★ SUPPORT ★
★ FEDERAL ★
WORKERS
NTEU

FEDERAL RETIREMENT

Since 2010, federal employees have contributed $21 billion to deficit reduction through increased retirement contributions. Those hired after December 31, 2012 saw an increase of 2.3% of their salaries and those hired after December 31, 2013 saw an increase of an additional 1.3%. These increases are requiring the federal workforce to disproportionately contribute to deficit reduction through cuts to their take home pay.

Despite these facts, proposals have been considered in this Congress seeking further significant increases in federal employee contributions toward their retirement, ending the FERS supplement for those who retire before age 62, changing the retirement formula from high three to high five, eliminating the FERS defined benefit entirely, and reducing the COLA increase each year by using the "chained" CPI as the benchmark instead of the current CPI.

Twenty-five years ago, the Federal Employees Retirement System (FERS) was created to replace the original Civil Service Retirement System (CSRS). FERS is fully funded and helped save the Social Security system, as well, at a critical juncture in its history. The retirement age, annuity calculation, cost of living adjustment formula and basic benefit formula are all less generous than the earlier CSRS retirement system. FERS is financially sound with no unfunded liability. Today, FERS is frequently pointed to as a model by a diverse group of pension experts. Federal employees contribute a portion of their pay every payday toward their retirement to achieve an average FERS pension of approximately $1300 per month, a modest retirement income.

NTEU is urging Congress to roll back the recently enacted pension contribution increases. They have resulted in FERS employees paying for unfunded liabilities of the old CSRS system and in their paying much more for a less generous pension.

The Senate Homeland Security and Governmental Affairs Committee recently passed out of committee a bill to reform the Postal Service (S. 1486). Section 102 of S. 1486 would allow the Postal Service to bargain over how much they contribute to FERS, at what amount the Service will match TSP contributions, and even whether postal employees will be covered under FERS. In its current form, the bill seeks to replace a statutorily required benefit with a discretionary benefit that would be subject to negotiations. This country has a proud tradition of federal service and postal employees are part of that service. As the employer, the federal government should have a retirement system that covers all its employees and it should not be able to be bargained away.

NTEU urges:

- **Opposition to any further reductions in the value of federal retirement benefits**
- **Elimination of pension contribution increases for new hires**

1750 H Street, NW • Washington, DC 20006 • (202) 572-5500 • www.nteu.org