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March 10, 2016

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington DC 20515

The Honorable Richard Neal
Ranking Member
Subcommittee on Select Revenues
Committee on Ways and Means
U.S. House of Representatives
1106 Longworth House Office Building
Washington, DC 20515

Dear Chairman Brady and Ranking Subcommittee Member Neal:

AARP is pleased to support the Equal Treatment for Public Servants Act. AARP, with its nearly 38 million members in all 50 States and the District of Columbia, Puerto Rico, and U.S. Virgin Islands, is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

We commend you for developing a fair solution to a problem that has confounded experts for decades. The Equal Treatment for Public Servants Act will provide more equitable treatment for the former state and local government employees who have earned both Social Security and state and government pensions, and who have received a reduced Social Security benefit because of it.

Under current law (known as the Windfall Elimination Provision or WEP), workers who have both Social Security and state or local pension coverage are required to offset their Social Security benefits for their years of service under a non-Social Security contributory state or local pension. Before the WEP was adopted in 1983, workers who were not required to pay Social Security payroll taxes while employed by state or local governments gained from a benefit formula that treated them as having earned a higher retirement benefit than their work history supported. But, calculating an appropriate and fair WEP reduction in practice has been difficult and confusing for both retirees and the Social Security Administration (SSA). Moreover, some workers who should be subject to a WEP reduction have not been treated as such. SSA estimates that 1.5 million

retirees are receiving reduced Social Security benefits because of the WEP, while another 600,000 should receive a reduced Social Security benefit, but do not.

The Equal Treatment for Public Servants Act establishes a better rule to make it easier for individuals and the SSA to determine and receive their earned Social Security benefits. Under the bill:

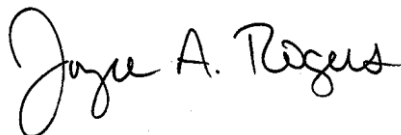
- For workers who retire after January 1, 2017, at age 62 or older, all of their Social Security earnings will be counted without any reduction, which will result in an average benefit increase of \$200 a month;
- For workers who already have retired, the SSA will re-calculate benefits, and according to SSA, benefits may increase an average of about \$100 a month; and
- SSA will begin data matching Social Security and state and local pension databases to ensure accurate benefit calculations, beginning in 2017.

In the FY 2017 Budget Request, President Obama has also proposed a comparable process to more fairly calculate Social Security benefits for individuals who are subject to the WEP. We are encouraged by the President's support for an approach that is consistent with your proposal, and we hope that an agreement can be reached to adopt bi-partisan legislation this year.

Over the years, millions of retired state and local workers (including many teachers and firefighters) have received a Social Security benefit that is excessively reduced because of the pension they have earned. In 1947, AARP's founder, Dr. Ethel Percy Andrus, established the National Retired Teachers Association (NRTA), to serve the needs of retired educators like her. Today, the NRTA is part of AARP's history and our organization. Your legislation is an opportunity to more fairly treat the public servants affected by WEP, including the many teachers who belong to the NRTA .

AARP congratulates you on finding a fair solution to a longstanding problem for workers who have both private sector and state and local government service, and we urge its speedy enactment. For additional information or questions, please contact Michele Varnhagen, senior legislative representative at (202) 434-3829.

Sincerely,



Joyce A. Rogers
Senior Vice President
Government Affairs