SOCIAL SECURITY BENEFITS: WINDFALL ELIMINATION PROVISION

Francine J. Lipman, Chapman University School of Law, One University Drive, Orange, CA, 92866, Lipman@chapman.edu
James E. Williamson, Charles W. Lamden School of Accountancy, College of Business Administration, San Diego State University, San Diego, CA 92182, James.Williamson@sdsu.edu

ABSTRACT

Twenty-five percent of all public employees, or more than five million state and local workers as well as one million federal workers, participate in alternative plans to Social Security. These employers and employees do not pay Social Security taxes or receive Social Security credit for their wages. These non-Social Security pension benefits can supplement and diversify a retirement income portfolio that includes Social Security benefits if the worker can structure his career to otherwise qualify for Social Security benefits. Not surprisingly the interplay of Social Security with alternative pensions can be confusing and does have traps for the unwary, including the windfall elimination provision, but rewards for strategic planners. This article will describe this interplay and demonstrate undue hardships in the existing structure and suggest strategies for maximizing aggregate retirement income benefits.