

Committee on Ways and Means

Subcommittee on Social Security

Public Servant Retirement Protection Act (H.R. 4391)

Questions and Answers

Q How much will the average worker receive per month?

A Since the *Public Servant Retirement Protection Act* creates an individualized calculation of each worker's benefit, the effect on an individual will depend on the worker's earnings over his or her entire career (the benefit formula generally uses the highest 35 years of a worker's career), as well as how much of those earnings were subject to Social Security taxes.

Q How will the Commissioner of Social Security obtain information about earnings that were not subject to Social Security taxes? What will the Commissioner do if the earnings information is unavailable?

A The bill gives the Commissioner broad discretion regarding how to obtain information on earnings not subject to Social Security taxes. Once the bill is signed into law, the Commissioner will publish regulations, after allowing time for public comment, explaining how the new provision will be implemented.

Q Does the Social Security Administration (SSA) support this bill?

A The SSA does not have an official position on the bill.

Q If I worked 10 years under Social Security and then left the workforce, and my neighbor worked 10 years under Social Security and 10 years under a government pension that substituted for Social Security, would we receive exactly the same benefit?

A The Social Security benefit formula is weighted in favor of low wage earners, who have fewer resources to save or invest during their working years. Simply put, Social Security replaces a higher percent of average career earnings for low wage earners.

H.R 4391 ensures that workers with equal average earnings over their entire careers receive the same earnings replacement rate from Social Security, regardless of how much of their career was spent in a job not subject to Social Security taxes.

The actual dollar amount of benefits would vary between workers, since Social Security benefits only replace earnings that were subject to Social Security taxes.

Q Will some workers be worse off under H.R. 4391?

A The bill contains a hold-harmless provision for current retirees and individuals who worked in jobs not subject to Social Security taxes in or before the year following enactment of the bill.

Q If my Social Security spouse benefits are reduced because I receive a government pension, will this bill help me?

A H.R. 4391 affects how a worker's own benefit is calculated, not the benefit he or she receives as the spouse of another worker. This bill does not change the Government Pension Offset (GPO), which is the provision that reduces Social Security spousal benefits when the spouse receives a pension from a Social Security substitute, similar to how spousal benefits are reduced for working spouses who pay into Social Security.

Q There was a recent change in law that requires certain public servants to work five years, instead of one day, in order to be exempt from the GPO and receive full Social Security spouse benefits (P.L. 108-203)? Would this bill change that law?

A This bill would not change the recently enacted closing of the "GPO Loophole."