

SOCIAL SECURITY FAIRNESS ACT

Senate Passes Social Security Fairness Act

Congress recently [voted](#) to eliminate two provisions that have kept millions from receiving full Social Security (SS) benefits at retirement. Under the Windfall Elimination Provision (WEP), public service workers like teachers and firefighters were unable to receive a full SS benefit at retirement if they also earned a pension. With the passage of this bill, taxpayers can now receive their government pension, and any SS benefits they earned through other jobs they held that have paid into the Social Security system on their behalf. Spouses and widows who receive pensions will also see an increase in their SS benefits now that the Government Pension Offset (GPO) has been repealed. What does this mean for your clients and their tax returns?

- **Increased taxable income:** If their adjusted gross income, tax-exempt interest, and 50% of Social Security benefit exceed certain thresholds, more of your clients' SS benefits could be taxable.
- **Additional withholding needs:** A higher tax liability could mean larger estimated tax payments, voluntary tax withholding from SS benefits or Form W-4 adjustments for those clients that are working and receiving Social Security at the same time.
- **Retirement and estate planning adjustments:** Clients may need to review and revise their retirement income withdrawal strategies, and update estate planning directives due to taxable income changes.