



USPS Pension Overpayment HR 1351

On April 5, 2011, Rep. Stephen Lynch (D-MA) introduced H.R. 1351, “the United States Postal Service’s Pension Obligation Recalculation and Restoration Act of 2011.”

H.R. 1351 takes the necessary first steps toward ensuring a financially sound future for the United States Postal Service. The bill was drafted with three major components:

1. It requires the Office of Personnel Management (OPM) to recalculate the USPS surplus in the Civil Service Retirement System within six months of enactment, using a methodology that fairly allocates the cost of pensions for those employees whose careers spanned the Post Office Department and the U.S. Postal Service as proposed by the Segal Report.
2. Then, once the accurate “postal surplus” is determined by the OPM, the agency would have 15 days to transfer the surplus to the Postal Service Retiree Health Benefits Fund.
3. Direct the OPM to permit the USPS to use most of its \$6.9 billion surplus in the FERS system to satisfy two obligations in FY 2011: a \$5.5 billion payment due to the PSRHBF, and a \$1.2 billion estimated payment to the Department of Labor for Federal Employees Compensation Act expenses.

H.R. 1351 does not address the legally mandated pre-funding payments into the PSRHBF beyond the FY2011 payment, which costs the USPS \$5.5 billion annually. Rather, it simply fixes the massive over-funding to the postal CSRS and FERS accounts. Additionally, the date of the transfer for the overcharge is less important than the acknowledgment by Congress and the OPM that the USPS has sufficient assets to cover all its retirement obligations — for both pensions and health benefits.

The Lynch bill would transfer surplus CSRS and FERS assets paid for by ratepayer and employee contributions—not taxpayer funds—to the Postal Service’s retirement health fund, and it would have absolutely no effect on any current or future federal retiree’s annuity.

As of September 23, 2011, H.R. 1351 has the bi-partisan support of 215 Members of the House of Representatives.

APWU supports passage of H.R. 1351.