



National Federation of Federal Employees, IAMAW, AFL-CIO



NFFE-IAM Opposes Efforts to Gut Pensions for Federal Workers

Position: There have been numerous efforts in the 112th Congress to substantially reduce or eliminate federal employees' pensions. These proposals have frequently been offered to pay for unrelated programs that need offsets. The premise for these proposed cuts is that federal workers have bloated pensions; however, federal workers enrolled in the Federal Employees Retirement System (FERS) receive an average pension benefit of just \$12,780 per year, not nearly enough to live on in one's retirement. NFFE-IAM strongly opposes these short-sighted and unfair proposals that place a disproportionate amount of our nation's debt burden on federal workers like VA nurses, U.S. Border Patrol agents, and USDA food inspectors.

There have been numerous pieces of legislation introduced or amendments to existing bills filed in the 112th Congress designed to substantially reduce or eliminate federal worker pensions. Here are a couple examples: H.R. 3813, a bill NFFE-IAM strongly opposes, would triple the contributions that current federal employees must pay for their pensions. S. 644, another bill NFFE-IAM strongly opposes, would eliminate defined benefit pensions for new hires in the federal government.

Proposals like these designed to reduce federal employee pensions have frequently been offered up to pay for unrelated programs that need offsets. For example, the extension of the payroll tax cut was offset in part by requiring new hires into the federal government (hired in 2013 and beyond) to pay nearly four times as much for their pensions as new hires were previously required to pay. This change, which has been signed into law, will substantially reduce the ability of newly hired federal employees to save for retirement.

The premise for proposed pension cuts, according to supporters, is that federal employees have exceedingly generous pensions. This premise is simply false. While federal workers hired 30 years ago or more did indeed have a good federal pension, legislation passed in 1986 effectively cut the value of federal workers' pensions in half. That legislation created the Federal Employees Retirement System (FERS). The vast majority of current federal employees were hired into this retirement system which does not provide a pension nearly generous enough for retirees to live on.

Here is a critical statistic: According to Office of Personnel Management (OPM) data, FERS retirees receive an average pension benefit of just \$12,780 per year. Despite the rhetoric, FERS retirees receive a very modest pension, and there is no justification for further cuts based on this benefit level.

NFFE-IAM strongly opposes efforts to reduce the value of current or future federal employee pensions. This includes proposals to make workers pay more for the same pension benefit, a change that amounts to a retirement benefit cut.