

The war on retirement



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A war is being waged on our retirement. Some attacks attempt to chip away at the benefit levels, increase the costs to working letter carriers, or both. Other attacks seek to undermine the foundations of our retirement systems. Still other attacks directly challenge the idea of retirement as a benefit to society.

Sometimes the NALC Retirement Department receives letters and phone calls from retirees encouraging us to negotiate with Postal Service managers in response to those attacks. That advice misses the mark. The war is not being waged by the Postal Service. It is being waged by ideologues who believe the idea

of retirement is a social evil, and by greedy plutocrats who wield immense political power. The battles are taking place in the halls of Congress. The attacks are on the laws that created the retirement systems.

The NALC's defense against the attacks must be in the court of public opinion and in the legislative arena. Although some high-level Postal Service managers may see themselves as allied with the ideologues¹, they have no power to directly affect retirement benefit levels or structure.

The following background information provides context for the NALC's fight against the retirement attacks.

Consider the major direct financial retirement income benefits: a pension (CSRS and FERS), the Special Annuity Supplement (FERS), Social Security (FERS and in some cases CSRS), and Thrift Savings Plan payouts (FERS and, in some cases, CSRS). All of these programs were established by law: the CSRS pension in 1920, Social Security in 1935, and the FERS pension, Special Annuity Supplement and Thrift Savings Plan in 1986.

We have lost some of the battles in the war on retirement. In 1977, Congress passed a law creating the Government Pension Offset (GPO), which eliminated the Social Security benefits of many CSRS employees who otherwise would have received benefits based on their spouses' earning history. In 1983, Congress passed a law that included the Windfall Elimination Provision (WEP)², which reduced the earned Social Security benefits of almost all CSRS employees who also worked in jobs with Social Security coverage. In 2012, Congress passed a law that included the FERS Revised Annuity Employee (FERS-RAE) category, which increased the amount that FERS employees first hired on or after Jan. 1, 2013, pay into their re-

tirement, from 0.8 percent to 3.1 percent of basic salary. In 2013, Congress passed another law that included the FERS Further Revised Annuity Employee (FERS-FRAE) category, which increased the amount that FERS employees first hired on or after Jan. 1, 2014, pay into their retirement, to 4.4 percent of basic salary.

We have also won some of the battles. In March of 2012, the House passed a continuing resolution that would have increased the amount that current CSRS employees pay into their retirement, from 7 percent to 12 percent of basic salary, and would have increased the amount that FERS employees pay, to 6.35 percent of basic salary. H.R. 3813 was a bill presented in 2013 that would have completely canceled the Special Annuity Supplement. Administration budget proposals in 2012 and 2013 would have reduced Social Security payments. Senate bill 1486 in 2013 would have resulted in the Postal Service no longer matching any Thrift Savings Plan contributions. Senate bill 644 in 2013 would have completely canceled the FERS pensions. A bill proposed in the House and Senate in 2012 would have reduced CSRS and FERS pensions by changing the formulas from high-3 to high-5 average annual salary. None of these proposals became law.

All of these battles, won and lost, were fought in the legislative arena. If we hope to win the future battles, both defensive and offensive (e.g., repeal of the GPO, WEP, FERS-RAE and FERS-FRAE), we must stay politically engaged, remain vigilant for attacks, vote for politicians (senators, representatives and a president) who represent the economic interests of working people, and support the Letter Carrier Political Fund.

The CSRS, FERS and Social Security programs have provided a modest level of financial security in retirement years for letter carriers reaching back almost a century. Let's do our part to make sure they continue doing that.

1. The previous postmaster general famously lobbied Congress to pass a law taking all postal employees out of CSRS and FERS and permitting the Postal Service to devise and administer its own retirement system. He, of course, retired three years later with a reportedly fat golden parachute.

2. Readers particularly interested in repeal of the WEP should read page 44 of the November 2015 *Postal Record* to see what the candidates for president of the United States in 2016 had to say on the subject.

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Available Monday, Wednesday and Thursday
from 10 a.m. to noon and from 2 p.m. to 4 p.m. (Eastern time)

*This toll-free number is answered ONLY during these hours
on the days indicated.*