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Oppose Requiring Postal Retirees to Either Purchase Additional Health Insurance Coverage (Through Medicare) or Forfeit Their Earned Retiree Health Benefits.

Postal retirees should retain the choice as to whether to add Medicare to their existing retiree health benefit coverage. Eliminating that choice, as contained in H.R. 5714/S.2051 (114th Congress), breaks a basic promise and precedent not to alter retiree benefits after retirement, and adds significant additional costs to aging postal retirees.

Oppose unwise civil service "reform" policies that would undermine the effectiveness of the federal workforce.

Civil service policies should be focused on ensuring an effective federal workforce; not based on politically-appealing talking points. Unfortunately, too many recent policy proposals have taken aim at hard-working, dedicated public servants unfairly, and threaten to undermine the effectiveness of the federal workforce, and even the strength of our democracy. While positive civil service reforms based on best practices and rooted in thoughtful policy should be pursued, members of Congress should be vigilant in opposing political attacks masquerading as policy, such as:

- A federal hiring freeze and reducing the federal workforce through attrition.
    - This policy undermines the efficiency of government operations by creating hiring backlogs and inadequate staffing levels, and it is unlikely to save any money, as work now performed by federal employees is likely to be outsourced to federal contractors for an even higher cost to taxpayers. As reported by GAO, hiring freezes ultimately end up costing more money than they save.
- Eliminating, or substantially eroding, due process protections for federal employees.
    - Due process protections ensure that federal employees are hired and fired based on merit, and not based on political views or affiliations or otherwise. These protections were put in place to guard against the corruption and incompetence that would arise under the spoils system of the 1800s, when jobs were handed out as, and in exchange for, political favors.

Support Reforms to Calculating Medicare Part B Premiums When There is a Zero or Low COLA to Social Security Benefits.

Medicare Part B premiums should not differ based on whether they are paid from a Social Security check, a federal or state government pension or a personal check. Unfortunately, when there is a low or zero cost-of-living adjustment (COLA) to Social Security benefits, they do. While Medicare premium increases for many are limited to their Social Security COLA, increases are not limited for others, like federal retirees, who are also forced to pick up the tab. Congress should pursue a permanent fix to this unfair situation.

Support Reforms to the Federal Long-Term Care Insurance Program (FLTCIP) That Would Ensure Price Stability And Affordability.

Following premium increases of 83 percent, on average, and by as much as 126 percent, reforms are necessary. Reforms should ensure that the FLTCIP can provide more reliable pricing in a more affordable manner. At a November 2016 House hearing on the issue, NARFE outlined a number of policy options that could do so, and legislation towards this end should be pursued.

NARFE also supports broader reforms to long-term care financing that could address the needs of all Americans, such as a public-private long-term care partnership where the federal government could underwrite or provide insurance against the catastrophic risk of needing high-level care for a long period of time, such as more than two or three years.

For more information, please contact Jessica Klement, Legislative Director, at jklement@narfe.org, or John Hatton, Deputy Legislative Director, at jhatton@narfe.org.

ISSUE BRIEF LEGISLATIVE PRIORITIES FOR THE 115TH CONGRESS

In the 115th Congress, the National Active and Federal Employees Association (NARFE) is urging members of Congress to do the following:

1. Oppose ANY Cuts to the Earned Retirement and Health Benefits of Federal Retiree.s

In exchange for years of hard work, federal employees and retirees have been promised retirement annuities and retiree health benefits. These benefits were earned fairly, and should not be taken away now. Doing so would break a basic promise that ought to be upheld, and would deprive federal retirees benefits that are essential to their financial and health security.

Notably, NARFE opposes the following proposals that would, in effect, break a promise to federal retirees by devaluing their retiree health benefits, retirement annuities, or retirement investments:

- Reducing the government contribution towards federal health insurance premiums by limiting the increases to inflation, rather than the cost of health insurance (FY16 House Budget Resolution).
    - This proposal could cost a federal family upwards of $50,000 over ten years, with employees and retirees paying more than 50 percent of total premiums.
- Using the Chained CPI to determine cost-of-living adjustments (COLAs) for Social Security benefits and federal and military retirement annuities.
- Reducing the rate of return on the Thrift Savings Plan G Fund from an average of 2.25 percent to 0.02 percent (FY16 House Budget Resolution).
    - This would deprive millions of federal employees and retirees the value of a key portion of their retirement investment.

2. Oppose Across-the-Board Federal Employee Compensation Cuts.

Across-the-board pay and/or benefit cuts fail to distinguish between differing occupational and geographic labor markets and further undermine the adequacy of compensation for already undercompensated public servants, thereby threatening the ability to recruit and retain an effective workforce. NARFE opposes proposals that would effectively reduce the pay of all federal employees (current or future) by reducing their benefits or by preventing pay increases, notably including:

- Increasing federal employee payroll contributions towards retirement by as much as 6 percent of pay, without any added benefit (FY16 House Budget Resolution).
    - This amounts to an immediate 6 percent across-the-board pay cut.
- Eliminating the Federal Employees Retirement System (FERS) annuity entirely for new hires without an equivalent increase in pay or Thrift Savings Plan (TSP) contributions (FY16 House Budget Resolution; Heritage Foundation's Blueprint for Reform).
- Across-the-board federal employee pay freezes.

3. Support Reform of the Windfall Elimination Provision (WEP) That Would Provide Relief to *Current* Retirees.

The WEP unfairly reduces earned Social Security benefits based on government employment. NARFE supports WEP reform efforts along the lines of the original version of Chairman Kevin Brady's (R-TX) bill, H.R. 711 (114th Congress), which provided significant relief for current retirees who have been unfairly penalized by this provision for years.

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NARFE'S LEGISLATIVE ACCOMPLISHMENTS

114th CONGRESS (2015-2016) REVIEW

In the 114th Congress, the federal community continued to face assaults on its earned benefits. As a result, NARFE's legislative efforts focused on defeating proposals attacking federal employees and retirees, as well as working toward solutions to other concerns facing NARFE members. Here are highlights of the Association's accomplishments as the 114th Congress (2015-2016) concluded in December 2016.

✓Thwarted ALL attempts by Congress to cut the earned pay and benefits of federal employees and retirees.

- **The House of Representatives' Fiscal Year (FY) 2016 budget resolution contained eight provisions totaling $318 billion in cuts to the federal community.** These cuts included raising retirement contributions of current federal employees, reducing the size of the federal workforce, increasing enrollees' share of Federal Employees Health Benefits Program (FEHBP) premiums and reducing the return of the Thrift Savings Plan's (TSP) most stable investment vehicle, the G Fund. Ultimately, none of those cuts were passed into law, thanks to the hard work of NARFE and its members.
- **The Senate failed in its attempt to pay for highway improvements on the backs of the federal community.** As the Senate debated a six-year highway bill in 2015, some senators suggested offsetting the cost by changing the rate of return of the TSP's G Fund, rendering the fund nearly worthless, as the return would be lower than the average savings account. Such a change would have cost TSP participants $32 billion. NARFE members and lobbyists sprang into action, and Congress was forced to find other sources of funding.
- **A budget agreement offsetting sequestration cuts for two years did not take from federal employees or retirees.** After the federal community contributed more than $120 billion to pay for other priorities in recent years, NARFE members have been sounding the drumbeat: Enough is enough! A two-year budget deal was signed into law at the end of 2015, increasing spending levels by $80 billion without offsets to the federal community, even after the initial budget called for $318 billion in cuts. NARFE's message is resonating on Capitol Hill.

✓Successfully mitigated disproportionate and unfair increases in Medicare premiums.

- **Without a cost-of-living adjustment (COLA) in 2016, millions of Medicare enrollees not "held harmless" would have seen their premiums increased by 52 percent, unless Congress or the administration took action.** NARFE began sounding the alarm on this issue on the Hill and with the administration before any other organization. Due to NARFE's lobbying efforts and the messages sent to legislators by thousands of NARFE members, a compromise fix was included in the two-year budget agreement, limiting the 2016 premium increase to 15 percent for those not held harmless.
- **In the face of a small retiree COLA in 2017, which did not trigger the budget deal's provisions, NARFE secured the introduction of legislation to mitigate the effects of Medicare premium increases for those not held harmless, in a situation similar to 2016.** While this legislation was not considered by Congress, premium increases previously had been limited (to 10 percent, as opposed to about 20 percent) through action by the administration due to concerns raised by NARFE and its coalition partners.

✓Protected postal retirees' health benefits through the Federal Employees Health Benefits Program (FEHBP).

- **Postal reform legislation in both the House and the Senate would have required all eligible postal retirees and their spouses to enroll in Medicare or forfeit their earned retiree health benefits coverage through the FEHBP.** NARFE worked tirelessly to oppose these provisions, supporting amendments that would prevent loss of health insurance coverage entirely, maintain choice for postal retirees

and/or reduce the cost of additional coverage. Ultimately, sponsors of the legislation were unsuccessful in bringing it before Congress, in large part due to NARFE's objection to mandatory Medicare.

✓In response to significant spikes in premiums (by an average of 83 percent and as much as 126 percent) under the Federal Long Term Care Insurance Program (FLTCIP), NARFE secured critical information and support for enrollees and pushed Congress to act to avoid a repeat of the situation.

- **NARFE provided critical information and secured dedicated support for Association members who participate in the program.** NARFE secured a dedicated phone line and personalized counseling for NARFE members from the staff of the contractor administering FLTCIP. NARFE also hosted an informational webinar to help enrollees with their choice of coverage options.
- **NARFE played a critical role in securing a November 2016 hearing on the FLTCIP rate hike at which NARFE President Richard G. Thissen testified.** NARFE offered policy solutions to improve the affordability of the program and prevent such staggering premium increases from occurring again. NARFE is continuing to promote legislative solutions.

✓ Worked to keep Association members informed regarding the data breaches at the Office of Personnel Management (OPM).

- **Following the announcements of two OPM data breaches, NARFE stayed in constant communication with OPM officials to ensure NARFE members were provided the information they need to protect their financial well-being.** NARFE immediately created a website to provide answers to members' questions. NARFE also testified on Capitol Hill, stressing: "It is imperative that we not only act swiftly to remedy this situation, but we also must ensure an incident of this magnitude does not repeat itself. We must do a better job of protecting the millions of federal employees who serve this nation."

✓Worked to increase identity theft protection provided to individuals impacted by the data breaches at OPM.

- **NARFE supported lifetime identity theft protection, while the services offered after the breaches only cover three years.** In the FY 2016 Omnibus Appropriations bill, those impacted were awarded 10 total years of coverage. While not the lifetime coverage NARFE sought, this was a notable improvement to the length of the protection.

✓Supported efforts to protect TSP participants from receiving bad financial advice.

- **NARFE testified before the Department of Labor in favor of a rule to hold financial advisers to a "best interest" standard, instead of the current "suitability" standard, when providing advice regarding rollovers and other financial matters.** Speaking for NARFE, President Thissen's testimony focused on NARFE's concern that federal employees and retirees and military personnel who are invested in low-fee TSP funds are not adequately protected from bad financial advice, particularly about whether to roll over TSP funds into an outside individual retirement account. The rule became effective in June 2016, and initial compliance requirements begin in April 2017.

✓NARFE's media coverage reaches new heights.

- **Throughout the 114th Congress, NARFE saw unprecedented coverage in the press, thanks to a combination of being out in front on certain issues and efforts to draw attention to others that were being overlooked by the media.** On topics as wide-ranging as the Medicare Part B issue, the new Self Plus One option and the OPM data breach, NARFE was mentioned in the press more than 750 times in 2015 and nearly 190 times in 2016. NARFE also garnered more coverage in national news outlets, including CBS Evening News, on which NARFE's legislative director appeared, and Fox Business News, on which NARFE's legislative counsel appeared.

ISSUE BRIEF

BUDGET THREATS TO FEDERAL EMPLOYEES AND RETIREES IN THE 115TH CONGRESS

Federal employees and retirees face a number of threats to their earned pay and benefits in the 115th Congress. The congressional budget process represents the most likely path for passage of harmful proposals. ***NARFE is asking members of Congress to oppose any budget resolution, budget reconciliation legislation or any other bill that would allow these proposals to become law.***

1. **Federal Retiree and Employee Health Benefits Cuts**
   - NARFE opposes proposals to undermine federal employee and retiree health insurance coverage by:
     - Reducing the government contribution toward Federal Employees Health Benefits Program (FEHBP) health insurance premiums by limiting increases to inflation, rather than on the cost of health insurance. (Fiscal Year 2016 House Budget Resolution)
       - This proposal could cost a federal employee or retiree family upwards of $50,000 over 10 years.
     - Reducing the government contribution toward health insurance premiums for retirees with fewer years of service. (FY16 House Budget Resolution)
     - Eliminating retiree health benefits for new hires. (Heritage Foundation's Blueprint for Reform)
       - This proposal would destabilize this model program, which would negatively affect current employees and retirees.
   - Federal retirees earned their retiree health benefits in exchange for years of service. The value of these earned benefits should not be eroded to do so breaks a promise to retirees, future retirees and their survivors.
   - FEHBP is a successful program that should not be undermined. It provides quality, affordable health care to more than eight million people. Tampering with the program would put at risk the health care of individuals who receive these benefits in exchange for their federal service.

2. **Effective Pay Cuts for Current Employees Through Benefit Reductions**
   - NARFE opposes proposals that would effectively reduce the pay of current federal employees by reducing their benefits. These proposals include:
     - Increasing federal employee payroll contributions toward retirement by as much as 6 percent of pay, without any added benefit. (FY16 House Budget Resolution)
       - This amounts to an immediate 6 percent across-the-board pay cut.
     - Reducing the rate of return on the Thrift Savings Plan (TSP) G Fund (FY16 House Budget Resolution).
       - This proposal would not realize the $32 billion in savings it seeks, as TSP participants would invest their money elsewhere.
       - The G Fund rate of return is the same rate of interest earned by the Social Security Trust Fund, as well as the Civil Service Retirement and Disability Fund.
     - Changing how retirement benefits are calculated, such as by basing annuities on the highest five years of pay rather than the highest three.

3. **Elimination or Reduction of Retirement Security for New Hires**
   - NARFE opposes proposals that would eliminate the Federal Employees Retirement System (FERS) annuity entirely for new hires. (FY16 House Budget Resolution; Heritage Blueprint for Reform)
     - This proposal amounts to a substantial reduction in compensation for new hires, and would threaten the ability to recruit and retain valuable employees at a time in which our country needs the best and the brightest to meet the many challenges the nation faces.
   - NARFE also opposes eliminating the FERS annuity supplement for those who retire before they are eligible to collect Social Security (FY16 House Budget Resolution).

For more information, please contact Jessica Klement, Legislative Director, at jklement@narfe.org, or John Hatton, Deputy Legislative Director, at jhatton@narfe.org.

TALKING POINTS

TALKING POINTS FOR MEETINGS WITH CONGRESSIONAL OFFICES

The Talking Points below should serve as a guide for NARFE members as you prepare for meetings with members of Congress or their staff. ***This document is for preparation for your meetings, and not intended to be handed out****. You can find Issue Briefs on key issues to leave with your legislators or their staff on NARFE's website.*

Introductory Talking Points[1]

1. As a long-serving federal employee, I earned every cent of my pay, my annuity and my health benefits. *Discuss what you did over the course of your career in public service, and how it helped other Americans, particularly in your state.*
2. In exchange for my hard work, I was promised the pension and retiree health benefits I have earned. These benefits should not be taken away now. Doing so would break a basic promise that ought to be upheld.
3. My retirement and health benefits have always been a valuable part of the compensation I receive(d) as a federal employee. Eliminating or reducing those benefits is nothing more than a pay cut. Pay cuts hurt the ability to recruit or retain valuable employees.
4. My retirement and health benefits are essential to my financial and health security in retirement.
5. **Please oppose any budget resolution or bill that would require cuts to federal retirement or health benefits!**

After addressing the introductory talking points, focus on attacks on health benefits (just below) and one or two other issues (back of page).

Health Benefits (through the Federal Employees Health Benefits Program (FEHBP)

- The Fiscal Year (FY) 2016 House Budget proposed reducing how much the government contributes towards retiree health benefits. That is an assault on a benefit earned through years of public service, and breaks a basic promise.
- I value my health insurance and I want to keep it. I am asking you to oppose any proposals that would undermine the quality of my health insurance, or disproportionately increase my costs, in any way.
- The federal health benefits program provides affordable, quality health insurance. The program has been a model for other programs, should not be undermined.

[1] *As appropriate, you should tweak the talking points to apply to your personal situation. For example, if you are a survivor annuitant, talk about your spouse's work history.*

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TALKING POINTS

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enefit Cuts Are Pay Cuts

- Proposals in the FY16 House Budget amount to substantial and undeserved pay cuts for federal employees. Members of Congress should oppose these proposals.
- The FY16 House Budget proposed increasing retirement contributions for current federal employees by 6 percent. This amounts to nothing more than a 6 percent pay cut.
- The FY16 House Budget proposed reducing the rate of return on the Thrift Savings Plan's G Fund to almost zero. This completely eliminates the value of this retirement investment. It also would not save any money. In fact, I would cash in my G Fund holdings and move it elsewhere. That would cost the government money.
- The FY16 House Budget proposed eliminating pensions for new employees. Without an equal pay increase or contribution to their Thrift Savings Plan (TSP) – the federal employee 401(k) – this amounts to a massive compensation cut.

ostal Reform & Postal Retiree Health Benefits

- Leading postal reform efforts would require all current postal retirees to enroll in Medicare and pay additional premiums for that coverage or forfeit their retiree health benefits.
- Postal retirees should retain the choice as to whether to add Medicare to their retiree health benefit coverage. Eliminating that choice breaks a basic promise not to change health benefits in retirement, and increases costs for those on a fixed income.
- Congress should not reverse the decision already made by postal retirees regarding their retiree health benefits, setting a very dangerous precedent for other retirees. Please oppose postal reform bills that would do so.

indfall Elimination Provision (WEP) Reform

- The WEP unfairly reduces my earned Social Security benefits based on my government employment.
- NARFE supported H.R. 711(from the 114th Congress) in its original form, but opposed a proposed amended version because it limited relief for people like me, who have been unfairly penalized by this provision for years. We will support reform efforts that provide relief to current retirees, and we ask that you do too.
- *Tell your personal WEP story.*

edicare Part B Hold Harmless

- Whether I pay Medicare Part B premiums from a Social Security check, my federal annuity or a personal check should not change the amount I pay.
- When there is a low or zero cost-of-living adjustment (COLA) to Social Security benefits, Medicare premium increases for many are limited to their Social Security COLA.
- Unfortunately, increases are not limited for others, like federal retirees, and we are forced to pay more for others. That's not fair. Please support a permanent fix on this issue.

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