependent/survivor benefit by \$2 for every \$3 you receive from your government pension. In some cases, this completely wipes out any Social Security benefits due the spouse. The reduction occurs whether the social Security receiving spouse is alive, deceased, or divorced.

Who does it affect?

It impacts those public employees in states that do not participate in the Social Security system (i.e. teachers, police and fire employees). It affects public employees in virtually every state; however, those states with the greatest impact are Alaska, California, Colorado, Connecticut, Illinois, Louisiana, Kentucky, Maine, Massachusetts, Missouri, Nevada, New Mexico, Ohio, Rhode Island, and Texas.

How does the GPO work?

The following example will help clarify how the GPO may affect an individual:

Laurie was employed as a public school teacher for 20 years. She retires with a pension of \$1,200 a month. Her husband Adam, a welder, retires with a Social Security benefit of \$800 a month. Both Laurie and Adam are age 65 or older.

Effect of GPO with living spouse:

Laurie's potential Social Security benefit: $\$800 \times \frac{1}{2} = \400

Amount calculated for GPO reduction: $\$1,200 \times \frac{2}{3} = \800

Total monthly Social Security benefit: $\$400 - \$800 = \text{No benefit}$

Effect of GPO upon death or divorce:

Laurie's potential Social Security Benefit: \$800

Amount calculated for GPO reduction: $\$1,200 \times \frac{2}{3} = \800

Total Social Security benefit: $\$800 - \$800 = \text{No benefit}$

Can the GPO be repealed?

Yes. U.S. Senator Feinstein and U.S. Representative Berman introduced legislation in the 111th Congress that would repeal the GPO; however, it would cost more money from the Social Security Trust Fund, which could make enactment more difficult. A+PEL is working closely with our national partner, Association of American Educators (AAE), to support legislation that would repeal the GPO.

For more information visit: <http://www.ssa.gov/pubs/10007.pdf>