NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

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Oppose Changes in Federal and Postal Retirement and Health Benefits

Federal and Postal Employees Have Paid Their Fair Share

Federal employees have contributed more than $114 billion to deficit reduction through a 3-year civil service pay freeze and increased contributions by new federal and postal employees who joined the civil service or Postal Service after December 31, 2012.

Nonetheless, attacks on federal employee retirement benefits by Congressional lawmakers continue. Many of the proposals would not improve the financial integrity of the retirement system. Nor do many of their proponents on Capitol Hill know that in the 1980's Congress reformed and modernized the federal retirement program, which remains today in its present form.

FERS is a Fully Funded Model Program

Nearly 30 years ago, the Federal Employees Retirement System (FERS) was created to replace the Civil Service Retirement System (CSRS) and address growing unfunded liability. FERS solved that problem and helped to sustain the Social Security system.

Under FERS, the retirement age, annuity calculation, cost-of-living adjustment formula and basic benefit formula are all less generous than under CSRS. Today FERS is fully funded and a financially sound system with no unfunded liability. Experts frequently identify FERS as a model retirement program. Federal and postal employees regularly contribute a portion of their earnings into FERS to achieve a modest retirement income.

Last year, Congress required postal and federal employees hired after December 31, 2012, to pay an additional 2.3 percent toward retirement. The funds raised through the additional contribution were used solely to finance the 2012 payroll-tax holiday and unemployment extension; they provided no improvement to federal or postal employee retirement benefits, nor the financial integrity of FERS.

The Office of Personnel Management and the Office of Inspector General of the Postal service, in fact, have documented that the Postal Service has, in fact, overfunded its obligation to the federal retirement system.

The Danger of Changing FERS

Congressional proposals aimed at changing FERS in the name of deficit reduction or parity with the private sector would undermine the retirement security of federal and postal employees. These proposals would either: increase employee retirement contributions; decrease the base pension of future retirees: or reduce the inflation adjustment to the pensions of current and future retirees.

The FERS system, in which 85 percent of the two million federal and postal employees participate, is actuarially sound and requires no additional infusion of funds to shore it up. This means that any increased requirement contribution by a federal or postal employee effectively is a tax increase. Any decrease in pension benefits would likely not benefit the FERS system.

Already federal and postal employees have paid far more than their fair share toward deficit reduction through pay freezes and reductions in retirement benefits. Moreover, reductions in federal and postal retirement benefits will discourage high-quality candidates from joining the Postal Service or the civil service in the future. They will hasten the departure of current employees, many of whom are eligible to retire.

The President and Congress must govern responsibly and reduce the increasing debt that threatens America's future prosperity. But sensible and fair deficit reduction ultimately relies on a balanced approach. Singling out federal and postal workers is punitive and unfair.

NAPS opposes further changes in the federal retirement system or health benefit programs covering its members.

A Postal-Only Health Program?

Finally, the Postal Service has proposed establishing its own health benefits program, independent of the FEHBP, into which postal employees and retirees would be forced to enroll. Postal employees and the Postal Service have been well-served by the FEHBP as an efficient, comprehensive and affordable health benefits program that is superior to most private health plans and has contained medical costs with more success than the private sector.