Federal Benefits Under Attack
What You Need to Know

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Agenda

• Proposals Targeting the Federal Community
• Understanding the Budget Process
• How Serious are the Threats?
• Impact on Your Retirement Plans
• How You Can Fight Back
Trump FY18 Budget

• Eliminate COLAs for FERS retirees
• Reduce COLAs by 0.5% for CSRS retirees
• Increase FERS retirement contributions by 1%
• Eliminate the FERS annuity supplement
• High-3 to High-5 for future FERS retirees
Trump FY18 Budget

$149 billion in savings

= 

$149 billion out of your pocket!
COLA Changes

• The typical FERS annuitant would lose:
  
  – $23,430 over 10 years
  – $99,471 over 20 years
  – $246,185 over 30 years
  – $487,829 over 40 years
COLA Changes

• The typical CSRS annuitant would lose:
  – $12,598 over 10 years
  – $60,576 over 20 years
  – $169,874 over 30 years
  – $381,418 over 40 years
## Increase in Retirement Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Loss</th>
<th>Cumulative Loss</th>
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<tbody>
<tr>
<td>2018</td>
<td>$848</td>
<td>$848</td>
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<tr>
<td>2019</td>
<td>$1,731</td>
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<td>2023</td>
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FERS Annuity Supplement Elimination

• 35 Years of Service Example:
  – $2,000/month Social Security benefit
  – Loss: $1,750/month x 60 months = $105,000
High-3 to High-5

• 30 Years of Service
  – High-3 Average: $101,223
  – High-5 Average: $99,861
  – FERS Difference: $449/year
  – CSRS Difference: $766/year
High-3 to High-5

- Promotion in Year 3
  - High-3 Average: $101,223
  - High-5 Average: $92,278

- FERS Difference: $2,951/year
- CSRS Difference: $2,219/year
House FY18 Budget

• Increase in retirement contributions for current federal employees

• Elimination of FERS Annuity Supplement

• $32 billion in reconciliation instructions
Other Proposals on the Table

• FEHBP premiums in retirement based on years of service

• Elimination of FERS for new hires

• A 10% reduction of the workforce
Other Proposals on the Table

• Turning FEHBP into a voucher program

• Decreasing the rate of return on the TSP’s G Fund
FEHBP Voucher Program

• Limits government contributions towards premiums

• Enrollees pay a greater share over time
  – From 28% to > 50%
  – $50,000 lost
TSP G Fund Rate of Return

• Average G Fund returns = 2.6% over 10 years

• Reduces returns to close to zero

• Savings of $32 billion over 10 years
Understanding The Process

• Step 1: President’s Budget
• Step 2: House and Senate Budget Resolutions
• Step 3: Budget Reconciliation Bill
  • Requires $32 billion from Feds
  • 50 Vote Threshold in Senate
How Serious are the Threats?

• Proposals are not new

• NARFE has been successful in preventing previous attacks

• Top congressional priorities:
  – Increase in retirement contributions
  – TSP G Fund change

NARFE is fighting for you!
Timing Your Retirement?

• Make retirement plans independent of these proposals.

• NARFE is working hard to prevent movement of these proposals
How You Can Fight Back

• Call and write your members of Congress
• Tell your story
• Strength in Numbers!

Please consider joining NARFE at www.narfe.org
Thank You!

www.narfe.org

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