

Program Letter

United States
Railroad Retirement Board
Office of Programs



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Date: January 28, 2025

TO: **Retirement Contact Officials**

SUBJECT: **Social Security Fairness Act Ends Reduction of Public Service Pension Offset and Non-Covered Service Pension Reduction**

Please distribute this notice to all individuals within your organization who may need the information in connection with their retirement.

The Social Security Fairness Act, signed by the President on January 5, 2025, will end two statutory reductions for railroad retirees, their spouses, and survivors who are receiving public pensions from work not covered by social security. In cases where the reductions applied, the U.S. Railroad Retirement Board (RRB) reduced the tier-I amount of the individual's railroad retirement annuity, which is a social security equivalent benefit, due to receipt of such a pension.

The two repealed provisions are known as the non-covered service pension (NCSP) reduction, which affected railroad employees, and the public service pension (PSP) offset, which applied to spouses, divorced spouses, and widows/widowers. In the new law, these reductions are known as the windfall elimination provision (WEP) and the government pension offset (GPO).

The NCSP reduction and PSP offset, enacted in 1983 and 1977 respectively, were intended to equalize social security benefit formulas for workers and their spouses with similar earnings histories regardless of whether social security taxes were paid on those earnings. The NCSP reduction reduced the individual's primary insurance amount (PIA), which is calculated based on the individual's lifetime earnings and determines the monthly tier-I annuity amount. The PSP offset reduced the tier-I annuity for spouses or widow(er)s by two-thirds of the gross public pension amount payable to the spouse or widow(er).

The repeal of these provisions means that individuals who were previously affected by these reductions will retroactively have their full tier-I benefit amount restored for months after December 2023, the effective date of the repeal, and for future monthly benefit payments.

Individuals who were affected by the NCSP reduction are those with less than 30 years of coverage and who also receive a public service pension for work not covered by social security. This commonly includes teachers, police officers, and other local government employees, as well as some federal employees hired before December 31, 1983, the effective date of the NCSP reduction. Military service pensions, payments by the Department of Veterans Affairs, and certain benefits

payable by a foreign government covered by a totalization agreement with the United States did not trigger a NCSP reduction, and individuals who receive these types of payments will not see any change to their benefits as a result of the repeal.

Individuals affected by the PSP offset include railroad spouses and widow(er)s who were not covered by social security during the last 60 months of employment with the pension-paying government entity and were receiving a public pension that is based on their own earnings. Railroad spouses and widow(er)s whose public employment was covered by social security (including federal employees hired after December 31, 1983) and those who are receiving a public pension not based on their own earnings were not affected by the PSP offset and will not see any change to their benefits due to the repeal.

It should be noted that the Social Security Fairness Act does not impact any of the existing laws requiring offset of railroad retirement annuities for any social security benefit, public disability benefit, or workers' compensation received. As a result, if an annuitant is receiving both an RRB and social security benefit, the tier I amount will continue to be offset by the social security benefit.

The RRB will need to make significant programming changes to implement this new law, which will delay calculation and payment of any retroactive amounts, as well as calculations on new annuity applications. Annuitants should monitor RRB.gov/SSFActFAQ for information on progress related to implementation. No action is required by those affected by this law unless they have moved or changed banking information, in which case they can report the new information by calling the RRB's toll-free number at [\(877\) 772-5772](tel:877-772-5772).