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# ***Social Security Beneficiaries Affected by the Windfall Elimination Provision in 2006***

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## **Summary**

The Windfall Elimination Provision (WEP) is an alternative method of computing benefits for some workers who receive a pension based on work not covered by Social Security. The WEP computation results in a lower benefit than the worker would receive under the regular computation method. This article provides a brief legislative history, describes the WEP computation and applicability, and presents statistical data about beneficiaries affected by the WEP.

The statistical data show that, as of the end of December 2006:

- About 970,000 beneficiaries, mainly retired workers, were affected by the WEP, and the WEP affected the benefits of almost 3 percent of all retired workers.
- Almost half of the retired workers affected by the WEP received a federal pension, and another 36 percent received either a state or local pension.
- Sixty-five percent of both retired and disabled workers affected by the WEP were men.

## ***History of the Windfall Elimination Provision (WEP)***

The regular Social Security benefit computation formula is weighted to provide a higher

replacement of earnings for workers with low earnings. Most employment and self-employment in the United States is covered by Social Security. Workers and their employers pay taxes up to an annual maximum amount, and the earnings are creditable for Social Security purposes.

Before the WEP was enacted, individuals who had worked mainly in employment not covered by Social Security had their benefits computed as if they were long term low-wage earners. The WEP prevents this unintended windfall for workers who receive a pension from a job where they did not pay Social Security taxes, but who benefited from provisions aimed at low lifetime earners. Examples of pensions from noncovered employment are Civil Service Retirement pensions payable to federal employees hired before 1984, state and local government pensions based on noncovered earnings, and certain pensions from earnings in foreign countries.

The Windfall Elimination Provision was one of the many legislative changes included in the Social Security Amendments of 1983 (Public Law 98-21). Major provisions of this legislation included gradually raising the retirement age and making a portion of Social Security benefits received by higher income beneficiaries subject to income taxes. The amendments

also provided for mandatory Social Security coverage of newly hired federal employees and current and future employees of nonprofit organizations (Svahn and Ross 1983, 24–27).

Prior to Congressional action, the issue of windfall benefits payable to persons with noncovered employment was considered in two bipartisan national Social Security study commissions. The National Commission on Social Security issued its report on March 12, 1981. One of its recommendations was that “the windfall portion of benefits arising from periods of noncovered government employment in the future (due to the weighted benefit formula) should be eliminated” (National Commission on Social Security 1981, 26).

The WEP was also on the agenda of the later National Commission on Social Security Reform (NCSSR). The commission’s report, released in January 1983, recommended “that the method of computing benefits should be revised for persons who first become eligible for pensions from non-covered employment, after 1983, so as to eliminate ‘wind-fall’ benefits.” The report included two methods of modifying the windfall. One method would make the percentage related to the second bendpoint of the primary insurance amount (PIA) formula applicable to the first bendpoint (32 percent instead of 90 percent) for workers with noncovered pensions. The reduction in benefits would not be larger than the pension from noncovered employment. The second method would apply the current benefit formula to a record that combines both covered and noncovered earnings to determine a replacement rate, which would then be applied to the average earnings based solely on covered employment (NCSSR 1983, 2-9–2-10).

In February 1983, the Social Security Subcommittee of the House Ways and Means Committee completed markup sessions on a draft bill. The subcommittee agreed with the first NCSSR approach to modify the benefit formula on advice that the second method would pose significant administrative problems, and that generally similar results could be achieved by reducing the percentage in the first bendpoint (Svahn and Ross 1983, 10).

After further action in both the House of Representatives and Senate, the conference committee agreement substituted 40 percent for 32 percent as the percentage applicable to the first bendpoint, provided for the 5 year phase-in period, and exempted newly

covered employees and those with 30 years of covered work (Committee on Ways and Means 1983, 121). These WEP provisions were included in the legislation signed by President Ronald Reagan on April 21, 1983.

### ***The WEP Computation***

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Social Security benefits are based on the PIA, which is the monthly benefit payable to the worker upon retirement at full retirement age or upon entitlement to disability benefits. The PIA is derived from the worker’s average indexed monthly earnings (AIME). The AIME is based on annual covered earnings that have been indexed to reflect changes in wage levels since the year the earnings were paid. The indexed earnings are then averaged over most of the worker’s adult years to determine the AIME.

After the AIME has been determined, the PIA is computed by applying a formula to the AIME. The formula applies three percentages to three brackets of the AIME. The formula is weighted to provide a higher PIA to the AIME ratio for workers with relatively low earnings by applying declining percentage rates to the three AIME brackets. The dollar amounts defining the AIME brackets are referred to as bendpoints and are updated each year in proportion to increases in the national average wage level. For workers who first became eligible for benefits—those who reach age 62 or become disabled—in 2006, the PIA is equal to the sum of:

- 90 percent of the first \$656 of AIME, plus
- 32 percent of the next \$3,299 of AIME, plus
- 15 percent of the AIME over \$3,955.

The PIA is the monthly amount payable at full retirement age (FRA)—age 66—for workers who attained age 62 in 2006. Retirement benefits are reduced for each month of benefit receipt before the FRA. Disabled workers may receive 100 percent of the PIA, unless they receive a reduced retirement benefit for months before disability entitlement (SSA 2007a, 14–17).

The WEP computation for the PIA generally applies 40 percent to the first bendpoint instead of the 90 percent used to compute the regular PIA. The maximum amount of PIA reduction is half of the amount of the first bendpoint applicable to the year of first eligibility. The following example shows the maximum PIA reduction due to the WEP for a worker who attains age 62 or becomes disabled in 2006:

Regular PIA, based on AIME of \$800

$$\$656 \times .90 = \$590.40$$

$$\$144 \times .32 = \$46.08$$

$$\text{Regular PIA} = \$636.40$$

Windfall Elimination Provision PIA, based on AIME of \$800

$$\$656 \times .40 = \$262.40$$

$$\$144 \times .32 = \$46.08$$

$$\text{WEP PIA} = \$308.40$$

After the calculation, the PIA is rounded down to the nearest \$0.10. The maximum PIA reduction due to the WEP is \$328, one-half of the first bendpoint of \$656.

### ***WEP Applicability***

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The WEP computation reduces the PIA for some retired and disabled workers and their spouses and children. It is the PIA of record. However, the WEP computation does not apply to survivor benefits. If a worker dies, benefits for widow(er)s and children are based on the regular PIA.

The WEP may apply to workers who attained age 62 or became eligible for disability benefits after 1985 and became eligible after 1985 for a pension based in whole or in part on earnings in employment not covered by Social Security. Workers who have 30 or more years of substantial earnings covered under Social Security are exempt from the WEP. The annual amount of substantial earnings is based on a formula and is updated each year based on the increase in the national average wage level. The formula for substantial earnings is 25 percent of the old law's contribution and benefit base, the amount that would have determined maximum taxable earnings for benefit computation purposes had the 1977 Social Security Amendments (which included ad hoc increases in the maximum taxable earnings) not been enacted. Amounts of substantial covered earnings were \$11,625 for 1996 and \$17,475 for 2006 (SSA 2007c, 2). These amounts are 25 percent of the old law's base amounts of \$46,500 and \$69,900, respectively.

Benefits for workers with 21–29 years of substantial covered earnings are not fully impacted by the WEP. The 40 percent applicable to the first bendpoint percentage is increased by 5 percentage points for each year of substantial covered earnings beginning with the 21st year and through the 30th year, at which point the WEP no longer applies. The first bendpoint per-

centage ranges from 45 percent for workers with 21 years of substantial covered earnings to 85 percent for workers with 29 years (SSA 2007a, 16).

There is a guarantee provision for workers with relatively low pensions based on noncovered employment. The reduction in the Social Security benefit due to the WEP cannot exceed one-half of the amount of the pension based on noncovered earnings after 1956 (SSA 2007c, 2).

The WEP was phased in for workers first eligible for retirement or disability insurance in 1986 through 1989. For those first eligible in 1986 and subject to the WEP, the applicable first bendpoint percentage was 80 percent. The percentage decreased by 10 percentage points each year for those first eligible in 1987–1989 and reached 40 percent for those first eligible in 1990 or later (SSA 2007a, Table 2.A11.1).

The WEP does not apply to two groups of employees whose Social Security coverage was mandated in 1984—federal employees who were first hired after December 31, 1983, and certain employees of nonprofit organizations who started employment on December 31, 1983. Other WEP exceptions include pensions based on railroad employment, pensions based solely on noncovered employment before 1957, and certain pensions paid as a result of totalization agreements between the United States and foreign countries (SSA 2007c, 2).

### ***Beneficiaries Affected by the WEP***

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The following sections present statistical data on beneficiaries affected by the WEP who were in current-payment status as of December 2006. The beneficiary statistical data were derived from the Social Security Administration's Master Beneficiary Record (MBR). The MBR is the principal file used in the administration of the Social Security benefit program. The data show demographic and program characteristics of those affected, information on pensions and years of coverage, and effects of the WEP on the PIA and monthly benefits.

#### ***Demographic and Program Characteristics***

At the end of 2006, 971,310 beneficiaries were affected by the WEP. Ninety percent were retired workers. Another 2 percent were disabled workers, and the remaining 8 percent were spouses and children of affected workers (Table 1). From 1999 to 2006 the number of affected beneficiaries more than doubled. Although small numbers of disabled workers

are affected by the WEP, the percentage increase was slightly higher for these workers (137 percent) than for retired workers (110 percent) during this period.

About 65 percent of both retired and disabled workers affected by the WEP were men. The WEP affected the benefits of 3.6 percent of all men receiving retired-worker benefits, compared with 2.0 percent of all women (Table 2).

The WEP affected the benefits of about 4 percent of retired workers under age 75, but only 2.3 percent of those aged 75–79 and 0.3 percent of those aged 80 or older. The WEP did not apply to persons first eligible for benefits prior to 1986.

Also, those first eligible after 1985 were affected only if they were entitled to a noncovered pension that began after 1985. Thus, fewer older beneficiaries were affected by the WEP.

Tables 3 and 4 present state-by-state breakdowns of beneficiaries affected by the WEP. In some states, the percentage of retired workers affected by the WEP was substantially higher than the national figure of 2.8 percent. More than one-tenth of the retired workers in Alaska and the District of Columbia were affected as well as about 5 percent of those in Colorado, Maine, Maryland, Nevada, and Ohio. The percentages are higher in these states because they had either many federal employees or low percentages of state and local employees who were covered by Social Security. In both 1991 and 2001, less than 50 percent of state and local workers in Alaska, California, Colorado, Maine, Louisiana, Massachusetts, Nevada, and Ohio were covered by Social Security. (Committee on Ways and Means 1996, 10–11 and 2004, 1-43–1-44).

Because of the small number of disabled workers affected by the WEP, percentages affected in each state are not presented.

### ***Pensions and Years of Coverage***

Table 5 shows the sources of pensions for retired and disabled workers affected by the WEP. Almost half of the retired workers and over two-fifths of the disabled workers received federal pensions. The percentages of retired and disabled workers receiving state and local pensions were similar, 36 percent and 38 percent, respectively.

Almost three-fourths of workers affected by the WEP had fewer than 21 years of substantial covered earnings (Table 6). Thus, almost three-quarters of the workers were subject to the maximum PIA reduction—50 percent of the first bendpoint, unless they

were covered by the WEP guarantee. Another 10 percent had 21–24 years, and about 8 percent had 25–29 years. Retired and disabled workers had similar distributions of years of covered earnings, but women tended to have fewer years than men.

Table 7 shows distributions of the monthly non-covered pension amount for workers affected by the WEP who became entitled to Social Security benefits in 2004–2006. These years were selected to provide fairly current data on pensions. For beneficiaries entitled in these years, higher percentages of disabled workers and women received lower pensions. About two-thirds of disabled workers received monthly noncovered pensions of less than \$2,000, compared with 45 percent of retired workers. About two-thirds of women, compared with one-third of men received less than \$2,000 per month.

Table 8 relates the amount of the monthly non-covered pension to the primary insurance amount for recently entitled retired workers who were affected by the WEP. Since persons affected by the WEP had many years in noncovered employment, PIAs tended to be low. The years of zero Social Security earnings were included in the computation of the AIME, resulting in a lower PIA, which is further reduced by the WEP.

Overall, about 33 percent of the men and 44 percent of the women in this group had PIAs of less than \$300 per month. However, only 11 percent of the men and 32 percent of the women with noncovered pensions of less than \$1,000 had PIAs under \$300. Some workers with the lowest noncovered pension had fewer years of noncovered employment and more years of covered employment and thus were able to earn higher PIAs.

### ***Effect of the WEP on the PIA***

For about 87 percent of the affected workers, there was enough information to estimate the PIA before application of the WEP. The application of the WEP substantially reduced the PIAs of both retired and disabled workers. For retired workers, the reduction in the PIA averaged \$246 or 35 percent of the PIA before application of the WEP (Table 9). Among disabled workers, the PIA reduction averaged \$262 or 30 percent of the PIA before the WEP (Table 10).

The maximum reduction in the PIA due to the WEP depends on the year of first eligibility for benefits and was \$328 for workers first eligible in 2006. Among retired workers aged 62–64, the estimated reduction in the PIA was \$273. As noted in Table 6, almost three-quarters of retired workers affected by the WEP had

fewer than 21 years of substantial covered earnings and could be subject to the maximum PIA reduction. However, the PIA reduction averaged only \$119 or 18 percent for retired workers aged 80 or older (Table 9). These individuals were first eligible for benefits prior to 1989 and, thus, were affected by the gradual phase in of the WEP reduction (as discussed above).

Among retired and disabled workers affected by the WEP, average PIAs before the WEP reduction were lower than average PIAs for all workers in these groups. For affected retired workers, the average PIA before application of the WEP was \$706, compared with \$1,072 for all retired workers receiving benefits at the end of 2006 (Table 9) (SSA 2008, Table 5.B7). Comparable figures for disabled workers were \$882 and \$979, respectively (Table 10) (SSA 2008, Table 5.E1).

### ***Benefit Amounts for Retired Workers***

Retired workers receive the full PIA if they begin receiving benefits at the FRA. Monthly benefits are permanently reduced for each month of entitlement before the FRA. The maximum reduction for workers who attained age 62 before 2000 was 20 percent and is gradually increasing along with the FRA (SSA 2007a, Table 2.A17.1). The maximum reduction for workers who attained age 62 in 2006 is 25 percent, based on a FRA of 66.

The monthly benefit for retired workers is increased if the worker is dually entitled to a higher benefit as a spouse or widow(er). This worker receives the amount of the worker benefit plus the difference between that amount and the benefit he or she would receive as a spouse or widow(er). A beneficiary cannot receive both the full worker benefit and the full spouse or widow(er) benefit.

Table 11 shows average PIAs and monthly benefits for all retired workers affected by the WEP. The PIA is the amount after application of the WEP. The average benefit for those affected by the WEP—\$431 (Table 11)—was much lower than average benefits for all retired workers receiving benefits—\$1,044 (SSA 2008, Table 5A.1.1).

For men affected by the WEP, monthly benefits averaged \$443 and PIAs averaged \$500. Average benefits were lower than average PIAs for all age groups, reflecting a number of early retirements. Since the benefits for all men aged 62–64 were reduced for early retirement, the average benefit of \$364 was only 77 percent of the average PIA of \$473.

The average benefit for all women affected by the WEP (\$408) was higher than the average PIA (\$391). For women aged 75 or older, the average benefit was about 26 percent higher than the average PIA. About 51,000 women, one-sixth of those affected by the WEP, were dually entitled to a spouse or widow benefit. In contrast, only 2,400 men were dually entitled (Table 12). Benefits averaged \$664 for dually entitled women and \$616 for dually entitled men affected by the WEP.

For some of the dually entitled beneficiaries affected by the WEP, the amount of the spouse or widow(er) portion of the benefit may have been reduced due to the Government Pension Offset (GPO) provision. The GPO provision also affects the benefits of persons who work in noncovered employment. The WEP affects the worker benefit, and the GPO affects the spouse and widow(er) benefits of persons who receive a pension based on their own work in noncovered government employment. Thus, persons who work in noncovered employment can have their worker benefit reduced due to the WEP and their spousal or widow(er) benefit offset by the GPO. Unless certain exceptions apply, the spousal or widow(er) benefit is generally reduced by two-thirds of the noncovered pension (SSA 2007b). The GPO could completely offset the spousal or widow(er) portion of the benefit, and, thus, the retired worker would not be counted as dually entitled in Table 12.

### ***Conclusion***

The WEP was enacted to prevent a windfall for workers who receive a pension from a job where they did not pay Social Security taxes, but would benefit from provisions aimed at low earners. The impact of the WEP is as intended: it helps to ensure that workers with pensions from noncovered employment do not receive the advantage of the weighted benefit formula that is intended for career-long low earners.

The number of beneficiaries affected by the WEP has been increasing and should continue to increase as the baby-boom generation retires. Certain advocacy groups and individuals affected by the WEP have raised concerns about the WEP, arguing that it unfairly targets public employees who are low earners or have careers split between covered and noncovered employment. In response, during the past several Congressional sessions, bills were introduced to eliminate or modify the WEP:

- The Social Security Fairness Act of 2007 (H. R. 82 and S. 206) would repeal the Windfall Elimination Provision and also the Government Pension Offset Provision for monthly benefits payable after December 2007.
- The Windfall Elimination Provision Relief Act of 2007 (H. R. 726) would combine amounts of the monthly noncovered pension and the worker's monthly PIA and apply less stringent WEP provisions for smaller combined income amounts.<sup>1</sup>
- The Public Servant Retirement Protection Act of 2007 (H. R. 2772 and S. 1647) would repeal the current WEP provisions and substitute a new PIA formula based on the proportion of earnings in Social Security covered employment to the total earnings in both covered and noncovered employment.<sup>2</sup>

## Notes

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<sup>1</sup> The WEP would be eliminated for individuals with a combined amount of \$2,500, would be phased in gradually for those with monthly amounts between \$2,500 and \$3,334, and would apply fully for the combined amount of \$3,335 or more. The dollar threshold amounts would be indexed to annual increases in the average wage.

<sup>2</sup> This new method would apply to those who first perform noncovered employment one year after enactment or to persons who performed covered employment before that time and would benefit by the provision.

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**Table 1.****Number of beneficiaries with benefits affected by the WEP in current-payment status, by sex and type of benefit, December 1999–2006**

Year	Total	Retired workers		Disabled workers		Spouses and children
		Men	Women	Men	Women	
1999	469,602	279,550	138,034	4,002	1,941	46,075
2000	553,059	330,277	162,568	4,549	2,209	53,456
2001	621,247	370,647	183,957	5,134	2,624	58,885
2002	689,980	410,456	206,542	5,820	2,989	64,173
2003	757,930	449,207	230,523	6,647	3,416	68,137
2004	829,735	489,550	256,282	7,523	3,918	72,462
2005	902,794	531,113	282,372	8,495	4,422	76,392
2006	971,310	570,000	308,099	9,202	4,856	79,153

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: WEP = Windfall Elimination Provision.

**Table 2.****Number of retired-worker and disabled-worker beneficiaries with benefits affected by the WEP and percent of total affected, by sex, age, and type of beneficiary, in current-payment status, December 2006**

Type of beneficiary	Number affected by the WEP (in thousands)	Total number receiving benefits (in thousands)	Percentage of total affected by the WEP
All workers	892,157	37,783,061	2.4
Retired workers, total	878,099	30,976,143	2.8
Sex			
Men	570,000	15,869,182	3.6
Women	308,099	15,106,961	2.0
Age			
62–64	119,806	2,840,334	4.2
65–69	327,743	8,098,996	4.0
70–74	276,263	6,833,648	4.0
75–79	128,245	5,581,592	2.3
80 or older	26,042	7,621,573	0.3
Disabled workers, total	14,058	6,806,918	0.2
Sex			
Men	9,202	3,643,121	0.3
Women	4,856	3,163,797	0.2
Age			
Under 50	798	2,318,440	a
50–54	1,323	1,176,128	0.1
55–59	4,099	1,516,025	0.3
60–65	7,838	1,796,325	0.4

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: WEP = Windfall Elimination Provision.

a. Less than 0.05 percent

**Table 3.**  
**Number of beneficiaries in current-payment status with benefits affected by the WEP, by state and type of benefit, December 2006**

State	Total	Retired workers	Disabled workers	Spouses and children
All areas	971,310	878,099	14,058	79,153
Alabama	13,477	11,912	261	1,304
Alaska	4,600	4,270	80	250
Arizona	17,579	15,978	296	1,305
Arkansas	7,788	7,010	200	578
California	120,458	109,715	1,588	9,155
Colorado	27,957	25,669	316	1,972
Connecticut	8,742	8,199	134	409
Delaware	2,191	1,994	52	145
District of Columbia	5,995	5,629	108	258
Florida	56,471	51,346	712	4,413
Georgia	27,497	25,361	380	1,756
Hawaii	6,214	5,580	86	548
Idaho	4,147	3,750	60	337
Illinois	49,565	46,288	506	2,771
Indiana	9,805	8,847	216	742
Iowa	5,712	5,254	64	394
Kansas	6,100	5,564	98	438
Kentucky	12,283	11,109	268	906
Louisiana	18,299	16,090	443	1,766
Maine	8,644	7,908	143	593
Maryland	30,674	28,247	428	1,999
Massachusetts	32,140	30,165	471	1,504
Michigan	12,139	10,930	221	988
Minnesota	12,114	11,206	133	775
Mississippi	6,624	5,906	146	572
Missouri	20,342	18,832	330	1,180
Montana	3,545	3,188	62	295
Nebraska	3,664	3,376	41	247
Nevada	12,230	11,401	181	648
New Hampshire	4,326	3,959	91	276
New Jersey	14,984	13,621	289	1,074
New Mexico	8,428	7,362	162	904
New York	21,889	19,854	363	1,672
North Carolina	17,855	16,321	300	1,234
North Dakota	1,810	1,641	14	155
Ohio	70,599	64,752	876	4,971
Oklahoma	12,397	11,068	259	1,070
Oregon	9,643	8,788	137	718
Pennsylvania	23,640	21,284	482	1,874
Rhode Island	3,017	2,757	71	189

(Continued)

**Table 3.**  
**Continued**

State	Total	Retired worker	Disabled worker	Spouses and children
South Carolina	11,114	10,075	169	870
South Dakota	2,645	2,437	33	175
Tennessee	12,642	11,371	176	1,095
Texas	80,990	73,749	1,054	6,187
Utah	8,556	7,607	124	825
Vermont	1,715	1,559	22	134
Virginia	32,442	29,325	412	2,705
Washington	18,575	16,486	289	1,800
West Virginia	4,305	3,762	105	438
Wisconsin	8,028	7,418	99	511
Wyoming	1,620	1,483	23	114
Outlying areas and foreign countries	53,094	40,696	484	11,914

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: WEP = Windfall Elimination Provision.

**Table 4.**  
**Number of retired workers in current-payment status with benefits affected by the WEP,**  
**by state, December 2006**

State or area	Total number of retired workers receiving benefits <sup>a</sup>	Number of retired workers affected by WEP	Percentage of total affected by WEP
All Areas	30,976,145	878,099	2.8
Alabama	502,502	11,912	2.4
Alaska	40,237	4,270	10.6
Arizona	617,724	15,978	2.6
Arkansas	327,697	7,010	2.1
California	2,912,853	109,715	3.8
Colorado	392,178	25,669	6.5
Connecticut	408,611	8,199	2.0
Delaware	100,779	1,994	2.0
District of Columbia	45,919	5,629	12.3
Florida	2,349,812	51,346	2.2
Georgia	764,680	25,361	3.3
Hawaii	146,599	5,580	3.8
Idaho	150,186	3,750	2.5
Illinois	1,238,100	46,288	3.7
Indiana	683,997	8,847	1.3
Iowa	369,639	5,254	1.4
Kansas	299,083	5,564	1.9
Kentucky	424,678	11,109	2.6
Louisiana	371,872	16,090	4.3
Maine	167,240	7,908	4.7
Maryland	515,455	28,247	5.5
Massachusetts	695,199	30,165	4.3
Michigan	1,103,565	10,930	1.0
Minnesota	537,792	11,206	2.1
Mississippi	296,755	5,906	2.0
Missouri	663,590	18,832	2.8
Montana	111,990	3,188	2.8
Nebraska	194,403	3,376	1.7
Nevada	240,460	11,401	4.7
New Hampshire	148,322	3,959	2.7
New Jersey	948,401	13,621	1.4
New Mexico	192,565	7,362	3.8
New York	2,001,974	19,854	1.0
North Carolina	970,774	16,321	1.7
North Dakota	73,133	1,641	2.2
Ohio	1,220,222	64,752	5.3
Oklahoma	394,760	11,068	2.8
Oregon	424,170	8,788	2.1
Pennsylvania	1,571,817	21,284	1.4
Rhode Island	128,410	2,757	2.1

(Continued)

**Table 4.**  
**Continued**

State or area	Total number of retired workers receiving benefits <sup>a</sup>	Number of retired workers affected by WEP	Percentage of total affected by WEP
South Carolina	489,743	10,075	2.1
South Dakota	94,207	2,437	2.6
Tennessee	659,946	11,371	1.7
Texas	1,807,535	73,749	4.1
Utah	182,948	7,607	4.2
Vermont	73,887	1,559	2.1
Virginia	725,945	29,325	4.0
Washington	631,195	16,486	2.6
West Virginia	212,985	3,762	1.8
Wisconsin	649,341	7,418	1.1
Wyoming	55,007	1,483	2.7
Outlying areas and foreign countries	645,263	40,696	6.3

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: WEP = Windfall Elimination Provision.

a. Includes two special age-72 beneficiaries. Special age-72 beneficiaries are persons who attained age 72 before 1972 and do not qualify for retired-worker benefits.

**Table 5.**  
**Number and percentage distribution of retired and disabled workers in current-payment status with benefits affected by the WEP, by source of noncovered pension, December 2006**

Source of noncovered pension	Total		Retired workers		Disabled workers	
	Number	Percent	Number	Percent	Number	Percent
Total	892,157	100.0	878,099	100.0	14,058	100.0
Federal government	434,525	48.7	428,690	48.8	5,835	41.5
State and local government	323,645	36.3	318,346	36.3	5,299	37.7
Other	117,951	13.2	115,770	13.2	2,181	15.5
Not available	16,036	1.8	15,293	1.7	743	5.3

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: WEP = Windfall Elimination Provision.

**Table 6.**  
**Number and percentage distribution of retired and disabled workers affected by the WEP, by sex and years of substantial covered earnings, in current-payment status, at end of December 2006**

Years of substantial covered earnings	Total	Retired workers	Disabled workers	Men	Women
<b>Number of beneficiaries</b>					
Total	892,157	878,099	14,058	579,202	312,955
Less than 21	654,428	644,553	9,875	413,665	242,427
21 or more	164,848	162,331	2,517	130,151	34,697
21	25,586	25,210	376	19,885	5,701
22	23,966	23,617	349	19,034	4,932
23	21,981	21,637	344	17,433	4,548
24	19,822	19,516	306	15,711	4,111
25	17,518	17,236	282	13,834	3,684
26	16,043	15,787	256	12,624	3,419
27	14,269	14,049	220	11,313	2,956
28	12,900	12,700	200	10,179	2,721
29	12,763	12,579	184	10,138	2,625
Not available	72,881	71,215	1,666	35,386	35,831
<b>Percentage distribution</b>					
Total	100.0	100.0	100.0	100.0	100.0
Less than 21	73.4	73.4	70.2	71.4	77.5
21 or more	18.5	18.5	17.9	22.5	11.1
21	2.9	2.9	2.7	3.4	1.8
22	2.7	2.7	2.5	3.3	1.6
23	2.5	2.5	2.4	3.0	1.5
24	2.2	2.2	2.2	2.7	1.3
25	2.0	2.0	2.0	2.4	1.2
26	1.8	1.8	1.8	2.2	1.1
27	1.6	1.6	1.6	2.0	0.9
28	1.4	1.4	1.4	1.8	0.9
29	1.4	1.4	1.3	1.8	0.8
Not available	8.2	8.1	11.9	6.1	11.4

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: WEP = Windfall Elimination Provision.

**Table 7.**

**Number of retired and disabled workers affected by the WEP who became entitled to benefits in 2004–2006, by type of benefit, sex, and monthly noncovered pension amount, in current-payment status, at end of December 2006**

Monthly noncovered pension amount (dollars)	Total	Retired workers	Disabled workers	Men	Women
<i>Number of beneficiaries</i>					
Total	123,374	119,593	3,781	80,558	42,816
Less than 1,000.00	20,584	19,673	911	6,680	13,904
1,000.00–1,999.90	35,988	34,383	1,605	21,243	14,745
2,000.00–2,999.90	31,291	30,467	824	23,154	8,137
3,000.00–3,999.90	17,787	17,560	227	14,309	3,478
4,000.00–4,999.90	9,325	9,223	102	8,005	1,320
5,000.00–5,999.90	4,367	4,340	27	3,838	529
6,000.00 or more	3,028	3,011	17	2,737	291
Not available	1,004	936	68	592	412
<i>Percentage distribution</i>					
Total	100.0	100.0	100.0	100.0	100.0
Less than 1,000.00	16.7	16.4	24.1	8.3	32.5
1,000.00–1,999.90	29.2	28.8	42.4	26.4	34.4
2,000.00–2,999.90	25.4	25.5	21.8	28.7	19.0
3,000.00–3,999.90	14.4	14.7	6.0	17.8	8.1
4,000.00–4,999.90	7.6	7.7	2.7	9.9	3.1
5,000.00–5,999.90	3.5	3.6	0.7	4.8	1.2
6,000.00 or more	2.5	2.5	0.4	3.4	0.7
Not available	0.8	0.8	1.8	0.7	1.0

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: WEP = Windfall Elimination Provision.

**Table 8.**

**Number and percentage distribution of retired workers affected by the WEP who became entitled to benefits in 2004–2006 with noncovered pension amount available, by sex, monthly noncovered pension amount, and PIA, in current-payment status, at end of December 2006**

Monthly noncovered pension amount (dollars)	Total	PIA after application of WEP (dollars)		
		Less than 300.00	300.00–599.90	600.00 or more
<i>Number of beneficiaries</i>				
Total, pension amount available	118,657	43,493	47,012	28,152
Less than 1,000.00	19,673	5,022	6,840	7,811
1,000.00–1,999.90	34,383	12,008	13,610	8,765
2,000.00–2,999.90	30,467	12,130	12,718	5,619
3,000.00–3,999.90	17,560	7,319	7,218	3,023
4,000.00–4,999.90	9,223	4,020	3,711	1,492
5,000.00–5,999.90	4,340	1,792	1,757	791
6,000.00 or more	3,011	1,202	1,158	651
Men, pension amount available	77,422	25,430	32,960	19,032
Less than 1,000.00	6,282	712	1,913	3,657
1,000.00–1,999.90	20,092	4,873	8,953	6,266
2,000.00–2,999.90	22,476	8,187	10,078	4,211
3,000.00–3,999.90	14,122	5,640	6,050	2,432
4,000.00–4,999.90	7,912	3,351	3,309	1,252
5,000.00–5,999.90	3,815	1,574	1,576	665
6,000.00 or more	2,723	1,093	1,081	549
Women, pension amount available	41,235	18,063	14,052	9,120
Less than 1,000.00	13,391	4,310	4,927	4,154
1,000.00–1,999.90	14,291	7,135	4,657	2,499
2,000.00–2,999.90	7,991	3,943	2,640	1,408
3,000.00–3,999.90	3,438	1,679	1,168	591
4,000.00–4,999.90	1,311	669	402	240
5,000.00–5,999.90	525	218	181	126
6,000.00 or more	288	109	77	102

(Continued)

**Table 8.**  
**Continued**

Monthly noncovered pension amount (dollars)	Total	PIA after application of WEP (dollars)		
		Less than 300.00	300.00–599.90	600.00 or more
<i>Percentage distribution</i>				
Total, pension amount available	100.0	36.7	39.6	23.7
Less than 1,000.00	100.0	25.5	34.8	39.7
1,000.00–1,999.90	100.0	34.9	39.6	25.5
2,000.00–2,999.90	100.0	39.8	41.7	18.4
3,000.00–3,999.90	100.0	41.7	41.1	17.2
4,000.00–4,999.90	100.0	43.6	40.2	16.2
5,000.00–5,999.90	100.0	41.3	40.5	18.2
6,000.00 or more	100.0	39.9	38.5	21.6
Men, pension amount available	100.0	32.8	42.6	24.6
Less than 1,000.00	100.0	11.3	30.5	58.2
1,000.00–1,999.90	100.0	24.3	44.6	31.2
2,000.00–2,999.90	100.0	36.4	44.8	18.7
3,000.00–3,999.90	100.0	39.9	42.8	17.2
4,000.00–4,999.90	100.0	42.4	41.8	15.8
5,000.00–5,999.90	100.0	41.3	41.3	17.4
6,000.00 or more	100.0	40.1	39.7	20.2
Women, pension amount available	100.0	43.8	34.1	22.1
Less than 1,000.00	100.0	32.2	36.8	31.0
1,000.00–1,999.90	100.0	49.9	32.6	17.5
2,000.00–2,999.90	100.0	49.3	33.0	17.6
3,000.00–3,999.90	100.0	48.8	34.0	17.2
4,000.00–4,999.90	100.0	51.0	30.7	18.3
5,000.00–5,999.90	100.0	41.5	34.5	24.0
6,000.00 or more	100.0	37.8	26.7	35.4

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: WEP = Windfall Elimination Provision; PIA = primary insurance amount.

**Table 9.**  
**Number of retired-worker beneficiaries affected by the WEP and average PIA before and after application of the WEP, by sex and age, in current-payment status, December 2006**

Sex and age	Number of beneficiaries	Estimated average PIA before application of WEP (dollars)	Average PIA after application of WEP (dollars)	Estimated Average reduction due to WEP (dollars)
Retired workers, total	769,144	706.20	460.30	245.90
62-64	101,832	730.90	457.70	273.20
65-69	302,827	742.50	479.60	262.90
70-74	246,845	676.90	442.10	234.80
75-79	100,949	652.90	436.90	216.00
80 or older	16,691	655.30	536.40	118.90
Men, total	513,885	747.70	493.00	254.70
62-64	67,047	760.20	472.60	287.60
65-69	201,866	784.20	511.60	272.60
70-74	169,751	715.20	475.20	240.00
75-79	66,057	706.20	484.40	221.80
80 or older	9,164	750.70	621.70	129.00
Women, total	255,259	622.90	394.50	228.40
62-64	34,785	674.50	428.80	245.70
65-69	100,961	659.00	415.40	243.60
70-74	77,094	592.60	369.30	223.30
75-79	34,892	552.10	346.90	205.20
80 or older	7,527	539.10	432.50	106.60

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: These figures exclude cases where pension amount is not available, or if benefit amount includes earnings prior to 1951 and differ somewhat from figures shown in Table 11.

WEP = Windfall Elimination Provision; PIA = primary insurance amount.

**Table 10.**  
**Number of disabled-worker beneficiaries affected by the WEP and average PIA before and after application of the WEP, by sex and age, in current-payment status, December 2006**

Sex and age	Number of beneficiaries	Estimated average PIA before application of WEP (dollars)	Average PIA after application of WEP (dollars)	Estimated average reduction due to WEP (dollars)
Disabled workers, total	11,636	882.40	620.40	262.00
Under 50	599	988.50	717.30	271.20
50–54	965	945.60	680.70	264.90
55–59	3,251	913.50	645.10	268.40
60 or older	6,821	849.30	591.60	257.70
Men, total	7,763	903.40	627.90	275.50
Under 50	347	1,016.70	728.40	288.30
50–54	573	987.50	715.30	272.20
55–59	2,220	928.80	649.20	279.60
60 or older	4,623	872.20	599.30	272.90
Women, total	3,873	840.30	605.30	235.00
Under 50	252	949.80	701.90	247.90
50–54	392	884.30	630.10	254.20
55–59	1,031	880.40	636.30	244.10
60 or older	2,198	801.10	575.30	225.80

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: These figures exclude cases where pension amount is not available, or if benefit amount includes earnings prior to 1951.

WEP = Windfall Elimination Provision; PIA = primary insurance amount.

**Table 11.**  
**Number of retired-worker beneficiaries affected by the WEP, average PIA, and average monthly benefit, by sex and age, in current-payment status, December 2006**

Sex and age	Number of beneficiaries	Average primary insurance amount after application of WEP (dollars)	Average monthly benefit (dollars)
Retired workers, total	878,099	461.50	430.60
62–64	119,806	458.20	361.00
65–69	327,743	484.10	440.30
70–74	276,263	443.20	428.10
75–79	128,245	432.80	448.50
80 or older	26,042	527.70	567.10
Men, total	570,000	499.80	443.00
62–64	78,185	473.40	364.30
65–69	215,002	519.60	457.30
70–74	184,468	481.80	440.30
75–79	79,306	491.40	461.60
80 or older	13,039	636.00	606.80
Women, total	308,099	390.80	407.50
62–64	41,621	429.60	354.90
65–69	112,741	416.40	407.90
70–74	91,795	365.80	403.50
75–79	48,939	337.90	427.40
80 or older	13,003	419.20	527.20

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: These figures are for all retired workers affected by the WEP, and differ somewhat from those shown in table 9.

WEP = Windfall Elimination Provision; PIA = primary insurance amount.

**Table 12.**

**Number of dually entitled retired-worker beneficiaries affected by the WEP, average PIA, average monthly benefit, and average PIA for the secondary benefit, by sex, in current-payment status, December 2006**

Type of secondary benefit for dually entitled	Number of beneficiaries	Average PIA for retired-worker benefit after application of WEP (dollars)	Average monthly benefit (dollars)	Average PIA for secondary benefit (dollars)
Retired workers, total	53,520	359.90	662.10	1,406.80
Spouses	29,906	351.00	532.10	1,517.60
Widow(er)s	23,614	371.10	626.60	1,266.60
Men, Total	2,431	420.90	616.20	1,129.50
Spouses	1,366	347.20	504.40	1,188.40
Widow(er)s	1,065	515.50	759.50	1,054.10
Women, total	51,089	357.00	664.20	1,420.00
Spouses	28,540	351.20	533.50	1,533.40
Widow(er)s	22,549	364.30	829.80	1,276.60

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: WEP = Windfall Elimination Provision; PIA = primary insurance amount.