

# THE 740 EXPRESS

OFFICIAL NEWSLETTER NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES, CHAPTER 740

[www.crompton.com/NARFE740](http://www.crompton.com/NARFE740)

September 1, 2000

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**Next Chapter Meetings:** Our next meeting will be on Thursday Sept. 21, 2000 at the Giuseppe's Pizza & Restaurant in Warminster at 1PM. **Please plan to attend and show your support. The Pizza is our treat. Bring a federal retiree. Bring your Spouse.**

**JOIN US! PIZZA PARTY Our Treat !!!!**  
**Doylestown NARFE Chapter 740 Meeting**

**Be our guest! Thursday 1 PM Sept. 21, 2000 Giuseppe's Pizza & Restaurant**  
**215-674-5550**

**(Directions: About 3 miles West of old NADC/NAWC on Street Road or One mile East of 611)**

**Look for Giuseppe's in the Shopping Center with "Franks Nursery" near the corner of Davis and Street Road. Our April meeting was a success! Informal Pizza party (or choose from the menu ) A meeting with open dialog and meaningful helpful information that affects your retirement benefits. Join your fellow members as we enjoy a great lunch and friendship.**

**WE WANT TO HEAR FROM YOU! WHAT INFORMATION DO YOU WANT TO HEAR ABOUT? WHAT CAN YOU CONTRIBUTE TO THE NEWSLETTER? WHAT DO YOU AGREE WITH OR DISAGREE? GIVE US YOUR COMMENTS OR SUGGESTIONS? IF YOU CAN'T ATTEND THE PIZZA PARTY GIVE US A CALL OR WRITE TO US. YOUR IDEAS ARE VERY IMPORTANT TO ALL OF YOUR FELLOW RETIREES.**

**Alert for our October 19<sup>th</sup> meeting we will honor Doug Crompton and plan to arrange for future programs and presentations. Please plan to attend.**

## **ONE YEAR FREE MEMBERSHIP**

**You will receive a check for \$25 direct from our chapter underwritten by the Pennsylvania Federation, NARFE, when you sign up for automatic annuity deduction for dues to NARFE. All new, and current members are eligible. Your monthly deduction from your annuity will be \$1.92 call Archie Ashley at 215-822-9421 for details. This window is open till the end of December. Sign up your spouse to become a member and involved with the benefits you earned.**

## **ISSUE: SOCIAL SECURITY GOVERNMENT PENSION OFFSET (GPO)**

Legislation was enacted in 1977 to prevent government retirees from collecting both a government annuity based on their own work and Social Security benefits based on their spouse's work record. The new law became effective with government employees who were first eligible to retire in December 1982 and later. The law provides that two-thirds of the government annuity offsets whatever social security benefits would be payable to the retired government worker as a spouse (wife, husband, widow, etc.).

For example, a spouse who receives a Civil Service benefit of \$900 a month based on his/her own earnings applies for a social security widow(er)'s benefit. The widow(er)'s benefit is \$500. Two-thirds of his/her annuity, or \$600, totally offsets the social security widow(er)'s benefit. He/She therefore receives no widow(er)'s benefit from social security.

There are some exceptions. The GPO does not apply to survivor annuitants that are not themselves government retirees. Other exceptions:

1. The person was eligible for his/her federal annuity before December 1982 and meets all requirements of the law in effect in January 1977 (i.e., one-half support requirement for men, 20 year marriage requirement for divorced spouses); OR,
2. The person was eligible for his/her federal annuity before July 1, 1983 and was receiving one-half support from his or her spouse; OR,
3. The person transferred to FERS by December 31, 1987 (or under approved late enrollment), or has five years in FERS if joining after December 31, 1987.
4. Effective January 1, 1995, GPO does not apply to military reserve pensions.

### **LEGISLATIVE HISTORY**

For a number of years bills were introduced in Congress to repeal the GPO. Other than an occasional hearing, no action was ever taken on these bills perhaps due to the cost which was estimated at \$3.5 billion over five years. In the 104th and 105th Congresses Rep. William Jefferson (D-LA) introduced bills that did not apply the two-thirds offset unless the total of both the Social Security spousal benefit and the government annuity exceeded the \$1,200 limit. Also in the 105th, Senator Barbara Mikulski (D-MD) introduced the first ever Senate GPO bill, a companion to the Jefferson bill.

It has been estimated the Jefferson and Mikulski bills would cost about \$1.5 billion over five years. February of 2000, Social Security Actuaries determined cost of enactment of this proposal would increase the OASDI long range actuarial deficit by an amount that is estimated to be negligible.

In the 106th Congress both Senator Mikulski and Rep. Jefferson have introduced the same GPO bills, both with the \$1,200 combined monthly limit. Mikulski's bill is S. 717 and Jefferson's is H.R. 1217.

## **ISSUE: SOCIAL SECURITY WINDFALL ELIMINATION PROVISION (WEP)**

The Social Security Amendments of 1983 include a provision that greatly reduces the Social Security benefit of a retired or disabled worker who also receives a government annuity based on his/her own earnings. It applies to anyone who becomes 62 (or disabled) after 1985 and becomes eligible for her/his government annuity after 1985; both must occur after 1985. Congress provided for a five year phase-in on the reduction so that the maximum effect would not be felt until 1990. Those who became 62 in 1990 or reach that age after 1990 (and were not eligible for a federal annuity until after 1985), may have their Social Security benefit decreased by 50% or more. An additional 20% is deducted for taking the benefit at age 62.

### **Exceptions:**

- 1. The windfall reduction formula does not apply to federal survivor annuities.**
- 2. The reduction will not apply if a person has 30 years of substantial earnings as defined by Social Security. (NOTE: Workers who have 21-29 years of substantial earnings receive a lesser reduction.)**
- 3. Anyone who became eligible for his/her government annuity before 1986, or became 62 or disabled before 1986, is exempt. "Eligible" means a person meets the age and length of service requirements for immediate retirement.**
- 4. Federal employees mandatorily covered by Social Security on January 1, 1984 are exempt.**
- 5. Anyone whose only pension from non-covered employment is based on railroad employment is also exempt.**
- 6. People whose only pension is from non-covered employment prior to 1957 are exempt.**
- 7. Effective January 1, 1995, military reserve pensions are exempt. For those with relatively low government annuities, the legislation provides for a guarantee. The guarantee is that the reduction of the Social Security benefit cannot be more than one-half of the amount of that part of the government annuity attributable to earnings after 1956 not covered by Social Security.**

**ACTION:** July Retirement Life magazine includes a post card to send to your representative to express support for H.R. 4277 "the Federal Employees Health Insurance Premium Conversion Act" that you will benefit by paying premiums from pre-Tax earnings. Legislation, H.R. 4277, to permit civil service annuitants to pay FEHB plan premiums with pre-tax dollars will add 20 cosponsors on September 6 due to the good work of hundreds of NARFE activists during the recess. Keep up the flow of postal and electronic communications. A large and growing number of cosponsors helps the chief sponsor, Rep. Tom Davis, advance his legislation. Cosponsors recruited now are both an immediate benefit and in the next Congress.

Note that NARFE fully supports H.R. 842 "Off Budget" legislation. Also, H.R. 372 Tax Parity bill needs cosponsors. Government Pension Offset (GPO) and S-717 Senate companion bill needs more cosponsors. Neither Senators have signed on.

**WE NEED YOUR HELP!** How do you like the newsletter? Comments? Suggestions? Do you want to help by providing articles / information? Please call John DeMatteo 215-345-9033 (or e-mail JDemat@aol.com): **Confirm your address and telephone number, as well as your e-mail address.**

**NEED HELP?:** Call the Federal Retiree Assistance Center, (215) 597-0419. The Center is located at the Federal Building, Rm. 1208, 6th and Arch Sts, Philadelphia, and handles OPM/FEHB problems only (incorrect payments, non-receipt of checks, etc.). Office hours are 10:00 a.m. to 2:00 p.m. OPM can be contacted on ANY federal retirement matter by calling 1-888-767-6738. Be sure to have your PIN number handy.

**OPM'S ANNUITANT EXPRESS** The toll-free automated telephone system that went into operation in January of last year, for its first service permitted retirees to make federal tax withholding changes for the 2000 tax season. The number, in case you've mislaid it, is 1-800-409-6528 -- and don't forget your PIN number.

**NECROLOGY:** Please let us know when you hear that one of our honored members has passed on, so we can share it with friends and associates.

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