

# PENSION POINTERS



## The Social Security Fairness Act

By Kelli Melin  
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Millions of public servants are set to receive increased retirement benefits thanks to the Social Security Fairness Act, which eliminates what many considered an unfair ‘double penalty’ on their earned income. On January 5, 2025, former President Joe Biden signed into law the Social Security Fairness Act of 2023 (the “Act”) (PL 118-273). The bipartisan legislation repeals provisions of the Social Security Act that had previously reduced Social Security benefits for individuals receiving other forms of retirement benefits, such as a pension from a local government entity. Such pensions are known as “non-covered pensions” because employees did not pay Social Security taxes for their work. The original intent of these provisions was to prevent individuals from “double-dipping” into multiple forms of retirement income.

The two critical changes the Act makes are to the Windfall Elimination Provision (“WEP”) and the Government Pension Offset (“GPO”). As a result of the Act, some local government employees could expect to see increased Social Security benefits from their previous or concurrent private sector work. However, it is worth noting that the Social Security

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Administration advises that approximately 72 percent of state and local employees across the country will not be affected by the Act, as their public employers are already covered under Social Security.<sup>1</sup> However, 3.2 million people are still affected by the Act’s changes,<sup>2</sup> with some anticipated to receive nominal amounts and others upwards of \$1,000.<sup>3</sup>

Prior to the Act, the WEP reduced Social Security benefits for individuals who were receiving a pension or disability benefits from an employer who did not withhold Social Security taxes. Such employers include some fire protection districts, school districts, and other government employers. By removing the WEP, individuals receiving a public pension can still receive an increased amount of Social Security benefits for private sector work or “side jobs” they paid taxes from. The WEP was originally enacted to make

sure that individuals relying solely on Social Security benefits were not treated the same as public employees with reliable pensions. However, advocates for the public sector argued that the WEP withheld rightfully earned benefits of employees who had paid into Social Security, often via private sector jobs taken prior to entering the public sector.

For instance, a paramedic who worked for a private company prior to becoming employed with a fire protection district could have had their Social Security benefits reduced by their public pension benefits. Proponents of the Act assert that employees will no longer be penalized for working, or having worked, in both the public and private sectors.

The Act also eliminates the GPO, which reduced Social Security benefits for spouses, widows, and widowers who were also receiving government pensions themselves. Benefits were previously reduced by two-thirds of the recipient’s government pension. As the Social Security Administration explains, if an individual receives \$3,000 a month

1. *Social Security Fairness Act: Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) update*, Social Security Administration (2025)
2. *Social Security Announces Expedited Retroactive Payments and Higher Monthly Benefits for Millions – Actions Support the Social Security Fairness Act*, Social Security Administration (2025)
3. *Social Security Fairness Act: Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) update*, Social Security Administration (2025)
4. *Government Pension Offset*, Social Security Administration (2025)
5. *Social Security Fairness Act: Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) update*, Social Security Administration (2025)

Continued on page 21

## Pension Pointers

Continued from page 20

from a public pension, \$2,000 would be deducted from the amount of his or her Social Security benefits, at times reducing the payout to nothing.<sup>4</sup> Elimination of the GPO has removed the offset caused by the surviving spouse having earned their own retirement benefit.

Public sector employers do not need to take any action in order for their employees to benefit under the Act. Employees who may be eligible should confirm with the Social Security Administration that their mailing address and banking information on file are correct. Payments are owed retroactively to January 2024 for individuals who would have been entitled to an increased amount if it weren't for the WEP or GPO provisions.

The Social Security Administration anticipates that all individuals owed retroactive or increased amounts going forward under the Act can expect to receive their benefits in the near future. However, given the recently announced layoffs at the Social Security Administration, recalculation and administration of the benefits may take additional time, with the most complex benefits adjustments taking up to one year.<sup>5</sup>

The Social Security Fairness Act represents one of the most significant changes to retirement benefits for public servants in decades. By eliminating these long-criticized provisions, the Act ensures that those who dedicated their careers to public service receive the full retirement benefits they've earned. As the implementation continues throughout 2025, millions of retirees can finally look forward to financial recognition of their

dual contributions to both public service and the Social Security system.

Further information pertaining to individual benefits can be found at the Social Security Administration's "my Social Security" webpage: [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount). ■

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