

# THE 740 EXPRESS

OFFICIAL NEWSLETTER NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES, CHAPTER 740

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NOVEMBER 30, 1997

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**Next Chapter Meetings:** Our next meeting will be on Thursday December 18th 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 our **Holiday luncheon** reservations or come to the business meeting at 1PM. Florence Rosensweig will entertain us with selections on her violin.

## **ACTION ALERT      RESPONSE REQUESTED**

**NARFE   SURVEY                      WEP AND GPO                      MEMBERSHIP AFFECTED**

Doylestown NARFE Chapter 740 has been directed by NARFE Headquarters to compile a list of Chapter members, together with their telephone numbers and addresses, who are - or, who will be - affected by either - or both - the **Government Pension Offset (GPO)** and the **Windfall Elimination Provision (WEP)**. NARFE HDQ. will use this information to directly work with affected members and thereby target its efforts to correct injustices imposed by current laws. These efforts will involve influencing pending legislation described below. All of our members are requested to contact their Congressional representatives to vote to correct these injustices by supporting **HR2273** and **HR2549**.

The **GPO** requires that federal service annuitants who, after 1 July 1983, became entitled to Social Security spouse or surviving spouse's benefits have, all or part of, these moneys offset by their service annuities. **HR2273** - proposed by Congressman William Jefferson of Louisiana - would eliminate the offset for federal retirees with combined federal and spousal Social Security benefits under \$1200 per month. This is too low a figure, but a help to those affected, mostly widows of federal retirees.

The **WEP** reduces a person's own Social Security benefits if the federal retiree became eligible for annuity after December 31, 1985. **HR2549** would eliminate this provision if a federal retiree's combined, unreduced, monthly benefits total is \$2000 or less. Again, much too low a figure, but absolutely vital to those affected.

You are encouraged to read the November issue of Retirement Life. If you are affected, or, expect to be affected, by the GPO or WEP please complete and return the following SURVEY portion of this newsletter.

Contact your Congressman to support the above mentioned Resolutions. Impress on your representative that the current resolutions do not go far enough and that WEP & GPO should be totally eliminated. WEP and GPO should not have been made into law in the first place, because it is only applicable to federal retirees and spouses and therefore prejudicial.

In filling out the survey, keep in mind that even though you might not be immediately affected, because your not at the magic age of 62+. It will become more apparent when you do and the offset is significant and growing for both the retiree and spouse for the rest of their lives. Fill out the survey and return it ASAP. The completed survey information will then be forwarded it NARFE Headquarters by this chapter prior to December 20, 1997 to enable them to express affecting the legislative process and to eliminate the present prejudicial condition.

**Again, the information requested is:**



**ATTENTION!!!** THIS IS ABOUT YOUR FUTURE, YOUR SURVIVORS FUTURE, AND YOUR CHILDREN'S FUTURE. THIS IS ABOUT THE CIVIL SERVICE RETIREMENT FUND AND THE SOCIAL SECURITY FUND. THIS IS ABOUT HOW POLITICIANS HAVE BANKRUPTED THE CIVIL SERVICE RETIREMENT FUND, AND ARE BANKRUPTING THE SOCIAL SECURITY FUND. IT IS ABOUT HOW CONGRESS HAS FAILED TO MEET ITS GUARANTEES TO FEDERAL RETIREES. IT IS ABOUT HOW CONGRESS WILL NOT BE ABLE TO MEET ITS GUARANTEES TO SOCIAL SECURITY RECIPIENTS. FINALLY IT IS ABOUT HOW THIS SOCIAL SECURITY CALAMITY WILL IMPACT ON FEDERAL RETIREES..

Previous issues of the Chapter 740 Newsletter have presented facts about the Civil Service Retirement Fund (CSRF) which are in contrast to the perceptions held by most federal workers and retirees. In essence, what was said is that federal workers do not understand how precarious their benefits are because, throughout their careers, they have been misled. In discussions with some of our members it is apparent that many find it difficult to accept the facts. Because this subject is so important we are presenting these facts again, however, to allay any doubts about which we speak, we will present direct quotes from our reference. This reference being: *The Congressional Research Service Report* made to the Senate Committee on Governmental Affairs, Committee on Post Office and Civil Service, on May 22, 1995. Please note: Chapter 740 will make available this reference, as well as other references dealing with the CSRF, to any Chapter 740 member requesting same.

Federal law (ERISA) was passed to insure the solvency of the private sector pensions. Unfortunately, Congress has not put the same safeguards in place for the federal employee. The CRS Report states, "*The CSRF/FERS trust fund is not like private funds in that no money is actually deposited into it for investment outside the Treasury. Although the terms payment and deposit are often used to describe amounts credited to the fund, no payments are actually retained in the fund in the form of cash, and the trust fund is not a source of cash to the Government. ... All cash paid into the Government is deposited in the general receipt accounts of the U.S. Treasury and can be used for any purpose for which the Government spends money, including paying current retiree annuities. It can also be used to reduce the deficit the deficit or Government borrowing, or to offset revenue losses that might be caused by a tax cut... A worker's payments do not establish a right to any given level of benefits or to any post-retirement benefit increases. Congress can change the eligibility criteria, the benefit formula, or the provisions for post-retirement cost-of-living adjustments (COLAs) at any time, regardless of the amounts workers have paid. 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. Rather, public retirement systems generally are considered entitlements granted by legislatures."* (Underlining by Chapter 740).

Let us restate a very important fact. The Government uses federal workers' contributions to run the government and credits the Fund with an equivalent amount. It also credits the Fund by an amount equal to its share of the contributions, and interest owed. However, the Government does not have to honor these IOU's. *Entitlement Programs*, which include Funds such as CSRF, Medicare, and Social Security, do not have to be honored.

We have been led to believe that the Government will honor it's contract with its retirees. This has created a false sense of security which, in part, is responsible for retirees not being politically active. These retirees should read and reread the following: "***Thus, in times of tight budgets, Congress often considers benefit cuts in order to reduce Federal spending or the deficit.***" These retirees should realize that Congress has reneged in the past; one has only to remember the missed COLAs, delayed COLAs, and reduced COLAs. Is there any doubt that, with Congress facing ever increasing budgetary pressures in the future, they will attempt to renege in the future?

Are there going to be "times of tight budgets" in the future? Absolutely!!! We need to look no further than Medicare and Social Security. The Government owes CSRF \$340 billion, Medicare \$600 billion, and Medicare over \$100 billion. These Funds will only be honored to the extent Congress feels it can. Can it? Look at the figures. Medicare will show an operating deficit of \$40 billion a year by 2001, and by 2015 it

will reach \$260 billion. In 2015 the Government must raise \$50 billion to pay Social Security recipients and by 2020 it will reach \$250 billion a year. By time the baby boomers come along it will be over a trillion dollars a year. In order to pay even a fraction of these amounts Congress will have to have huge cuts in Medicare and Social Security benefits. Is there any doubt in your mind as to what will be proposed for Federal retirees' benefits?

It is not how much is owed these Funds that count, it is how much Congress can raise from taxes that determines future benefits.

For those of you that say, "well that is downstream and I'll be gone by then," in essence, what you are really saying is, "who cares about my survivors or what happens to future generations of federal and social security retirees." Well, for you people, let us talk near-time. The Government projects we will have zero budget deficit by the year 2002. Of course, that is with the help of over a trillion dollars *borrowed* from various funds such as those fore-mentioned, and based on the present economic upturn continuing. What will happen when the inevitable economic downturn happens? What happens if presently proposed tax cuts are passed? Where will these moneys come from? From the very same people whose fund money has been *borrowed*.

It is an outrage that the same Congress that passes laws to protect private sector retiree *borrow*s money from the CSRF and Social Security Fund without any guarantees it will pay back these moneys. The late Senator John Heinz called this, "*embezzlement*." In an attempt to avoid this "*embezzlement*," Senators Heinz, Hollings and others helped pass a law to put Social Security "off-budget." After this law was passed Congress proceeded to ignore the law.

The CSRF and Social Security Funds are solvent. It is the Government who has spent money it really did not have. We, federal retirees have had to make sacrifices because of the Government's mismanagement. And now, Social Security recipients will be asked to make sacrifices. Is there any doubt what impact this will have in us? This outrage is being perpetuated on us because we fell asleep at the wheel. This outrage can be stopped, but only with your help! Get involved!

Make your representatives aware of your concerns! Keep in touch with our NARFE Chapter 740 representatives. Join NARFE! Both you and your spouse should be members of NARFE because retirement actions affect both of you, for the rest of your lives. Respond to the ACTION ALERTS! If you have access to the Internet review our newsletter and links on WEB Site:  
[www.crompton.com/NARFE740](http://www.crompton.com/NARFE740) Sign up for Free FEDWEEK at: [www.FEDweek.com](http://www.FEDweek.com)

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