**Public Servants Protection and Fairness Act**

**H.R. 4540**

**Section-by-Section Summary**

**Section 1: Title.**
The short title for the bill is the Public Servants Protection and Fairness Act.

**Section 2: Alternative Formula Equalizing Benefits for Certain Individuals with Non-Covered Employment.**
This section creates an alternative formula for new retirees who become eligible for benefits starting in 2022. It creates a new Public Servant Protection (PSP) formula based on all employment in covered and noncovered jobs, paying Social Security benefits in proportion to the share of a worker’s earnings that were covered for Social Security purposes. The PSP formula will apply to workers who are receiving a pension based on noncovered earnings and who have less than 30 years of substantial work in Social Security covered employment. Individuals will receive the higher of the two formulas, PSP or the current Windfall Elimination Provision (WEP). This approach ensures both fairness (an equitable benefit formula based on actual earnings) and protection (no benefit cuts relative to current law) for all public servants.

**Section 3: Additional Monthly Payment for Certain Individuals Whose Benefit Amount is Reduced by the Windfall Elimination Provision.**
This section provides immediate relief to current retirees (and those becoming eligible before 2022) who are affected by the WEP. This is intended to assist those WEP workers who are ineligible for the new formula simply because of their age. The relief payments will be $150 a month to public-servant retirees affected by the WEP. The relief payments will begin nine months after enactment of the bill and will continue each month for as long as the eligible individuals are receiving Social Security benefits. The relief payment is limited to the amount of each worker’s current WEP reduction.

**Section 4: Improvement in Social Security Account Statements for Public Servants.**
Social Security is required by law to mail annual Social Security Statements to all workers, informing them of their projected benefit amounts and prompting them to check the accuracy of their earnings records. This section requires the Statements to show noncovered as well as covered earnings records, and to use the new PSP formula for calculating the projected benefits for workers likely to be subject to this formula – in order to ensure that workers have the most accurate benefit projection possible.
Section 5: Study on Availability of Information Relating to Retirement Plans.
This section requires the Government Accountability Office (GAO) to report to Congress within two years on the extent to which state and local governments know whether the public employee pensions they pay are based on noncovered service. This will fill a critical knowledge gap for determining the feasibility of data exchanges or other reporting mechanisms on noncovered pensions.

Section 6: Hold Harmless for the Social Security Trust Funds.
This section provides for transfers from general revenues to cover all costs of this bill in order to place the Social Security trust funds in the same position as they would have been without the bill. This approach ensures that the bill does not penalize other workers’ retirement security even as we correct the urgent problems with the WEP.