The debt ceiling and the retirement fund

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You've probably seen all over the news that the United States has reached its debt ceiling. This is the limit of the total money that the U.S. government is authorized to borrow to meet its existing legal obligations. These obligations include payments for Social Security, Medicare and military salaries, as well as some important benefits to federal retirees. If the nation is unable to make payments on its debts, it will default. Defaulting would be disastrous for the country and could create a massive worldwide recession.

An important point to understand about the debt ceiling is that it has nothing to do with what the government decides to spend money on. It is simply the limit that the Treasury can borrow so that it has money to pay the bills that the government has already authorized. Raising the debt limit does not authorize any new spending whatsoever. It is a tool to keep paying the bills.

In the past, raising the debt limit so that the government could continue to pay its bills was a routine and necessary bipartisan act. It was the fiscally responsible thing to do, and our elected officials would easily agree to raise the limit.

Things have changed in recent years. This year, when it once again came time to raise the debt ceiling, the House of Representatives decided not to do so. It appears that some representatives want to hold the debt ceiling hostage to negotiate over future spending.

Again, the debt ceiling does not authorize future spending, but these representatives are using the threat of destroying the U.S. economy to negotiate future spending bills. If you ask me, this is not bargaining in good faith. Why don't these representatives raise the debt ceiling and then begin negotiations over future spending? What if I refused to pay my mortgage unless the bank agreed to lower my future payments? Would that be fair or reasonable? What do you think the bank would do?

Since the nation has reached its debt ceiling, the Treasury has begun what it calls extraordinary measures to continue to pay the bills and avoid default. These are essentially accounting tricks where the Treasury will stop making payments into certain buckets, like the Civil Service Retirement and Disability Fund (CSRDF), to free up cash for the other bills that it is prioritizing. To be clear, this is legal and specifically authorized in the statutes. Fortunately, these measures do not have an impact on the payment of annuities, health benefits, or loans and withdrawals from the Thrift Savings Plan. Benefits for retired and disabled federal employees will not be affected and will continue to be paid.

When the debt limit is increased, the CSRDF will be made whole. Despite the protection of our benefits under the law, I still have a tough time understanding why our hard-earned funds are subject to this treatment. Fortunately, history provides some reassurance that the debt ceiling will be raised once again, and that the CSDRF will be made whole. In fact, this has already happened at least 14 times since 1995.

We are lucky to have a large and very diverse union of 290,000 active and retired letter carriers all across the country representing every spectrum of political ideology. Our diversity is our strength, as we can connect with our representatives and explain our bipartisan issues. It was this strength that helped us achieve postal reform last year. And we must continue to use this strength to protect our current and future retirement benefits, and to pursue the Federal Retirement Fairness Act and the Social Security Fairness Act.

The Federal Retirement Fairness Act (not yet introduced in the 118th Congress) would allow employees to make a deposit or buy back their non-career service and would have a huge impact on our craft, a majority of which has non-career service as transitional employees and city carrier assistants. Completing a deposit for non-career time makes that service creditable under the Federal Employees Retirement System for both annuity calculation purposes and for retirement eligibility.

The Social Security Fairness Act (H.R. 82) would repeal the Windfall Elimination Provision and the Government Pension Offset that unfairly reduce Social Security benefits of Civil Service Retirement System pensioners and their spouses and widows.

Although we all have many priorities as a large and diverse union, it's important that we keep an eye on Capitol Hill. As federal workers, we have 535 bosses in Congress who determine many of our benefits, and we must ensure that we are being represented. Thank you for doing your part.