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NARFE Legislative Hotline July 21, 2017

1 message

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Message from NARFE President Richard G. Thissen

"The House Budget Committee approved its 2018 fiscal year budget resolution, setting the stage for cuts to your earned pay and benefits. This budget proposes a 'retirement tax' on hard-working public servants and would require cuts to federal retirement benefits, to the tune of at least \$32 billion. Federal workers and retirees have dedicated their lives to serving the public good and their work should be honored; this budget proposal does the opposite. NARFE members need to stand united against any threats to their earned pay and benefits as the budget process continues. If we do not speak out against these threats, Congress will view that as acceptance."

House Budget Committee Advances Budget Resolution

The House Budget Committee approved its 2018 fiscal year budget resolution, setting up cuts to the earned pay and benefits of the federal community. For the upcoming fiscal year, the resolution allocated \$621.5 billion for defense spending – a \$70.5 billion increase from FY17 and \$511 billion for nondefense discretionary spending – a \$8 billion decrease from FY17.

The resolution also includes reconciliation instructions to 11 House committees to come up with \$203 billion in revenue increases or spending cuts over the course of the next 10 years. This includes \$32 billion in cuts to spending programs under the jurisdiction of the House Committee on Oversight and Government Reform (OGR). The main spending programs under OGR jurisdiction are federal retirement and health benefits. As such, the instruction to OGR essentially would require at least \$32 billion in cuts to federal retirement or health benefits over the course of a decade.

While it is ultimately up to OGR to develop these legislative proposals, the Budget Committee put forward two suggestions that would cut retirement benefits. First, the committee proposed increasing the amount federal employees pay into their pensions, which is nothing more than a pay cut equal to the increased portion they contribute. Secondly, the committee proposed ending the Federal Employees Retirement System (FERS) Annuity Supplement. Specific details on who these proposals would affect were not stated in the budget resolution.

While the budget must be agreed upon by the full House and Senate, passage by the House Budget Committee is the first step in that process. If and when that occurs, the next stage will be for House and Senate committees to approve spending levels and changes aligned with the budget's requirements.

NARFE members are encouraged to [write](#) and [call](#) their legislators and ask that they oppose the budget and stand against any cuts to the earned pay and benefits of active and retired federal employees.

TSP Modernization Act Approved by Oversight Committee

The House Committee on Oversight and Government Reform approved by voice vote the TSP Modernization Act of 2017, H.R. 3031. The bipartisan bill, introduced by Reps. Elijah E. Cummings, D-MD, and Mark Meadows, R-NC, would provide more flexible withdrawal options for Thrift Savings Plan (TSP) accounts.

The legislation would allow multiple, partial post-separation withdrawals, which participants can time to their individual needs, and would provide multiple age-based withdrawals for participants who are still working and are older than age 59½. It would add flexibility to the TSP by allowing the election of quarterly or annual payments and permit periodic withdrawals that can be changed at any point during the year. Payments could be stopped while allowing the account balance to remain in the TSP. Finally, the bill would eliminate the withdrawal election deadline.

NARFE supports the bill, and sent a [letter](#) urging committee members to advance the legislation, which they did. The Employee Thrift Advisory Council, of which NARFE is a member, also supports the changes to TSP withdrawal options outlined in this bill. NARFE members are encouraged to send a letter to their legislators asking them to support the bill [here](#).

Federal Employee Pension Fairness Act Introduced

This week, legislation was introduced in the House that would repeal the two recent increases in federal employee retirement contributions. The Federal Employee Pension Fairness Act, H.R. 3269, introduced by Rep. Anthony G. Brown, D-MD, would return most federal employee retirement contributions to the pre-2013 0.8 percent level.

Beginning in 2013, new federal employees were mandated to pay more toward their retirement than their previously hired colleagues, without any increase in benefits. Those hired in 2013 pay 2.3 percent more, and those hired in 2014 and beyond pay 3.6 percent more than those hired prior to 2013. Over 10 years, these increases in retirement contributions will amount to a \$21 billion loss in take-home pay for these federal employees, and much more thereafter, with no added benefit in retirement.

NARFE supports this bill. Legislators should not treat federal employee pay as a piggy bank to pay for other congressional spending priorities. Such practices inhibit the federal government from recruiting and retaining the nation's best and brightest, undermining the ability of our government to carry out its mission of serving the American people.

Fiduciary Rule Repeal Bill Approved By House Committee

The Affordable Retirement Advice for Savers Act, H.R. 2823, introduced by Rep. Phil Roe, R-TN, was approved by the House Committee on Education and the Workforce by a vote of 23-17. The bill, which would repeal the Department of Labor's fiduciary rule, was also referred to the House Committee on Ways and Means.

Under the fiduciary rule, financial advisers are subject to new impartial conduct standards when recommending rollovers of assets into individual retirement accounts (IRAs), including rollovers from the Thrift Savings Plan (TSP). For this reason, NARFE supports the rule and is working to prevent any attempts to undo it. You can contact your lawmakers in support of the rule [here](#).

Legislative Webinar: Federal Benefits Under Attack – What You Need To

Know

NARFE's Legislative Department hosted a webinar this week on the very real threats to your earned federal retirement and health benefits. The webinar reviewed the proposals currently being debated in Congress that could impact your retirement and health care plans – and what you can do to prevent those proposals from becoming law. The proposed budget being debated in Congress has crippling implications for the earned pay and benefits of current and retired Feds, making it extremely important that all federal workers and retirees understand what's at stake and take action.

An archived version of the 20-minute webinar, hosted by NARFE's Legislative Director Jessica Klement, is available to view [here](#).

Make Your Voice Heard in Congress

NARFE members are encouraged to use the new, easy-to-use [NARFE Legislative Action Center](#) to send letters to members of Congress on a variety of NARFE issues, sign up for action alerts and track NARFE-related bills and votes.

Have you attended a meeting, town hall or telephone town hall with your senator(s) or representative recently? Fill out a simple feedback form [here](#) in the new Action Center to tell NARFE's legislative staff the details of your legislator's stance on NARFE issues.

Obtaining the Hotline

This weekly legislative message is emailed to NARFE members, posted on the NARFE [website](#) and available to NARFE members via telephone by calling 703-838-7780 and toll-free at 877-217-8234. Past editions are [archived](#) online for NARFE member access. If you have any questions regarding the information in this Hotline, please email NARFE's Legislative Department at leg@narfe.org or call 703-838-7760.

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