



2019 LEGISLATIVE CONFERENCE

PROTECTING RETIREMENT

Most federal employees are covered under the Federal Employees Retirement System (FERS), a carefully crafted retirement system that was established in 1986 and is a critical factor for successful recruitment and retention in the federal government. Unlike many state retirement systems, FERS is fully funded and financially sound with no unfunded liability. In fact, FERS is frequently pointed to as a model by a diverse group of retirement experts for its deliberately constructed three-legged stool structure (defined benefit, defined contribution [Thrift Savings Plan (TSP)], and Social Security). All three parts are necessary for a livable retirement. Federal employees contribute a portion of their pay toward their retirement to achieve a median FERS pension of approximately \$1,100 per month, a modest retirement income.

Since 2010, Congress has twice increased employee contributions to the federal retirement program, essentially cutting take-home pay. Those hired after December 31, 2012 saw an increase of 2.3% of their salaries going toward retirement and those hired after December 31, 2013 saw an increase of an additional 1.3%. New employees now pay 3.6% more than other employees for the same retirement benefit. Federal employees have contributed \$21 billion to deficit reduction solely through increased employee retirement contributions.

Recent administration and congressional proposals would dramatically dismantle the current FERS retirement system and NTEU expects to see many of them reintroduced this year. These include: eliminating the FERS Supplement, which ensures that employees who are eligible have enough money to live on before social security benefits commence; moving from a high 3 to a high 5 pension calculation formula, which lowers employee pensions; further increasing employee contributions, which reduces employee pay; reducing and eliminating the Cost-of-Living-Adjustment (COLA), which significantly harms those living on a fixed income; and eroding the TSP's G Fund, which would reduce employee retirement funds or force them to put more of their retirement in higher risk funds. Also under consideration is completely eliminating the defined benefit pension part of FERS, which would remove the most stable retirement benefit provided to employees.

America is already facing a retirement crisis. Half of all Americans have less than \$10,000 saved for retirement. We should not substantially increase the number of retirees unable to support themselves in their senior years by diminishing or dismantling the federal retirement system. Federal employees have earned their pensions. It is part of their employment contract with the American people. It would be unconscionable to change the system now. Congress must do its part to safeguard that system.

NTEU urges:

- **Opposition to further reductions to federal retirement benefits that jeopardize federal workers' pay and ability to retire, including increased employee pension contributions.**