



NRLCA FACT SHEET

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Under the Postal Accountability and Enhancement Act of 2006 (PAEA), a payment schedule was statutorily mandated requiring the Postal Service to make annual payments ranging from \$5.4 to \$5.8 billion from 2007 to 2016, funds held in a trust fund to finance the retiree health benefits fund (RHBF) from 2017 into the future. PAEA also mandated a separate payment to the Office of Personnel Management (OPM) to pay for the current retiree health benefit payments, which will be paid until 2016. When this payment plan was being considered and negotiated in 2006, the schedule was practical, but with the recent economic downturn and the dramatic decline in mail volume, it has become unrealistic.

To adequately address the long-term problems associated with the pre-funding schedule, legislation is needed to relieve the USPS of this onerous payment schedule through a re-amortization of the remaining balance. The RHBF trust fund currently has a balance of roughly \$46 billion, more than enough to meet current and future needs beyond 2025. A re-amortization would not relieve the Postal Service of its obligation for retiree health care and pension costs. Instead, it would ensure the future of this important government agency by allowing the USPS to have financial capital to implement new products and offer new services. Some have unfairly and inaccurately characterized this approach as a bailout. However, this proposal would not use a single dime of taxpayer money.

Remaining USPS RHBF payments (in billions)			
	Pre-fund PSRHBF	Current Retiree Payments	Total Cost
2013	\$5.6	\$3.6	\$9.2
2014	\$5.7	\$4.0	\$9.7
2015	\$5.7	\$4.4	\$10.1
2016	\$5.8	\$4.8	\$10.5
Total	\$22.8	\$16.8	\$39.5

The PAEA forces the USPS to pre-fund future retiree health benefits, a 75-year obligation, in only 10 years. This unique requirement has resulted in roughly 80% of the USPS' financial losses over the last six years. Currently, the USPS is the only government agency or private company mandated by law to pre-fund their future retirees' health benefits. Therefore, we urge you to support legislation to deal with pre-funding of RHBF.

NRLCA Position

NRLCA believes it is essential to provide relief for the Postal Service during this time of economic hardship. By realigning the payment schedule for the pre-funding of retiree health benefits, the USPS will continue to operate efficiently—without any interruption of service.

Contact Paul Swartz at pswartz@nrlca.org if you would like more information on the pre-funding of the RHBF.