

THE 740 EXPRESS

OFFICIAL NEWSLETTER NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES, CHAPTER 740

SEPTEMBER 30, 1997

Officers:

<i>President:</i>	<i>Max Schwartz, 111 Meade Rd., Elkins Park, PA 19027</i>	<i>635-3209</i>
<i>1st Vice President:</i>	<i>Freeman W. Snyder, 1615 5th St., Perkasie, PA 18944</i>	<i>257-9731</i>
<i>2nd Vice President:</i>	<i>Stanley A. Vekteris, 3549 Buttonwood Dr., Doylestown, PA 18901</i>	<i>348-2180</i>
<i>Secretary:</i>	<i>Archie C. Ashley, 111 Devon Rd., Chalfont, PA 18914</i>	<i>822-9421</i>
<i>Treasurer:</i>	<i>Beryl Fogelsanger, 600 Valley Rd (D13), Warrington, PA 18976</i>	<i>343-3467</i>
<i>Publicity:</i>	<i>Lemuel W. Dicks, Scott Rd., Box 618, Perkasie, PA 18944</i>	<i>766-0838</i>

<i>Newsletter Editor:</i>	<i>Norman D. Melling, 17 Hillside Lane, Doylestown, PA 18901-2901</i>	<i>345-7939</i>
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<i>Communications:</i>	<i>John DeMatteo 621 W. Sandy Ridge Rd., Doylestown, Pa. 18901-2127</i>	<i>345-9033</i>
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Next Chapter Meetings: Our next meeting will be on Thursday Oct 16th at the Warrington Motor Lodge, Route 611 (just North of Street Rd.) at 12:00 Noon. Call Beryl Fogelsanger (343-3467) early in the week for luncheon reservations or come to the business meeting at 1PM.

Need Help?: Call the Federal Retiree Assistance Center, (215) 597-0419. The Center is located at the Federal Building, Rm. 1208, 6th and Arch Sts, Philadelphia, and handles OPM/FEHB problems only (incorrect payments, non-receipt of checks, etc). Office hours are 10:00 a.m. to 2:00 p.m.

THE IMPACT OF THE \$540 BILLION OWED (TO DATE) TO THE SOCIAL SECURITY TRUST FUND (OSADI) ON FEDERAL RETIREES BENEFITS

Before addressing the above issue it behooves us to review this Newsletter's previous description of the Federal Retirees Trust Fund (CSRDF).

Our Fund (CSRDF) is credited with approximately \$340 billion in Treasuries. There is an additional unfunded (or uncredited) liability of approximately \$518 billion. Unlike other Treasuries owed the private sector Congress is NOT legally bound to honor these Treasuries. (As stated in the **Congressional Service Report** of May 22, 1995, "Although some have characterized the retirement plan for Federal workers as an implicit labor agreement between the Government as employer and Federal workers, there is no legal contractual relationship." Note: this is true of all Entitlement Programs which include both CSRDF and OSADI)

"The cash to pay current benefits and other costs comes from general revenues and from mandatory contributions paid by employees and the U.S. Postal Service. Thus, in times of tight budgets, Congress often considers benefit cuts in order to reduce Federal spending or the deficit." (Source: **Congressional Service Report** of May 22, 1995,) This, of course, explains why we have missed COLAs, delayed COLAs, and face the constant threat of COLA cuts.

Conclusion: How much money is credited to our Fund does not determine whether we receive benefits due. What matters is how much money Congress decides to raise from general revenues. In effect, what is the political and economic climate?

Having reviewed the CSRDF let us examine the Social Security Fund. The Social Security Fund is credited with approximately \$540 billion which

is to say the government has collected \$540 billion more in Social Security revenues than it has paid out in benefits.

Presently, Social Security is a Godsend to Congress because the excess revenues help obtain lower budget deficits. However, these excess revenues will slowly diminish so that by 2011 they will be non-existent. After 2011 Congress must raise huge sums of money to pay back moneys it has borrowed from the OSADI. How is Congress going to raise these moneys, particularly in light of rapidly increasing Medicare deficit costs? Raise taxes? Increased tax revenues from an expanding economy? Economists tell us that neither is very unlikely because of the huge amounts of money involved.

There always will be attempts to cut our benefits in order to reduce Federal spending or the deficit, however, we can expect even greater attempts as the excess Social Security revenues diminish, then disappear, and moneys from general revenues must be raised in order to honor Social Security benefits.

What does this mean to us federal retirees? Well, we must be on the alert to respond to threatening legislation which unfairly singles us out for reduction in our benefits, such as: reduced COLA's, health coverage, etc.

We must demand that the \$340B over the retirement fund is repaid. This becomes more acute as more employees (CSRS) retire, leaving only FERS employees. Also, actions to revamp the employment system (see below) by the DOD could have an additional negative effect.

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MEMBERSHIP:

NARFE in reality represents the interests of over 1,700,000 federal civil service annuitants, but only one in four are NARFE members. Our Chapter goal will be to explore ways to include more spouses as possibly associate members (without paying dues), since the surviving spouses also need to make sure their retirement benefits do not diminish. Also, membership dues should be directly taken out of your annuity to ensure there is no lap of coverage. Keep informed. Stay in touch, stay tuned-in and be involved with NARFE to make sure your voice is heard. Make sure your employment "contractual" benefits are not diminished one slice at a time. **Your** benefits means you and your spouse, as well. Remember, both are involved and should be members. Its your money, its your delayed employment compensation that you worked hard for. Recruit fellow retirees and their spouses. Have them join our chapter to keep on top of the issues. Better yet, let us know who they are and we'll call them.

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NEW MEMBERS: **Welcome aboard:** Stu Simon, John Glancey, Robert Bello, George Davis, Micaela De Pasqua, Tony Manno, Marge Martin, George Pfeiffer, John Smith, Doug Smith

IN MEMORIAM: Wilford Burger, Gene Dockweiler, John Beck, Mary Williams, Carl Damm, Blanche Moore, Ruth Kozera

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PUBLIC PENSION OFFSET:

Thanks to NARFE members, Rep. William J. Jefferson (D-La.) is sponsoring HR 2273 with 68 Co-Sponsors and growing. It would exempt from any kind of offset the first \$1,200 a month of combined

income from civil service retirement benefits and Social Security spouse's or widow's benefits. (A husband or a wife can receive survivor benefits, but most recipients are women.) See the September issue of "Retirement Life." Our goal is to not have any offset.

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NARFE & CYBERSPACE:

NARFE Chapter 740 is happy to be congratulated by the NARFE "Hot-Line" Coordinator as having the BEST WEB Site. Thanks to our member, Doug Crompton, we're also the **FIRST** and the **BEST**. As reported in the NARFE "Retirement Life" magazine the national NARFE organization is increasing its use of the Internet. It has established Short Term, Mid-Term and Long-Term goals to fully implement the benefits of the Net. It is planned that all headquarters officers and directors as well as selected individuals will have their own e-mail address and access to the Internet to efficiently carry out NARFE's business and keep in communication with the field activities. The new NARFE headquarters building will be upgraded to use fiber-optic standards to improve capability. Hopefully members of NARFE will be able to interactively access the NARFE WEB Site in the future, download critical information concerning our retirement legislation and help make retirement decisions. This will influence directly, our congressional representatives with facts impacting proposed legislation. Clearer ways of presenting the information in the form of graphs and illustrations would be helpful for decision making. As a reminder it is recommended that if you have access to the Internet, look at our NARFE Chapter 740 WEB Site at: www.crompton.com/NARFE740. You can download vital reports, current and previous newsletters, etc. Also check: www.narfe.org

INTERNET TRAINING SESSION:

Doug Crompton will bring a laptop computer to the next NARFE Chapter 740 meeting and show you how easy it is for you to get on the Internet. You could use you own computer, the library computer, retirement center's or friend's computer. **COME JOIN US ON OCTOBER 16th. Learn how to SURF the Net.**

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BALANCED BUDGET:

Historic budget law was passed in August and the threats of future delayed COLA's, continues. Means-Testing for Medicare did not survive due to the outpouring of NARFE membership pressure on Congress by constituents, NARFE headquarters, and other organizations. Members of NARFE Chapter 740 visited and communicated with their congressional representatives and are happy to see their support of our position. Medicare Medical Savings accounts survived. The down side is that both the employees and agencies will have to increase their contributions. Also, a \$115Billion Medicare cut will be achieved by limiting growth in payments to hospitals and doctors.

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DOWNSIZING AGAIN:

More Buy-Outs ahead, but the base-closing plan is delayed for now. Another Civil Service Reform attempt is on the way. The focus is on performance and appeals process. Also, the DOD has suggested a three-tier separate personnel system to allow flexibilities in staffing up and paring down employment roles. There are 790,00 civilians working for DOD, down from 1.11million in 1989. Another 73,000 to 80,000 drop is planned by 2003. Most of the 250,000 people removed from the federal employment roles have come

from the DOD. Other agencies like OPM may be scrutinized for cuts in the future.

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C-Fund looks good: 40.48% gain over the 12 month period

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TSP:
Retirees with TSP accounts, planning withdrawals, should consider reviewing the limitations governing withdrawals, that is listed on the Internet address: www.tsp.gov

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New legislation now allows former spouses of federal employees to have **(FEHBP)health benefits**. Call the **HELP LINE: 215-597-0419**

FUTURE EVENTS:

Future Chapter 740 NARFE meetings will address concerns about Wills, Living Wills, Trusts, and other financial planning information. Stay tuned and join us at our luncheons / meetings.

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OPM's Annuitant Express

The toll-free automated telephone system that went into operation in January of last year, for its first service permitted retirees to make federal tax withholding changes during the 1996 tax season. The number, in case you've mislaid it, is 1-800-409-6528 -- and don't forget your PIN number.

Doylestown Chapter 740, NARFE
Max Schwartz, President
111 Meade Rd.
Elkins Park, Pa. 19027-2218

To: