



Information on USPS temporary suspension of FERS contributions

April 9, 2026

Yesterday it was reported that the Postal Service will begin a cash conservation plan, which includes temporarily pausing all its employer contributions to its Federal Employees Retirement System (FERS) account through the end of the fiscal year, which ends on Sept. 30.

The Postal Service is required to make two types of payments to its FERS account: normal cost payments, which cover the cost of the pension benefits earned by postal employees each year, and amortization payments, which pay down the agency's unfunded liability (the difference between what is owed to current and future retirees and the actual assets in the account).

As the Postal Service's financial condition has declined due to changes in mail volumes and significant financial constraints placed on the agency by Congress, USPS resorted to defaulting on most of its annual amortization payments in order to preserve cash to maintain operations and payroll. It continued to make all its normal cost payments during this period.

However, the Postal Service now says its financial situation has deteriorated so much that it has become necessary not to make any of these payments. According to USPS, the two actions outlined below are necessary to prevent the agency from running out of cash as early as February 2027.

First, the USPS Board of Governors voted last month to allow the Postal Service to temporarily suspend its normal cost payments, which will allow the agency to retain about \$2.5 billion for operations. This suspension is effective April 10.

During the suspension, the Postal Service will continue to transmit postal employees' contributions to FERS. This suspension will not affect the Thrift Savings Plan (TSP). The Postal Service will continue to transmit USPS automatic contributions, employee contributions, and USPS matching contributions to TSP.

Second, the Postal Service petitioned its regulator, the Postal Regulatory Commission (PRC), to grant it a waiver lifting restrictions on how USPS may use some of its revenue. Under the current price cap system designed by the PRC, the Postal Service has been allowed to raise rates slightly higher than inflation but required that revenue be used to pay FERS amortization costs. As of yesterday, the PRC has granted the Postal Service's request allowing the agency to use that revenue for operations instead, stating that it "expeditiously granted the waiver in the interest of the public and to provide the Postal Service some breathing room." The PRC estimates that this will free an additional \$2.4 billion for USPS operations this fiscal year, and potentially a total of \$15 billion through 2030.

These actions will not immediately have a detrimental impact on current or future retirees, but each missed payment increases the Postal Service's FERS unfunded liability. The two actions combined will result in about \$5 billion in additional past-due FERS contributions this year, bringing the Postal Service's total missed FERS payments to about \$17 billion since 2014.

This consequence highlights the fact that self-help solutions alone cannot fix a problem created by legislative constraints. This pause will delay the Postal Service running out of cash but is not a long-term solution. Congress and the administration must act urgently to provide the Postal Service with the financial flexibility it needs to achieve financial stability.