



OPINION: WHERE IS THE THIRD RAIL WHEN WE NEED IT? - INSIDE SOURCES

Posted on January 16, 2024 by Brenton Smith | Inside Sources



Social Security is called “the third rail of American politics” because, in theory, politicians are supposed to understand the danger: touch it and die. The imagery of smoldering political careers has been rumored to protect Americans from lawmakers meddling with our retirement for more than 40 years.

Despite the warnings, hundreds of members of Congress (from both sides of the aisle) have lined up to touch Social Security, taking money set aside for future seniors to subsidize the special interest groups that infest Washington.

Oh, “third rail,” where are you when we need you?

In this case, the WEP and GPO provisions of Social Security are at issue. More than half the members of the House have co-sponsored legislation that would change how the system adjusts benefits for people who have opted out of Social Security for some part of their career.

The most visible proposal is the Social Security Fairness Act of 2023, introduced by Rep. Abigail Spanberger (D-Va.) and Rep. Garret Graves (R-La.), which has more than 300 co-sponsors. This legislation would eliminate these provisions.

However, these rules exist for a reason. While they are antiquated and not terribly precise, the adjustments protect the rest of us from the system steering overly generous payments to people who wanted out of Social Security. The basic theory behind the WEP/GPO rules is you shouldn’t make a profit by opting out of Social Security.

That will change if voters aren’t paying attention.

The affected people have worked long enough to qualify for a benefit from Social Security but have not contributed to the program over an entire career. These people present a problem for Social Security because it is designed to be progressive, providing better benefits to lower-income workers or those with spotty work histories. Unfortunately, under current law, Social Security has no way to distinguish between people who have opted out of the program for part of their career and those unfortunate seniors who haven’t had access to steady work.

“Fairness” in this legislation means paying people more because they chose to work outside of Social Security. In other words, Congress is attempting to create a financial incentive for mid-career workers to opt out of Social Security. That is a terrible idea.

To illustrate how the system would change, let us take the example of two hard-working teachers, one participating in Social Security and the other not. For the sake of simplicity, both are married to members of Congress who stand to generate the maximum benefit possible.

In the case of the hard-working teacher whose job is covered by Social Security, he or she would be eligible for zero dollars of spousal benefits because he or she earned too much by working for wages. In contrast, the teacher, whose job is not covered by Social Security, would be eligible for \$25,000 annually under the new legislation because the formula assumes the person was a stay-at-home spouse.

How is that fair?

The proposal is both a bad idea and an expensive one. The [cost of this change](#) is \$150 billion over just the next 10 years. Where does that money come from? Future retirees, of course, would pay that cost in the form of higher benefit reductions that would start a year sooner.

This legislation would make Social Security less stable and more likely to deliver painful benefit reductions to the rest of us. That isn't fair and isn't politically practical.