



April 2020

Business Agent's Report

NALC

**Rap Session** – I want to thank all the letter carriers who made the 2020 Rap Session a great success. With around 300 members in attendance, it takes a lot of effort, so thanks to all of you who lent a hand. Special thanks to President Rolando for taking the time out of his hectic schedule to attend and address the attendees.

**Coronavirus** – Or COVID-19. News is changing almost by the minute concerning this virus and I urge you to stay up to date on the latest news. The NALC Safety and Health Page <https://www.nalc.org/workplace-issues/safety-and-health> will have the latest news and links to the Center for Disease Control and to Postal Service links and information.

**Reform the Postal Service** – While the following information below can be found at numerous locations, I believe it's imperative that every carrier understands that there are those who would like to privatize the USPS and if they are unable, open up the mailbox and end our monopoly.

The budget asks for more than \$90 billion in cuts to USPS operations and workforce compensation over 10 years. Changes are based on the recommendations of the White House Postal Task Force, which include: cuts to postal employee pay; eliminating the USPS mailbox monopoly; opening the private sector up to mail sorting; and implementing a new rate-setting system, which would allow for increased rates on packages and services deemed "non-essential." Below are some specific proposals.

Increase FERS contributions. For active federal and postal employees covered by the Federal Employees Retirement System (FERS), the budget calls for gradually equalizing employee and agency payroll contributions for pension benefits. This would raise the pension contributions of letter carriers by 1 percent of pay a year for up to six years, resulting in a take-home pay cut of up to \$3,700 annually after six years for active letter carriers. The exact impact would depend on when FERS employees were hired.

High-5 average. The proposal calls for reducing Civil Service Retirement System (CSRS) and FERS pension benefits for new retirees by basing annuities on workers' highest average yearly salary over five years (high-5) instead of over the highest three years (high-3).

Eliminate annuity supplement. It also would eliminate the annuity supplement that covers the gap for employees who retire under FERS before they qualify for Social Security benefits at age 62.



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Slash COLAs. For all retirees, the administration's budget calls for eliminating or reducing cost-of-living adjustments (COLAs). For current and future annuitants under FERS (which covers any employee hired after 1984), the budget would eliminate basic annuity COLAs entirely. For those under CSRS, COLAs would be reduced by 0.5 percent each year. These changes would devastate the finances of retirees who rely on annual COLAs to keep up with the cost of living.

Reduce the TSP's G Fund interest rate. This proposal includes a change to the government bond fund ("G" fund), the largest and most popular investment vehicle available in the Thrift Savings Plan. Millions of active and retired G Fund investors would receive a reduced rate of return. The new rate would be tied to the interest rate on 90-day Treasury bills instead of an average of medium- and long-term Treasury bond rates. This proposal would take \$10.5 billion in retirement investments from federal employees, retirees, active military personnel and veterans over the next 10 years.

Higher premiums for workers. For both active and retired federal employees, the budget proposes modifying the federal government's contribution to the Federal Employees Health Benefits Program (FEHBP) so that federal employees pay more into the program. Although details for how the new calculations are not specified, previous proposals called on federal employees to pay an additional 7 percent, cutting significantly into their monthly take-home pay. A 7-percentage point cost shift (similar to what was proposed last year) for a \$20,000-per-year family health plan would raise retiree contributions by about \$1,400 annually. FEHBP contribution levels for active letter carriers are set by the terms of the collective-bargaining agreement with USPS. While the proposed budget wouldn't immediately affect these contribution percentages for active letter carriers, it likely would have an effect on future negotiations on this issue.

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