



National Treasury Employees Union Legislative Action

110th Congress 2nd Session

FEDERAL RETIREE ISSUES

Eliminate Unfair Social Security Offsets: The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP)

Federal employees who retire from government service can be subject to two provisions of law that reduce their income and threaten their economic well-being. The Government Pension Offset (GPO) affects tens of thousands of individuals who are entitled to receive a federal pension from their own work and who are also eligible for Social Security based on their spouse's record of work. The Windfall Elimination Provision (WEP) reduces a retiree's Social Security based on his or her *own* earnings by up to 55 percent simply because he or she receives a public pension. These offsets are simply unfair. The GPO, in particular, often penalizes women who interrupted their careers to raise a family or lost their spouses. NTEU supports legislation to make changes in the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). Major legislation introduced by Rep. Howard Berman (D-CA) (H. R. 82) and Sen. Feinstein (D-CA) (S. 206) are currently pending in Congress. NTEU also supports many other bills to fix or lessen the impact of the offsets.

Premium Conversion:

NTEU would like to see passage of legislation to allow federal and military retirees to use pre-tax dollars to pay for their health insurance premiums, as active federal workers already do. Since October 2000, OPM has allowed active federal employees to use pre-tax dollars to pay these premiums. However, legislation is needed to treat federal and military retirees the same as active workers. During the past six years, cost of living adjustments have ranged from 1.3 to 3.5 percent for retirees, yet health care premiums have risen by more than 50 percent. The Davis/Warner bills described below will help bring equity to federal retirees in their health care costs.

FERS Sick Leave Credit

Under present law, FERS retirees—unlike federal workers who are covered under the Civil Service Retirement System (CSRS)—are unable to have their sick leave credited in the calculation of their pensions. Both groups, however, work diligently as dedicated public servants in agencies throughout the country, and both groups deserve to have their sick leave counted in some way for pension purposes. NTEU supports a payment to FERS retirees who have unused sick leave.

NTEU asks for: 1) cosponsorship of H.R. 82 and S. 206 to repeal the social security offsets; 2) cosponsorship of H.R. 1110 by Rep. Thomas Davis (R-VA) and S.773, by Sen. John Warner (R-VA) for pre-tax treatment of health insurance premiums; and 3) support for legislation allowing credit for unused sick leave under FERS, likely to be introduced by Rep. Jim Moran (D-VA).