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PROTECT *America's Heartbeat*

December 13, 2011

U.S. House of Representatives
Washington, DC 20515

Dear Representative,

On behalf of the 4.6 million federal employees and annuitants represented by the National Active and Retired Federal Employees Association (NARFE), I am writing to urge you to oppose the provisions in H.R. 3630 that would increase payroll taxes on federal employee pay, diminish federal retiree annuities and extend the current pay freeze for federal employees. It is time to start treating the nation's federal employees as the hard-working, middle-class public servants that we are, and to stop singling us out as pawns in the nation's budget disputes.

H.R. 3630 includes an extension of the current payroll tax holiday to prevent middle-class American families from experiencing reduced paychecks. At the same time, it would place an even greater financial burden on federal employees and the middle-class families they support.

Solely extending the pay freeze for one year likely represents a reduction in pay of at least 2 percent – the level of the payroll tax holiday. At the same time, the bill would increase the payroll taxes used to fund retirement annuities by 1.5 percent of salary for most current employees, and by 3.2 percent of salary for new employees (those with less than five years of service). To add insult to injury, less-tenured employees would experience a 41 percent reduction in their deferred compensation because the bill would base retirement annuity calculations on (i) the average of the highest five years of salary instead of the highest three years and (ii) reduce the multiplier by more than 36 percent.

Federal workers – 62 percent of whom earn between \$25,000 and \$75,000 – care for our veterans, ensure that the water we drink and the food we eat are safe, protect our borders and prevent terrorism. Our families are no more immune from the difficult economic times than any other working American family. We, too, are experiencing declining home values and diminished savings, rising health insurance costs, spouses losing jobs and grown children unable to find jobs after college.

H.R. 3630 would add to those burdens when we have already been subject to a two-year pay freeze that has saved the United States Government \$50 billion out of workers' pockets, and when we face the threat of job losses through the sequestration process mandated by the debt-ceiling agreement.

National Active and Retired Federal Employees Association

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Is it fair that nearly 600,000 federal employees also will receive no part of the tax relief offered through the Social Security payroll tax reductions because they do not participate in Social Security? Congress can address this inequity in any payroll tax holiday extension by providing an equivalent tax credit for those federal workers not covered by Social Security.

For these reasons, I urge you to vote against H.R. 3630, to specifically oppose the provisions unfairly targeting federal employees, and to support a tax credit for any worker who is not covered by Social Security.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph A. Beaudoin". The signature is fluid and cursive, with a large loop at the end.

Joseph A. Beaudoin
President