



National Association of Letter Carriers

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Fredric V. Rolando, President

April 5, 2016

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sandy Levin
Ranking Member
House Committee on Ways and Means
1106 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sam Johnson
Chairman
House Committee on Ways and Means,
Subcommittee on Social Security
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Xavier Becerra
Ranking Member
House Committee on Ways and Means,
Subcommittee on Social Security
1106 Longworth House Office Building
Washington, D.C. 20515

Dear Chairmen Brady and Johnson and Ranking Members Levin and Becerra:

Letter carriers serve in every community throughout the United States, often with long histories of other public service, including fighting for our country. Every day we make sure the Constitutionally-mandated Postal Service continues to remain an innovative, affordable service for the millions of Americans and small businesses who rely on it. On behalf of over 277,000 of these letter carriers, who are active and retired members of the National Association of Letter Carriers (NALC), I write to express my appreciation for the Committee's recent hearing on "Social Security and Public Servants: Ensuring Equal Treatment."

NALC is pleased that the Committee is exploring potential action with regards to the Windfall Elimination Provision (WEP) and hopes that the Committee will give equal consideration to addressing the Government Pension Offset (GPO) as well. NALC supports full repeal of both provisions of the Social Security law in order to protect dedicated postal and federal employees from the unfair financial impacts of both provisions.

Tens of thousands of retired letter carriers are already being harmed by these provisions. Indeed, approximately 85 percent of the NALC's 75,000 retired letter carriers are covered by Civil Service Retirement System (CSRS), and 90% of them have been adversely affected by reductions in their Social Security benefits as a result of these provisions.

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And the number of adversely affected letter carriers will only continue to grow. Currently, nearly 36,000 active letter carriers remain are covered by CSRS and will be subject to the Social Security benefit reductions mandated by the WEP and GPO provisions.

Windfall Elimination Provision

Federal and postal employees covered under CSRS are subject to a 7.0 percent contribution toward their CSRS retirement annuities, and because they do not pay the 6.2 percent Social Security payroll tax, they do not earn Social Security benefits based on their time as an employee of the federal government. However, the Social Security benefits they earn during their time in non-government jobs are subject to reductions from the WEP provision, which can reduce their retirement incomes by as much as \$413 a month.

But the WEP does not just affect employees covered by CSRS. It can also harm employees covered by the Federal Employees' Retirement System (FERS) because many of them also receive a public pension from a job not covered by Social Security.

Government Pension Offset

The Government Pension Offset (GPO) reduces or eliminates the Social Security spousal and survivor benefits of CSRS annuitants. These benefits were earned by their spouses in jobs covered by Social Security for which the spouses paid full OASDI payroll taxes. Under the GPO rule, for example, if a person worked for the federal government and was not covered by Social Security (as is the case with CSRS-covered service) any Social Security benefit for which the person is eligible as a spouse, widow, or widower would be limited to the amount that exceeds two-thirds of his or her government pension. This unfair provision frequently eliminates Social Security spousal and survivor benefits altogether.

Conclusion

Although we strongly believe the WEP provision should be repealed altogether, the NALC supports passage of the "Equal Treatment of Public Servants Act of 2015" (H.R. 711) as a first step. However, we do not believe it alone adequately addresses the devastating impacts of the unfair Social Security benefits formula, as applied to federal employees. Rather than simply altering the WEP formula, the NALC urges the committee to repeal both the WEP and GPO provisions entirely to prevent the Social Security benefits of annuitants – who have paid their fair share through their years of public service – from being dramatically reduced or eliminated.

NALC fully supports the Social Security Fairness Act (H.R. 973), introduced by Reps. Rodney Davis (IL-13) and Adam Schiff (CA-28), as the mechanism to best addresses the devastating financial impacts many federal employees currently face. Rather than altering the formula that unfairly reduces the Social Security benefits of annuitants, H.R. 973 would repeal both provisions and ensure that all federal employees have their Social Security benefits calculated in the same way as other American workers.

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We must ensure that those who have given so much to our country have a sound retirement by repealing the WEP and GPO provisions of the Social Security law. Thank you for your work on this matter. We hope that in the future you will strive to help ensure all those who have dedicated their lives to public service receive the same retirement security as all other Americans.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fredric V. Rolando', with a stylized flourish at the end.

Fredric V. Rolando
President