



**Congressional  
Research Service**

Informing the legislative debate since 1914

---

# Social Security: The Government Pension Offset (GPO)

**Zhe Li**

Analyst in Social Policy

Updated February 14, 2020

**Congressional Research Service**

7-....

[www.crs.gov](http://www.crs.gov)

RL32453

## Summary

Social Security spousal benefits were established in the 1930s to help support wives who are financially dependent on their husbands. It has since become more common for both spouses in a couple to work, leading to more cases in which both members of a couple are entitled to Social Security or other government pensions based on their own work records. Social Security does not provide both a full retired-worker and a full spousal benefit to the same individual.

Two provisions are designed to reduce the Social Security spousal benefits of individuals who are not financially dependent on their spouses because they receive benefits based on their own work records. These are

- the *dual entitlement* rule, which applies to spouses who qualify for both (1) Social Security spousal benefits based on their spouses' work histories in Social Security-covered employment and (2) their own Social Security retired- or disabled-worker benefits, based on their own work histories in Social Security-covered employment; and
- the Government Pension Offset (GPO), which applies to spouses who qualify for both (1) Social Security spousal benefits based on their spouses' work histories in Social Security-covered employment and (2) their own government pensions, based on their own work in government employment that was not covered by Social Security.

The dual entitlement rule requires that 100% of a Social Security retirement or disability benefit as a covered worker is subtracted from any Social Security spousal or widow(er)'s benefit an individual is eligible to receive. The GPO reduces Social Security spousal or widow(er)'s benefits by two-thirds of the pension from noncovered government employment. The GPO does not reduce the benefits of the spouse who was covered by Social Security.

Opponents contend that the GPO is imprecise and can be unfair. Defenders argue it is the best method currently available for preserving the spousal benefit's original intent of supporting financially dependent spouses and for eliminating an unfair advantage for spouses working in non-Social Security-covered employment compared with spouses working in Social Security-covered jobs (who are subject to the dual entitlement rule).

## Contents

Background .....	1
Social Security Covered and Noncovered Work .....	1
The Dual Entitlement Rule and the GPO .....	2
Dual Entitlement Rule.....	2
Government Pension Offset Formula .....	3
Rationale and Legislative History .....	5
Spouses' Financial Dependence .....	5
Parity Between Spouses Subject to the Dual Entitlement Rule and the GPO.....	5
Why a Two-Thirds Reduction? .....	7
Who Is Affected by the GPO? .....	7
Issues .....	10
Awareness of the GPO and Retirement Preparedness.....	10
GPO Reduction Smaller than Dual Entitlement Reduction .....	11
Parity Among Social Security-Covered Workers and Noncovered Workers .....	11
Impact on Low-Income Workers.....	11
Imprecision of the Two-Thirds Offset to Noncovered Government Pensions .....	13
Applying the GPO to Government Versus Private Pensions.....	13
Cost of Eliminating the GPO .....	13
The GPO <i>Last-Day</i> Rule .....	14
How Does the Last-Day Rule Affect Exemption from the GPO?.....	14

## Tables

Table 1. Dual Entitlement Formula Applied to Spouses .....	2
Table 2. GPO Formula for Spouses .....	4
Table 3. Dual Entitlement Rule Compared with Government Pension Offset .....	5
Table 4. Mary's Spousal Benefit, Before and After GPO Enactment .....	6
Table 5. Number of Social Security Beneficiaries Affected by GPO, by State, Type of Benefit, and Offset Status, December 2019 .....	8

## Contacts

Author Contact Information .....	15
----------------------------------	----

## Background

In general, Social Security spousal and survivor benefits are paid to the spouses of retired, disabled, or deceased workers covered by Social Security. The spousal benefit equals 50% of a retired or disabled worker's benefit and the survivor benefit equals 100% of a deceased worker's benefit.

Spousal benefits, which Congress created in 1939, are intended for individuals who are financially dependent on a working spouse. For this reason, but also because of the costs, Social Security does not provide both full worker and full spousal benefits to the same individual. For persons who qualify for both a Social Security worker benefit (retirement or disability) based on their own work history and a Social Security spousal benefit based on a spouse's work history, the *dual entitlement* rule effectively caps total benefits at the higher of the worker's own benefit or the spousal benefit. The Government Pension Offset (GPO) is analogous in purpose to the dual entitlement provision and applies to individuals who qualify for both a pension based on their own *non*-Social Security-covered government work and a Social Security spousal benefit based on a spouse's work in Social Security-covered employment.<sup>1</sup> The dual entitlement rule and the GPO share the same intent—to reduce the Social Security spousal benefits of individuals who are not financially dependent on their spouses because they receive their own retired-worker or disabled-worker Social Security benefits, or their own non-Social Security pension benefits.

## Social Security Covered and Noncovered Work

A worker is *covered* by Social Security if he or she works in *covered* employment and pays into Social Security through the Federal Insurance Contributions Act (FICA) payroll tax. To be eligible for a Social Security retired-worker benefit, a worker generally needs 40 earnings credits (10 years of Social Security-covered employment).<sup>2</sup> Disabled workers are generally required to have worked fewer years, depending on the age at which the worker became disabled.<sup>3</sup> Approximately 93% of workers were covered by Social Security as of December 2019.<sup>4</sup> The majority of noncovered positions are held by government employees: most federal employees hired before 1984 and some state and local government employees. Nationwide, approximately 72% of state and local government employees were covered by Social Security in 2015.<sup>5</sup> However, coverage varied from state to state. For example, approximately 96% of state and local employees in New York were covered by Social Security, whereas less than 3% of state and local employees in Ohio, and about 3% in Massachusetts, were covered.<sup>6</sup>

---

<sup>1</sup> The Government Pension Offset (GPO) is often confused with the Windfall Elimination Provision (WEP), which reduces Social Security benefits that a person receives *as a worker* if he or she also has a government pension based on *work that was not covered by Social Security*. For additional information on the Windfall Elimination Provision (WEP), please refer to CRS Report 98-35, *Social Security: The Windfall Elimination Provision (WEP)*.

<sup>2</sup> A worker may earn up to four earnings credits per calendar year. In 2020, a worker earns one credit for each \$1,410 of covered earnings, up to a maximum of four credits for covered earnings of \$5,640 or more. Earnings credits are also called *quarters of coverage*.

<sup>3</sup> Social Security Administration (SSA), *How You Earn Credits*, 2020, <https://www.ssa.gov/pubs/EN-05-10072.pdf>.

<sup>4</sup> SSA, *Social Security Basic Facts*, December 2019, [https://www.ssa.gov/OACT/FACTS/fs2019\\_12.pdf](https://www.ssa.gov/OACT/FACTS/fs2019_12.pdf).

<sup>5</sup> SSA, unpublished table, "Social Security and Medicare Coverage of Workers from their State and Local Government Employment in 2015."

<sup>6</sup> SSA, unpublished table, "Social Security and Medicare Coverage of Workers from their State and Local Government Employment in 2015." The disparity in coverage among states occurs because, while Social Security originally did not cover any state and local government workers, over time the law has changed. Most state and local government

## The Dual Entitlement Rule and the GPO

The GPO is intended to approximate Social Security’s dual entitlement rule. Both provisions are intended to reduce the Social Security benefits of spouses or widow(er)s who are not financially dependent on their spouses because they receive retirement benefits based on their own work records.

### Dual Entitlement Rule

Without the dual entitlement rule, a couple with two earners covered by Social Security would receive two full primary benefits as well as two full spousal or widow(er)’s benefits. The Social Security dual entitlement rule requires that a beneficiary effectively receive the *higher* of the Social Security worker’s benefit or the spousal or widow(er)’s benefit, but not both. The total benefit received by a worker consists of his or her own worker benefit plus the excess of the spousal or widow(er)’s benefit (if any) over his or her own benefit—not the sum of the two benefits. So, in cases where the spousal benefit is higher than the worker’s own benefit, the worker receives his or her own worker benefit plus the reduced spousal benefit, which is the difference between the spousal benefit and the worker’s own benefit (100% reduction). In cases where the worker’s own benefit is higher than the spousal benefit, the worker receives only his or her own benefit.

**Table 1** demonstrates how the Social Security dual entitlement rule is applied to spouses.

**Table 1. Dual Entitlement Formula Applied to Spouses**

	John	Mary
Social Security monthly <b>worker</b> benefit (based on <i>worker’s</i> earnings record)	\$2,000	\$900
Maximum Social Security monthly <b>spousal</b> benefit (based on <i>spouse’s</i> earnings record, equal to 50% of the spouse’s Social Security worker benefit)	\$450	\$1,000
Actual Social Security <b>spousal</b> monthly benefit paid (subtract worker benefit from spousal benefit; \$0 if worker benefit is larger)	\$0	\$100
<b>Total</b> ( <i>worker and spousal</i> ) Social Security monthly benefits paid to John and Mary	<b>\$2,000</b>	<b>\$1,000</b>

**Source:** Illustrative example provided by the Congressional Research Service (CRS).

In this example, both John and Mary have worked enough years in Social Security-covered positions (i.e., paid into Social Security) to qualify for Social Security retirement benefits. John has earned a monthly Social Security worker benefit of \$2,000. His wife Mary has earned a monthly Social Security worker benefit of \$900. Both Mary and John are also eligible for spousal benefits based on the other’s earnings: John is eligible for a \$450 monthly spousal benefit, and Mary is eligible for a \$1,000 monthly spousal benefit. Under the dual entitlement rule, Mary’s worker benefit of \$900 must be subtracted from her potential \$1,000 spousal benefit, and only the difference of \$100 is paid as a spousal benefit. In total, Mary will receive \$1,000 monthly—\$900 as a Social Security worker benefit and \$100 as a Social Security spousal benefit. John will not be paid a spousal benefit because his \$2,000 worker benefit based on his own earnings is higher than

---

employees became covered by Social Security through voluntary agreements between the Social Security Administration (SSA) and individual states, known as *Section 218 Agreements* because they are authorized by §218 of the Social Security Act. Beginning in July 1991, state and local employees who were not members of a public retirement system or covered by a Section 218 agreement were mandatorily covered by Social Security.

and more than offsets the potential \$450 spousal benefit. The Social Security benefits received by the couple would total \$3,000 per month.

If John were to predecease Mary, Mary would then be entitled to a monthly widow's benefit of up to 100% of John's monthly amount. Mary would continue to collect her own benefit of \$900 monthly, and that amount would offset John's full monthly benefit amount of \$2,000. Thus, Mary would receive a Social Security worker benefit of \$900 and a Social Security widow's benefit of \$1,100 (\$2,000-\$900), for a total monthly benefit of \$2,000.

Because most workers are in Social Security-covered employment, the dual entitlement scenario is more common than the GPO among two-earner couples. In 2018, approximately 7.2 million out of 43.7 million Social Security retired worker beneficiaries, or about 16.5%, were dually entitled.<sup>7</sup>

### Government Pension Offset Formula

The Social Security spousal or widow(er)'s benefit of a person who also receives a pension from government employment (federal, state, or local) that was based on work *not covered* by Social Security is reduced by a provision known as the Government Pension Offset (GPO). The GPO reduction to Social Security spousal and widow(er)'s benefits equals *two-thirds* of the pension from noncovered government employment. If the pension from noncovered work is sufficiently large in comparison to a person's Social Security spousal or widow(er)'s benefit, the GPO may eliminate the entire Social Security spousal or widow(er)'s benefit.

In December 2019, 707,879 Social Security beneficiaries (about 1% of all beneficiaries) had spousal or widow(er)'s benefits reduced fully or partially by the GPO (this figure does not include persons who were eligible for spousal or widow(er)'s benefits but were deterred from filing for them because of the GPO).<sup>8</sup> The GPO does not affect the amount of the Social Security benefit a worker may receive based on his or her own work in Social Security-covered employment, but it does limit the amount that can be paid to his or her spouse or widow(er) who has worked in non-Social Security-covered employment.

**Table 2** provides an example of how the GPO is applied, assuming that John worked in Social Security-covered employment while Mary spent her full career in state or local government employment that was not covered by Social Security.

---

<sup>7</sup> SSA, *Annual Statistical Supplement 2019*, Table 5.G1, <https://www.ssa.gov/policy/docs/statcomps/supplement/2019/5g.html#table5.g1> and Table 5.A1, <https://www.ssa.gov/policy/docs/statcomps/supplement/2019/5a.html#table5.a1>. The term *dually entitled* applies only to those who receive spousal benefits. If an individual's own worker benefit is greater than his or her spousal benefit, that person receives the higher worker benefit and is not considered dually entitled. Administrative data do not provide the number of people in this latter category.

<sup>8</sup> SSA, Office of Research Evaluation and Statistics (ORES), unpublished Government Pension Offset Table A, December 2019.

**Table 2. GPO Formula for Spouses**

	<b>John</b>	<b>Mary</b>
Social Security <b>retired- or disabled-worker</b> monthly benefit (based on <i>worker's</i> earnings record)	\$2,000	—
Non-Social Security-covered (government) monthly <b>pension</b>	—	\$900
Maximum Social Security <b>spousal</b> monthly benefit eligible to receive (based on <i>spouse's</i> earnings record, equal to 50% of the spouse's Social Security retired worker benefit)	—	\$1,000
<b>Reduction</b> in Social Security spousal monthly benefit due to <b>GPO</b> (equals 2/3 of the non-Social Security-covered pension: $\$900 \times 2/3 = \$600$ )	—	\$600
Actual Social Security <b>spousal</b> monthly benefit paid (subtract 2/3 of non-Social Security-covered worker's pension from Social Security spousal benefit: $\$1,000 - \$600 = \$400$ )	—	<b>\$400</b>
<b>Total</b> monthly retirement benefits paid to John (Social Security only) and Mary (Social Security plus pension from noncovered employment)	<b>\$2,000</b>	<b>\$1,300</b>

**Source:** Illustrative example provided by CRS.

**Note:** Dashes means not applicable.

In this example, John worked enough years in Social Security-covered employment to qualify for a monthly Social Security retired-worker benefit of \$2,000. His wife, Mary, is *not* eligible for a Social Security retired-worker benefit because she worked in a non-Social Security-covered government position and did not contribute to Social Security. Instead, Mary is eligible for a \$900 government pension based on her work in a non-Social Security-covered position. Mary is also eligible for a Social Security *spousal* benefit of up to \$1,000 based on John's work history. Under the GPO, Mary's potential Social Security spousal benefit is reduced by an amount equal to two-thirds of her non-Social Security-covered government pension (or \$600), and the difference of \$400 ( $\$1,000 - \$600$ ) is paid to her as a Social Security spousal benefit. In total, Mary will receive retirement benefits of \$1,300 per month: \$900 from her noncovered pension and \$400 as a Social Security spousal benefit.<sup>9</sup>

If John predeceased Mary, then two-thirds of her \$900 noncovered pension (\$600) would be used to partially offset the \$2,000 Social Security benefit she would be eligible for as a widow based on John's worker benefit. She would receive a \$1,400 monthly widow's benefit from Social Security (in addition to her \$900 monthly noncovered pension benefit).

**Table 3** highlights the differences between the dual entitlement rule and the GPO.

<sup>9</sup> In this example, John is not eligible for a Social Security spousal benefit because Mary's employment was not covered by Social Security.

**Table 3. Dual Entitlement Rule Compared with Government Pension Offset**

Dual Entitlement Rule	Government Pension Offset
<p>Applies to individuals who qualify for both (a) a Social Security worker benefit (retirement or disability) based on their own work history in Social Security-covered employment and (b) a Social Security spousal or widow(er)'s benefit based on their spouse's work history in Social Security-covered employment.</p> <p>Dually entitled beneficiaries effectively receive the higher of the worker benefit or the spousal or widow(er)'s benefit. Specifically, the Social Security dual entitlement rule requires that 100% of a Social Security retirement or disability benefit earned as a worker be subtracted from any Social Security spousal or widow(er)'s benefit one is eligible to receive. Only the difference, if any, is paid as a spousal or widow(er)'s benefit and is added to the beneficiary's own worker benefit.</p>	<p>Applies to individuals who qualify for both (a) a government pension based on <i>non-Social Security-covered</i> government employment and (b) a Social Security spousal or widow(er)'s benefit based on a spouse's Social Security-covered employment. The GPO reduces Social Security benefits that a person receives <i>as a spouse or widow(er)</i> if he or she also has a federal, state or local government pension based on work that was <i>not</i> covered by Social Security.</p> <p>The GPO reduction to Social Security spousal or widow(er)'s benefits is equal to two-thirds of the noncovered government pension.</p>

**Source:** Table compiled by CRS.

## Rationale and Legislative History

### Spouses' Financial Dependence

The policy rationale for Social Security spousal benefits has been, since the creation of spousal benefits in the 1930s, to support spouses who are financially dependent on the working spouse. The dual entitlement rule has operated since 1939 as a gauge of financial dependence.

### Parity Between Spouses Subject to the Dual Entitlement Rule and the GPO

The GPO is intended to place spouses and widow(er)s whose government employment *was not covered* by Social Security in approximately the same position as spouses whose jobs *were covered* by Social Security. Before the GPO was enacted in 1977, workers who received pensions from a government job not covered by Social Security could also receive full Social Security spousal or widow(er)'s benefits even though they were not financially dependent on their spouses. The scenarios below demonstrate why the law was changed.

**Table 4** shows how the spousal benefit of the same individual, Mary, would vary under three scenarios: (1) as a dually entitled recipient of Social Security retirement and spousal benefits; (2) as the recipient of a noncovered government pension and Social Security spousal benefits *before* the GPO was enacted; and (3) as the recipient of a noncovered government pension and Social Security spousal benefits *after* the GPO was enacted. In all three examples, it is assumed that Mary is potentially eligible for a Social Security spousal benefit of \$1,000 per month, computed as 50% of her husband's monthly Social Security benefit of \$2,000.

As a dually entitled retiree, under the first scenario, Mary's \$1,000 Social Security spousal benefit is reduced by her own Social Security retired-worker benefit of \$900, leaving her with a net spousal benefit of \$100 and a total Social Security benefit of \$1,000. Under the second scenario (where Mary receives a noncovered government pension instead of a Social Security retirement benefit), *before* the GPO takes effect, Mary's Social Security spousal benefits are not



reduced at all and she receives a full Social Security spousal benefit of \$1,000, plus the noncovered pension of \$900, for total monthly pension benefits of \$1,900. Under the third scenario (after the GPO was enacted in 1977), Mary's Social Security spousal benefit is reduced by two-thirds of her \$900 noncovered government pension, leaving her with a net Social Security spousal benefit of \$400 ( $\$1,000 - \$900 * 2/3$ ) and a total monthly pension benefit of \$1,300 (\$900 from the noncovered pension + \$400 from the Social Security spousal benefit).

Note that *the reduction to Social Security spousal benefits is smaller under the GPO than it is under the dual entitlement rule*: Mary receives monthly Social Security spousal benefits of \$100 under the dual entitlement rule, compared with \$400 under the GPO. Her total monthly retirement benefits are \$1,000 under the dual entitlement rule, compared with \$1,300 under the GPO. For those under dual entitlement, the Social Security spousal benefit is reduced by one dollar for every dollar of Social Security retirement benefits based on their own work histories in Social Security-covered employment. For those under the GPO, however, the Social Security spousal benefit is reduced by approximately 67 cents for every dollar of a pension from noncovered government employment.

**Table 4. Mary's Spousal Benefit, Before and After GPO Enactment**

	Mary works in Social Security- Covered Position	Mary works in Non-Social Security-Covered Position	
	Dually Entitled	Before GPO Enactment	After GPO Enactment
Social Security <b>retired-worker</b> monthly benefit (based on own earnings record)	\$900	\$0	\$0
Non-Social Security-covered monthly pension	\$0	\$900	\$900
Maximum Social Security <b>spousal</b> monthly benefit eligible to receive (based on spouse's earnings record), equal to 50% of the spouse's Social Security retirement benefit	\$1,000	\$1,000	\$1,000
<b>Reduction</b> in spousal monthly benefit due to <b>dual entitlement rule</b> (equal to worker's Social Security retired-worker benefit)	\$900	—	—
<b>Reduction</b> in Social Security <b>spousal</b> monthly benefit due to <b>GPO</b> (equals 2/3 of non-Social Security-covered pension)	—	—	\$600
Actual Social Security <b>spousal</b> monthly benefit paid	\$100	\$1,000	\$400
<b>Total</b> monthly retirement benefits paid to Mary (Social Security spousal benefit plus either (a) Social Security retired-worker benefit or (b) noncovered pension)	\$1,000	\$1,900	\$1,300

**Source:** Illustrative example provided by CRS.

**Notes:** Dashes are used to represent scenarios in which either the dual entitlement rule or the GPO are not applicable. For example, in the dual entitlement scenario, Mary does not receive a noncovered government pension and, thus, the GPO does not apply.

## Why a Two-Thirds Reduction?

The GPO was originally established in 1977 (P.L. 95-216) and replaced an earlier *dependency test* for spousal benefits that had been in law since 1950.<sup>10</sup> The 1977 law provided that 100% of the noncovered government pension be subtracted from the Social Security spousal or widow(er)'s benefit. If the original legislation had been left intact, individuals affected by the dual entitlement rule and the GPO would have been treated identically because, in both cases, the Social Security spousal benefit would have been reduced by 100% of the pension from noncovered employment.

The GPO's two-thirds offset rule was established by the Social Security Amendments of 1983 (P.L. 98-21), which made a number of amendments to Social Security. One section of the House version of this law proposed that the amount used in calculating the offset be one-third of the noncovered government pension. The Senate version contained no such provision and would therefore have left standing the 100% offset that existed at the time. The conferees adopted the House bill except that the offset was fixed at two-thirds of the noncovered government pension.<sup>11</sup>

## Who Is Affected by the GPO?

In 2015, approximately 6.4 million state and local government workers (28% of all state and local government workers) were in non-Social Security-covered positions.<sup>12</sup> A government worker who does not pay into Social Security may potentially be affected by the GPO if he or she is entitled to a Social Security spousal benefit based on a spouse's or ex-spouse's work in Social Security-covered employment.

Generally, federal government employees hired before 1984 are covered by the Civil Service Retirement System (CSRS) and are not covered by Social Security; therefore, they may be subject to the GPO.<sup>13</sup> Most federal workers first hired into federal service after 1983 are covered by the Federal Employees' Retirement System (FERS), which includes Social Security coverage. Thus, although FERS retirees are not subject to the GPO, they, like all covered workers, may be subject to the Social Security dual entitlement rule.

As of December 2019, 707,879 Social Security beneficiaries, or about 1% of all beneficiaries, had spousal or widow(er)'s benefits reduced by the GPO (not counting those who were potentially eligible for spousal or widow(er)'s benefits but were deterred from filing for them because of their expectation that the GPO would eliminate the spousal or widow(er)'s benefit). Of these persons subject to the GPO, 54% were spouses and 46% were widows and widowers. About 83% of all affected persons were women.<sup>14</sup> **Table 5** provides a breakdown of the affected beneficiaries by state and type of benefit.

---

<sup>10</sup> The dual entitlement rule has been in law since 1939, when spousal benefits were introduced.

<sup>11</sup> Effectively, the GPO offset formula assumes that two-thirds of the government pension is roughly equivalent to the Social Security retirement (or disability) benefit the spouse would have earned as a worker if his or her job had been covered by Social Security.

<sup>12</sup> SSA, unpublished table, "Social Security and Medicare Coverage of Workers from their State and Local Government Employment in 2015."

<sup>13</sup> Workers who switch from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) must work for five years under FERS to be exempt from the GPO.

<sup>14</sup> SSA, ORES, unpublished Government Pension Offset Table DE01, December 2019.

**Table 5. Number of Social Security Beneficiaries Affected by GPO, by State, Type of Benefit, and Offset Status, December 2019**

State	Total	Spouses	Widow(er)s	Fully Offset Status <sup>a</sup>	Partially Offset Status <sup>b</sup>
<b>Total</b>	<b>707,879</b>	<b>379,975</b>	<b>327,904</b>	<b>508,316</b>	<b>199,563</b>
Alabama	4,559	1,897	2,662	3,453	1,106
Alaska	3,220	1,841	1,379	2,363	857
Arizona	9,545	5,026	4,519	7,113	2,432
Arkansas	3,112	1,451	1,661	2,344	768
California	100,902	56,762	44,140	82,351	18,551
Colorado	25,841	14,725	11,116	15,407	10,434
Connecticut	9,557	5,692	3,865	8,391	1,166
Delaware	697	274	423	541	156
District of Columbia	2,244	557	1,687	1,844	400
Florida	28,421	15,136	13,285	21,857	6,564
Georgia	20,199	10,094	10,105	14,769	5,430
Hawaii	1,942	993	949	1,517	425
Idaho	2,071	1,138	933	1,597	474
Illinois	48,243	27,204	21,039	40,561	7,682
Indiana	4,777	2,221	2,556	3,549	1,228
Iowa	1,881	899	982	1,435	446
Kansas	2,327	1,062	1,265	1,643	684
Kentucky	12,773	7,320	5,453	10,611	2,162
Louisiana	38,527	19,978	18,549	23,728	14,799
Maine	7,676	4,308	3,368	5,241	2,435
Maryland	9,054	2,994	6,060	7,249	1,805
Massachusetts	39,600	22,331	17,269	28,418	11,182
Michigan	6,011	2,968	3,043	4,515	1,496
Minnesota	5,287	2,666	2,621	4,347	940
Mississippi	3,201	1,475	1,726	2,435	766
Missouri	16,015	9,299	6,716	13,118	2,897
Montana	1,293	648	645	963	330
Nebraska	1,259	586	673	917	342
Nevada	10,882	5,863	5,019	8,401	2,481
New Hampshire	2,543	1,369	1,174	1,888	655
New Jersey	4,273	1,688	2,585	3,532	741
New Mexico	3,336	1,672	1,664	2,577	759
New York	7,046	3,021	4,025	5,662	1,384

State	Total	Spouses	Widow(er)s	Fully Offset Status <sup>a</sup>	Partially Offset Status <sup>b</sup>
North Carolina	8,133	3,798	4,335	6,139	1,994
North Dakota	484	204	280	320	164
Ohio	99,408	55,751	43,657	61,522	37,886
Oklahoma	3,888	1,549	2,339	2,691	1,197
Oregon	4,781	2,537	2,244	3,560	1,221
Pennsylvania	7,702	3,209	4,493	5,830	1,872
Rhode Island	2,027	1,122	905	1,715	312
South Carolina	5,377	2,695	2,682	4,066	1,311
South Dakota	831	430	401	609	222
Tennessee	6,439	3,068	3,371	4,910	1,529
Texas	90,968	49,234	41,734	52,780	38,188
Utah	2,657	1,271	1,386	1,708	949
Vermont	681	353	328	514	167
Virginia	7,911	3,008	4,903	5,898	2,013
Washington	6,776	3,465	3,311	4,936	1,840
West Virginia	1,588	698	890	1,012	576
Wisconsin	3,514	1,799	1,715	2,830	684
Wyoming	587	315	272	390	197
Outlying areas and foreign countries	15,813	10,311	5,502	12,549	3,264

**Source:** Social Security Administration, Office of Research, Evaluation and Statistics, December 2019, unpublished data.

**Notes:** Includes persons entitled to spousal/widow(er)'s benefits only and those dually entitled to spousal/widow(er)'s and worker benefits.

- Individual received no Social Security spousal or widow(er)'s benefit because the reduction in the Social Security spousal benefit (a reduction equal to two-thirds of the pension from noncovered government employment) was greater than the Social Security benefit itself. Either the noncovered pension was large, or the potential Social Security benefit was small.
- Individual received partial Social Security spousal or widow(er)'s benefits because the reduction in the Social Security benefit (a reduction equal to two-thirds of the pension from noncovered government employment) was less than the Social Security benefit itself.

In December 2019, the average noncovered government pension amount for persons affected by the GPO was \$2,484 per month (\$2,258 for women and \$3,522 for men).<sup>15</sup> The average pre-offset Social Security spousal benefit at that time was \$890 per month (\$959 for women and \$572 for men).<sup>16</sup> The average reduction caused by the GPO was \$711 per month (\$745 a month for women

<sup>15</sup> SSA, ORES, unpublished Government Pension Offset Table G209, December 2019; data are limited to those beneficiaries for whom the offset amount is available.

<sup>16</sup> SSA, ORES, unpublished Government Pension Offset Table G309, December 2019; data are limited to those beneficiaries for whom the offset amount is available. Includes persons entitled to spousal/widow(er)'s benefits only and those dually entitled to spousal/widow(er)'s and worker benefits. For a dually entitled beneficiary, the pre-offset

and \$555 for men).<sup>17</sup> The average Social Security spousal benefit component after applying the GPO was \$179 per month (\$214 a month for women and \$17 a month for men).<sup>18</sup> Among the beneficiaries affected by GPO in December 2019, 72% had their potential Social Security spousal or widow(er)'s benefit fully offset by GPO reduction.<sup>19</sup> For the average beneficiary who received some Social Security spousal benefit after GPO reduction (partially offset), the spousal benefit comprised about 40% of the total payment received (noncovered government pension amount and Social Security spousal benefit after GPO reduction).<sup>20</sup>

In comparison to those 695,059 beneficiaries affected by the GPO in 2018,<sup>21</sup> the dual entitlement rule affected approximately 7.2 million beneficiaries. About 7.0 million (97%) of all affected beneficiaries were women.<sup>22</sup> Wives made up 42% of all affected, and widows made up 54%. Among dually entitled workers, the average Social Security total benefit (retired worker plus spouse or survivor benefit) received was \$1,312.<sup>23</sup> Of this amount, \$745 was the retired worker component of the benefit. The spousal benefit component was \$567 (after reduction for dual entitlement).<sup>24</sup> For the average dually entitled worker, therefore, the spousal benefit comprised about 43% of the total Social Security benefit received.

## Issues

Opponents argue that the GPO is not well understood and that it harms lower-income workers. The GPO's defenders maintain that it helps ensure that only financially dependent spouses receive the Social Security spousal benefit, while curtailing what otherwise would be an unfair advantage for government workers who are not covered by Social Security.

## Awareness of the GPO and Retirement Preparedness

The GPO's critics say that it is not well understood and that many affected by it are unprepared for a smaller Social Security benefit than they had assumed in making retirement plans. The provision's supporters say it has been law for more than 40 years (it was enacted in 1977); therefore, people have had ample time to adjust their retirement plans. P.L. 108-203, passed in 2004, included a provision that sought to ensure that SSA and government employers notify

---

Social Security benefit is the difference between the larger spousal/widow(er)'s benefit and the smaller worker benefit.

<sup>17</sup> SSA, ORES, unpublished Government Pension Offset, Table G609, December 2019; data are limited to those beneficiaries for whom the offset amount is available.

<sup>18</sup> SSA, ORES, unpublished Government Pension Offset Table G509, December 2019; data are limited to those beneficiaries for whom the offset amount is available. Amounts may not add due to rounding.

<sup>19</sup> SSA, ORES, unpublished Government Pension Offset Table G105, December 2019; data are limited to those beneficiaries for whom the offset amount is available.

<sup>20</sup> SSA, ORES, unpublished Government Pension Offset Tables G209 and G509, December 2019; data are limited to those beneficiaries for whom the offset amount is available.

<sup>21</sup> SSA, ORES, unpublished Government Pension Offset Table DE01, December 2018.

<sup>22</sup> SSA, *Annual Statistical Supplement, 2019*, Table 5.G2, available at <https://www.ssa.gov/policy/docs/statcomps/supplement/2019/5g.html#table5.g2>. The term *dually entitled* applies only to those who receive spousal benefits. If an individual's own worker benefit is greater than his or her spousal benefit, that person receives the higher worker benefit and is not considered dually entitled. Administrative data do not provide the number of people in this latter category.

<sup>23</sup> SSA, *Annual Statistical Supplement, 2019*, Table 5.G3.

<sup>24</sup> SSA, *Annual Statistical Supplement, 2019*, Table 5.G3.

potentially affected individuals about the effect of the GPO and the Windfall Elimination Provision (WEP).<sup>25</sup>

The SSA's personalized mailings to workers, entitled "Your Social Security Statement," contained a paragraph explaining the GPO and the WEP. Though SSA suspended the universal mailing of annual statements in 2011 due to budget constraints, an online version that has retained the GPO and WEP educational material can be created for those who establish an online account.<sup>26</sup> So the material in the statements can continue to reach a broader audience, Congress directed SSA, in conjunction with the adoption of P.L. 113-76, the Consolidated Appropriations Act, 2014, to resume the mailing of statements to targeted groups and to those who are not able to successfully register for an online account.<sup>27</sup>

## GPO Reduction Smaller than Dual Entitlement Reduction

The reduction to Social Security spousal benefits is smaller under the GPO than it is under the dual entitlement rule. Those under dual entitlement face a 100% offset to spousal benefits for every dollar received from a Social Security retired-worker benefit, whereas those under the GPO face an offset to spousal and widow(er)'s benefits equal to two-thirds of a non-Social Security-covered pension. In the example shown in **Table 4**, in which comparable spouses each receive a \$900 retirement benefit based on their own work histories, applying the dual entitlement provision's 100% offset results in a \$100 monthly Social Security spousal benefit for Mary. Comparatively, Mary qualifies for a \$400 spousal benefit under the GPO's two-thirds offset.

## Parity Among Social Security-Covered Workers and Noncovered Workers

The majority of state and local government workers, and federal employees hired since 1984, are covered by Social Security. Some argue that eliminating the GPO would be unfair to government employees in Social Security-covered positions, who would continue to be subject to the dual entitlement provision. As discussed above, for those under dual entitlement, the Social Security spousal benefit is reduced by one dollar for every dollar of Social Security retirement benefits based on their own work history in Social Security-covered employment. For those under the GPO, however, the Social Security spousal benefit is reduced by approximately 67 cents for every dollar of a pension from noncovered government employment.

## Impact on Low-Income Workers

There is disagreement about the original intention of the GPO, which was enacted in 1977. Some argue that the original purpose was to prevent higher-paid workers from reaping overly generous

---

<sup>25</sup> The WEP reduces Social Security benefits that a person receives as a worker if he or she also has a government pension based on work that was not covered by Social Security.

<sup>26</sup> SSA at <http://www.ssa.gov/myaccount/>.

<sup>27</sup> The SSA plan to increase the number of individuals receiving *Social Security Statements*, March 2014, <http://www.ssa.gov/legislation/Social%20Security%20Statement%20Plan.pdf>. Starting January 2017, paper statements were sent to people aged 60 and over, who are not getting benefits and do not have an online Social Security account. See <https://blog.ssa.gov/finding-value-and-my-social-security-in-light-of-budget-cuts/>. In 2019, S. 2989 and H.R. 5306 (Know Your Social Security Act) were introduced to direct SSA to provide statements by mail unless the individual chooses electronic delivery.

spousal benefits. Others contest this, saying that the GPO was never targeted to a particular income group.

The GPO's opponents argue that the provision hurts lower- and middle-income workers, such as teachers, and in some circumstances throws these workers into poverty. Opponents also say that the GPO is especially disadvantageous for surviving spouses.

Evidence of the GPO's effect on low earners comes from SSA data on the program.<sup>28</sup> While 72% of those affected by the GPO have their benefits fully offset (December 2019), about 20% of those with noncovered pensions of less than \$1,000 per month had their benefits fully offset, compared with 66% of those with monthly noncovered pensions between \$1,001 and \$1,999, 91% of those between \$2,000 and \$2,999, and nearly 100% of individuals with noncovered pensions over \$3,000 per month.<sup>29</sup> Among the group of individuals whose benefits were completely eliminated by the GPO, about 6% of this group had a noncovered pension amount lower than \$1,000 per month.<sup>30</sup> And among the beneficiaries who received some Social Security spousal benefit after GPO reduction (partially offset), about 62% of them had a noncovered government pension amount less than \$1,000 per month, and almost 100% of them had a noncovered government pension amount less than \$3,000 per month.<sup>31</sup> Thus, if the noncovered pension amount is a reflection of the approximate earnings levels of individuals affected by the GPO, a greater percentage of those with lower earnings receive at least a partial Social Security benefit relative to the overall GPO-affected population.

Regarding concerns about pushing those affected by the GPO into poverty, in 2001, the poverty rate among those affected by the GPO was approximately 6.0%, whereas the poverty rate for those affected by the dual entitlement rule was approximately 8.9%.<sup>32</sup> The poverty rate for all

---

<sup>28</sup> How an individual would be affected by the GPO versus the dual entitlement rule is determined by several key variables, including the relative earnings level of the individual, the timing of the worker's noncovered employment during his or her career, and the number of years in noncovered employment. The primary difference between outcomes among high and low earners is driven by the fact that a worker's Social Security benefit (the basis for the dual entitlement offset, which reduces the spousal benefit by 100% of this amount) is progressive, while pensions from noncovered government employment (the basis for the GPO reduction, which reduces spousal benefits by two-thirds of this amount) generally provide a pension that is the same fixed percentage of earnings regardless of the earnings level. As earnings rise, if the earnings are from noncovered employment then the pension from this employment rises proportionately; if the earnings are from covered employment, then the Social Security benefit, which is progressive, rises less than proportionately. Hence for high earners, the GPO offset to spousal benefits, which is two-thirds of noncovered pensions and which rises proportionately as income rises, becomes more significant than the dual-entitlement offset to spousal benefits, which involves a 100% offset to the Social Security benefit and which rises more slowly as income rises. In general, any combination of variables (such as earnings level, timing of noncovered employment, or number of years in noncovered employment) that increases the size of the noncovered government pension more than it increases the size of the Social Security benefit (assuming the same earnings were covered by Social Security) would make the dual entitlement rule more advantageous to an individual than the GPO.

<sup>29</sup> CRS calculations based on data provided by SSA's ORES, unpublished Table I, December 2019. The sample is limited to those beneficiaries for which the offset amount is available.

<sup>30</sup> CRS calculations based on data provided by SSA's ORES, unpublished Table I, December 2019. The sample is limited to those beneficiaries for which the offset amount is available.

<sup>31</sup> CRS calculations based on data provided by SSA's ORES, unpublished Table I, December 2019. The sample is limited to those beneficiaries for which the offset amount is available.

<sup>32</sup> Poverty rates were calculated by David Weaver, SSA's Office of Retirement Policy, using the March 2001 Current Population Survey (CPS). Poverty status is taken directly from the CPS and is thus subject to errors in the reporting of income. The sample for the GPO and dually entitled poverty rates only includes persons for whom SSA administrative records could be matched. The sample size for the GPO poverty rate is relatively small (130 cases). Poverty rates for the Social Security beneficiary population aged 65 and over and for the general population do not require matched data and are based completely on CPS data. Updated data for this comparison are not available.

Social Security beneficiaries aged 65 and older was about 8.5%. For comparison purposes, the poverty rate for the general population at that time was approximately 11.3%.

## **Imprecision of the Two-Thirds Offset to Noncovered Government Pensions**

Opponents point out that whatever the rationale for the GPO, reducing everyone's spousal or widow(er)'s benefit by two-thirds of their government pension is an imprecise way to estimate what the spousal benefit would have been if the government job had been covered by Social Security. If two-thirds of the government pension were in fact a good proxy for Social Security retirement benefits, there would be no significant difference in outcomes between the dual entitlement rule and the GPO. As noted above (see the previous section, "Impact on Low-Income Workers"), however, there is great variation in outcomes. The GPO may lead to a smaller offset relative to the dual entitlement rule for low earners than for high earners.

Ideally, opponents argue, the way to compute the offset to replicate the dual entitlement rule would be to apply the Social Security benefit formula to a spouse's total earnings, including the noncovered portion, and reduce the resulting Social Security spousal benefit by the proportion of total earnings attributable to noncovered earnings. All covered and noncovered earnings have been reported to SSA on Form W-2 since 1978.<sup>33</sup> Although some initial records were incomplete or duplicative, sufficient earnings records over a worker's entire working life are now available to SSA. This data's availability means that the offset based on both spouses' covered and noncovered earnings is now an option for Congress to consider.<sup>34</sup>

## **Applying the GPO to Government Versus Private Pensions**

Some question why the GPO does not apply to the spousal benefits received by private-sector workers' spouses, who may receive private, employer-sponsored pensions (defined benefit or defined contribution) in addition to Social Security benefits. Generally, the private-sector employment on which the private pension is based would be covered by Social Security. Therefore, the dual entitlement rule (which the GPO is meant to replicate) would instead reduce any Social Security spousal benefits for which a beneficiary might be eligible. As noted earlier, in many cases the dual entitlement rule would produce a higher reduction in spousal benefits than does the GPO.

## **Cost of Eliminating the GPO**

Some argue that weakening or eliminating the GPO would be costly at a time when neither Social Security nor the federal budget is in sound financial condition. In 2007, SSA projected the 10-year cost of repealing the GPO to be about \$42 billion.<sup>35</sup> In 2016, SSA estimated that it may cost

---

<sup>33</sup> Anya Olsen and Russell Hudson, "Social Security Administration's Master Earnings File: Background Information," 2009, *Social Security Bulletin*, vol. 69, no. 3, at <https://www.ssa.gov/policy/docs/ssb/v69n3/v69n3p29.html>.

<sup>34</sup> The President's Budget for FY2017 included a proposal to modify the GPO based on both spouses' covered and noncovered earnings. For more information, see [https://www.ssa.gov/legislation/testimony\\_032216.html](https://www.ssa.gov/legislation/testimony_032216.html).

<sup>35</sup> SSA, Memorandum from Bert M. Kestenbaum and Tim Zayatz of the Office of the Chief Actuary, "Estimated Additional OASDI Benefit Payments Resulting From Several Proposals to Modify the Windfall Elimination Provision and the Government Pension Offset—INFORMATION," October 26, 2007. SSA has not published a more recent estimate.



about 0.06% of present-law taxable payroll to eliminate the GPO.<sup>36</sup> Such a move could also lead to demands for repeal of the dual entitlement rule to ensure parallel treatment for those working in Social Security-covered employment. In 2003, SSA estimated that eliminating the dual entitlement rule would cost approximately \$500 billion over a five-year period.<sup>37</sup>

## The GPO Last-Day Rule

A burgeoning controversy arose in the 108<sup>th</sup> Congress with the revelation that a growing number of state and local government workers had been making use of a little-known provision of the law that allowed them to escape the application of the GPO if they switched jobs at the very end of their government careers. That provision granted an exception to the GPO if, on the last day of one's government service, he or she worked in a Social Security-covered position. On August 15, 2002, the Government Accountability Office (GAO) released a report that found that, as of June 2002, 4,819 individuals in Texas and Georgia had switched to Social Security-covered positions to avoid having the GPO applied to their Social Security spousal benefits. The GAO projected that the cost to the program for these cases could be about \$450 million.<sup>38</sup>

On February 11, 2004, the House of Representatives agreed to Senate amendments and passed H.R. 743, the Social Security Protection Act of 2003, which became P.L. 108-203.<sup>39</sup> As discussed below, P.L. 108-203 eliminated the last-day exception clause by requiring those workers switching from noncovered positions to Social Security-covered positions to work in the covered position for at least 60 months (five years) before being exempt from the GPO.<sup>40</sup> The new GPO provision became effective for Social Security spousal benefit applications filed after March 31, 2004.

## How Does the Last-Day Rule Affect Exemption from the GPO?

Current Social Security beneficiaries who are receiving spousal benefits and are exempt from the GPO because they retired from their noncovered positions in government under the last-day rule would continue to be exempt from the GPO. Individuals may still be exempt from the GPO under the following conditions:

- *They applied for Social Security spousal benefits before April 1, 2004, and work their last day in a Social Security-covered position within the same retirement system.* In this case, an individual who received a Social Security spousal benefit before April 1, 2004, could continue to work in a noncovered position and still make use of the last-day rule when he retires from government employment, regardless of when the retirement occurs.
- *Their last day of government service occurred before July 1, 2004, and they worked their last day in a Social Security-covered position within the same*

<sup>36</sup> SSA, Office of Chief Actuary, informal estimate in 2016.

<sup>37</sup> SSA, Memorandum from Bert Kestenbaum of the Office of the Chief Actuary, "Estimated Additional OASDI Benefit Payments from Proposals to Eliminate or Change the Dual-Entitlement Offset Provision—INFORMATION," April 17, 2003. SSA has not published a more recent estimate.

<sup>38</sup> General Accounting Office (now called Government Accountability Office), Report GAO-02-950, *Revision to the Government Pension Offset Exemption Should Be Reconsidered*, August 15, 2002.

<sup>39</sup> For more information on H.R. 743, see SSA's legislative bulletin on P.L. 108-203, [http://www.socialsecurity.gov/legislation/legis\\_bulletin\\_030404.html](http://www.socialsecurity.gov/legislation/legis_bulletin_030404.html).

<sup>40</sup> This five-year period for GPO exemption is consistent with that required of federal employees converting from CSRS to FERS.

- *retirement system.* In other words, if a worker switched from noncovered government work to Social Security-covered work for her last day of work within the same retirement system, she is exempt from the GPO, even if she files for Social Security benefits at a later date. However, if a worker returns to work in a noncovered position in the same retirement system that she previously retired from and new contributions are made by either the employee or employer to the noncovered pension system, her last-day exemption from the GPO will be revoked and she will be subject to the new 60-month requirement for exemption from the GPO.
- *Their last day of government service occurs on or after July 1, 2004, and before March 2, 2009, and they work a total of 60 months in a Social Security-covered position within the same retirement system.* The required 60-month period of Social Security-covered employment would be reduced by the number of months the worker performed in Social Security-covered employment under the same retirement system prior to March 2, 2004. However, in no case can the 60-month requirement be reduced to less than one month. For example, a teacher who is currently working in a noncovered position but who previously worked for 12 months in a Social Security-covered position under the same retirement system would have the 60-month requirement reduced to 48 months. The remaining months to be worked (in this case 48 months), must be worked consecutively and after March 2, 2004. Thus, if he switched to a covered position *in the same retirement system* as his prior government work for at least the final 48-month period of his employment *and* his last day of employment was before March 2, 2009, he would be exempt from the GPO.
- *Their last day of government service occurs after March 3, 2009, and they work their last 60 months in a Social Security-covered position within the same retirement system.*

All other individuals receiving government pensions based on noncovered employment would be subject to reductions in Social Security spousal benefits under the GPO.

## Author Contact Information

Zhe Li  
Analyst in Social Policy  
#redacted#@crs.gov

# EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.