The Public-Private Employee Retirement Parity Act

To be reintroduced by Senators Burr and Coburn

What's wrong with the current Federal Employee Retirement System?

- **Federal government workers receive far more generous retirement benefits than private sector employees.** Currently, federal workers enjoy both a defined benefit pension and a Thrift Savings Plan (equivalent to a 401(k)) with up to a 5% match, paid for by the taxpayers. The average private sector employee gets a 401(k) with a 3% employer match and no pension. Federal workers also continue to enjoy federal health care benefits (FEHBP) after they retire, a benefit that is becoming increasingly rare in the private sector.

- **On top of a better benefits package, federal workers also get higher pay than private sector workers – plus job security.** Recent studies show federal workers generally earn wages 10% to 20% higher than comparable private sector workers. Factoring in pay, salary, benefits, and job security, the difference in compensation is approximately 39%.

- **The cost to taxpayers of these benefits is simply unsustainable and unaffordable.** The Federal Employees Retirement System was underfunded by a billion dollars when the Public-Private Employee Retirement Act was first introduced. Today, it has a $20.1 billion unfunded liability.

- **The Problem Will Worsen.** In the coming years, the required taxpayer contributions to FERS will skyrocket, especially in comparison to what federal workers will pay into the system. In 2012, the Federal government contributed about $22.2 billion to FERS. By 2065, those required contributions will rise to $239.5 billion, with the taxpayers paying out $415.3 billion in benefits.

- **It's simply unfair to ask taxpayers to foot the bill for public employee benefits that are far more generous than what Americans get in the private sector.**

Summary of the Public-Private Employee Retirement Parity Act

The Burr-Coburn bill would end the defined benefit portion of FERS for new civilian hires starting six months after enactment of the legislation. The Thrift Savings Plan with the current match (up to 5%) would remain in place for current and future federal workers. The legislation will also require the Administration to make the annual report on the actuarial status of the federal retirement system publically available online by January 31st each year.

- Current federal employees and retirees would not be impacted by this legislation at all.

- Since the bill only affects **future** workers; it does not impact current employees.