



NALC FACT SHEET

Department of Legislative and Political Affairs — National Association of Letter Carriers, AFL-CIO

100 Indiana Ave. NW — Washington, DC 20001-2144 — 202-393-4695 — www.nalc.org © NALC

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The Postal Service and FERS Military Pension Costs

The **Postal Accountability and Enhancement Act of 2006** (PAEA) established the principle that retirement annuity benefits earned by postal employees as a result of military service performed before their tenure with the Postal Service is rightfully the responsibility of American taxpayers, not customers of the Postal Service. Since the entire country benefits from such service, costs associated with it should be borne by taxpayers in general.

This principle was implemented by one of the key provisions of the PAEA, which transferred \$27 billion in military-related pension benefits earned under the Civil Service Retirement System (CSRS) from the Postal Service back to the U.S. Treasury (which had paid it prior to 2003). See Title VIII of the legislation.

By enacting the PAEA, Congress concluded that the Postal Service and its users should not have to subsidize the cost of unrelated government operations, just as taxpayers are not required to subsidize the operations of the Postal Service. But the return of CSRS military pension liabilities to the Treasury raises the issue of similar liabilities payable under the Federal Employees' Retirement System (FERS). The Postal

Service and its customers are being forced to underwrite the cost of FERS benefits earned by postal employees for prior service in the military. For example, the pension costs of military service performed by postal employees in the first Persian Gulf War in 1991 as well as that undertaken more recently in Iraq is being inappropriately shifted to the Postal Service and its customers.

NALC Calls on Congress to Investigate the Cost to the Postal Service of FERS Military Pension Benefits

As they did in the case of CSRS military pension benefits in 2002, the General Accountability Office, the Office of Personnel Management and the USPS should collaborate on a study to determine the cost of FERS military pension benefits to the Postal Service. Congress should request such a study as a first step before acting to relieve the USPS and its users of these costs.

For further information, please contact the NALC office of Legislative and Political Affairs 202-662-2833.