



## Social Security's Inequity Borne by Elderly Women

By Teresa Heinz Kerry and Jeffrey Lewis / As You Were Saying . . . |

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The pundits in Washington are worried that the debate over cutting Social Security benefits has been postponed until after we elect a new president. As usual, they're only half right. While the debate has been delayed, benefit cuts are happening every day, and the victims are almost exclusively elderly women.

The villains in this story are pernicious cuts known in bureaucratic jargon as GPO and WEP.

The GPO - Government Pension Offset - reduces Social Security survivor benefits by an amount equal to two-thirds of pensions received by retired federal employees. In plain English, that means if a retired government employee outlives a spouse, the Social Security Administration calculates what two-thirds of the surviving retiree's pension is, and then subtracts it from the Social Security benefit to which he or she would normally be entitled. Obviously, this results in a vastly lower Social Security check - or no Social Security benefit at all.

If a woman worked for the federal government for 30 years and retired as a GS-9, step 5 (the average grade level for federal employees), her annual pension would be \$28,125, and her monthly federal retirement benefit \$2,343.75. Two thirds of that equals \$1,546. On her husband's death, the survivors' benefit for which she would have been eligible had she worked 30 years in the private sector, would be reduced by that amount. If her husband was receiving a basic benefit of \$1,000 a month - the average Social Security benefit - she would receive no Social Security Survivor benefit whatsoever - a big, fat zero for a life's work.

The victims of GPO are largely women who retired as government workers and whose husbands worked in the private sector. In 2002, 75 percent of the people receiving the fully or partially offset benefits were women, with 66 percent of the women receiving no Social Security benefit at all.

Remember, if these women had worked in the private sector earning the same wages, they would be entitled to full, unreduced Social Security benefits. Instead, their reward for working in public service and outliving their spouse is at best a cut and - most likely - a complete elimination of Social Security benefits.

Like GPO, WEP - the Windfall Elimination Provision - affects only those who worked for the government. There is one additional proviso - the worker had less than 30 years of substantial earnings covered by Social Security. It's important to remember that it only takes 10 years of substantial earnings to qualify for Social Security.

Without getting into the math, suffice it to say that for affected workers, WEP significantly lowers Social Security's income replacement rate for retirement benefits. This lower replacement rate ultimately reduces the Social Security benefit. This means workers who qualify for both Social Security and for a government pension get lower Social Security benefits than someone with the exact same Social Security earnings history and pension benefits in the private sector. Because women spend less time in the workforce and earn lower wages, WEP has particular ramifications for their retirement well-being.

Let's also not forget that women live longer than men and generally rely on Social Security for more of their retirement income. In fact, women age 65 are projected to live at least four years longer than men and on average they receive half of their annual income from Social Security compared to 33 percent for men. And women's reliance on Social Security increases as they age. Thus, reductions in Social Security benefits hit them harder and affect them for a longer period of time.

It is an article of faith among the pundits that Social Security benefits must be cut, and it is true that the program faces a financial squeeze in the future that should be addressed in the present. But all of this talk - about reducing Social Security benefits - glosses over the fact that GPO and WEP have been reducing benefits for some time, saving a relatively small amount of money on the backs of the elderly women who can least afford it. The inequity of the current situation - and the disproportionate effect on women - is clear.

The cost of removing these six letters from the calculations used to determine Social Security benefits is small in comparison to the overall long-term financial deficit the program faces in the future. Hopefully, when the table is set for serious discussions about the future of Social Security, the elimination of WEP and GPO will be on the table so we can have a meaningful debate about strengthening, and not cutting, Social Security.

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