

# Changes to Social Security in 2025: The Social Security Windfall



There are adjustments to Social Security every year. Most often, we hear about benefit changes through cost-of-living adjustments (COLA) – a 2.5% increase in 2025. Some years have bigger changes. This year has one significant change that has largely gone unnoticed.

## THE SOCIAL SECURITY FAIRNESS ACT

The Social Security Windfall refers to retroactive payments and increased monthly benefits being distributed to over 3 million people who were previously affected by the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). These rules, which reduced Social Security benefits for individuals receiving pensions from employment not covered by Social Security, were repealed by the Social Security Fairness Act, signed into law on January 5, 2025 (according to SSA.gov).

Due to this legislation, many individuals who were not previously eligible will now receive full Social Security benefits and even retroactive payments. This includes spousal payments that were previously ineligible.

## WINDFALL ELIMINATION PROVISION

The Windfall Elimination Provision (WEP) reduced Social Security benefits for individuals who also received a pension from employment that did not contribute to Social Security. This

was often the case for public sector employees such as teachers or government workers with their own pension systems.

## GOVERNMENT PENSION OFFSET

The Government Pension Offset (GPO) affected the benefits of spouses or surviving spouses who received a pension from work not covered by Social Security. This reduced the Social Security benefit for a spouse and in many cases resulted in no benefit at all.

## WHO IS AFFECTED

With the passage of the Social Security Fairness Act, as many as 3 million people will now receive a Social Security benefit, including:

- Teachers, firefighters, and police officers in many states.
- Federal employees covered by the Civil Service Retirement System.
- People whose work had been covered by a foreign social security system.

This change only affects people who receive a pension based on work not covered by Social Security. It depends on whether the employer withheld Social Security taxes from salaries. About 72% of state and local public employees work in Social Security-covered employment where they pay Social Security taxes and are not affected by WEP and GPO. These individuals will not see a benefit increase (SSA.gov).

Individuals who are divorced but were married to their spouse for more than 10 years can likely claim some

amount based on the former spouse's Social Security benefit. If that former spouse was previously affected by WEP and GPO, there may now be a new eligibility.

## RETROACTIVE PAYMENTS

The Social Security Administration is working to implement the Social Security Fairness Act and is making retroactive payments to those affected by WEP and GPO. Some individuals may receive a lump sum payment covering the period from January 1, 2024.

## WHAT TO DO

If the Social Security Administration has your correct mailing address and/or direct deposit information on file, no action may be needed at this time. If you have not previously applied for benefits or if you are not sure they have your correct contact information, you may have to file an application. The date of the application might affect when benefits begin. In either case, reach out to the Social Security Administration for more information.

Whether or not we are personally affected by the Social Security Fairness Act, we likely know people who are. This is a good touchpoint for professionals to reach out to clients and colleagues. Note that the information in this article was collected from sources assumed to be reliable. Please research the issues for better understanding and applicability.



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