

WEP and How it Works

A deeper look into an arbitrary and unfair law.

WEP How it Works

HOW THE WEP WORKS: Social Security benefits are calculated by applying three different percentages to a person's lifetime average indexed monthly earnings (AIME) and adding them up to obtain the worker's monthly benefit (primary insurance amount (PIA)) at full retirement age. For most beneficiaries in 2015, the PIA equals the sum of:

- 90 percent of the first \$826 of AIME, plus
- 32 percent of AIME over \$826 and through \$4,980, plus
- 15 percent of AIME over \$4,980.

The WEP PIA replicates the regular PIA but scales down the first percentage from 90 percent to 40 percent in increments of five percentage points for workers with less than 30 years of coverage (YOCs). Thus, workers with 30 or more YOCs have a first PIA factor of 90 percent, workers with 21–29 YOCs have a first PIA factor between 45–85 percent, and workers with 20 YOCs have a first PIA factor of 40 percent.

WEP Reform Bills

HR 4540--Neal--140

HR 3934--Brady--44

HR 141--Davis--245

S-3401--Ted Cruz it is companion to Brady

S 521--Brown Companion to HR 141