

## **Frequently Asked Questions on the Civil Service Retirement and Disability Fund March 5, 2019**

### **1. What is the Civil Service Retirement and Disability Fund (CSRDF)?**

The CSRDF provides defined benefits to retired and disabled Federal employees covered by the Civil Service Retirement System.

### **2. How does the debt ceiling affect the CSRDF?**

The CSRDF is invested in special-issue Treasury securities, which count against the debt limit. In 1986, Congress provided Treasury statutory authority to take certain actions in the event that the outstanding debt reaches the debt limit. Specifically, the statute authorizes Treasury to suspend investment of new amounts received by the CSRDF when the Secretary of the Treasury determines that additional investments cannot be made without exceeding the debt limit. In addition, Treasury can redeem a certain amount of existing investments held by the CSRDF when the Secretary of the Treasury determines that a “debt issuance suspension period” exists.

### **3. What are the investments in the CSRDF that Treasury can redeem?**

The statute governing the CSRDF gives Treasury authority to redeem existing Treasury securities held by the CSRDF in an amount up to the amount of civil service benefit payments authorized to be made from the CSRDF during the debt issuance suspension period.

### **4. What is the length of the “debt issuance suspension period”?**

Under the statute that governs the CSRDF, the term “debt issuance suspension period” means the period of time that the Secretary of the Treasury determines that Treasury securities cannot be issued without exceeding the debt limit. The determination of the length of the period is based on the facts as they exist at the time of the determination. The Secretary has determined that a debt issuance suspension period exists starting on March 4, 2019, and ending on June 5, 2019.

### **5. How much headroom will this redemption action regarding the CSRDF provide?**

This redemption action provides approximately \$22 billion in headroom under the debt limit.

### **6. What are the new investments in the CSRDF that Treasury can suspend?**

The statute authorizes Treasury to suspend the investment of new amounts received by the CSRDF. New receipts include contributions from Federal employees and agency employers, as well as the interest payments on securities held by the CSRDF and the proceeds of maturing securities.

**7. What impact will these actions have on Federal employees and their retirement benefits?**

By law, the CSRDF will be made whole once the debt limit is increased. Benefits for retired and disabled Federal employees will not be affected by this action and will continue to be paid. Once the United States has exhausted the extraordinary measures it has available to preserve lawful borrowing authority without exceeding the debt limit, however, the U.S. Government will be limited in its ability to make payments across the government.

**8. Has Treasury ever redeemed existing investments and suspended new investments in the CSRDF before?**

Yes, in the past 23 years, Treasury used these extraordinary measures during previous debt limit impasses in 1995-1996, 2002, 2003, 2004, 2006, 2011, 2012, 2013, 2014, 2015, 2017, and 2017-2018.

**9. How do these actions relate to the Postal Service Retiree Health Benefit Fund (PSRHBF)?**

The Postal Accountability and Enhancement Act of 2006 requires that investments in the PSRHBF shall be made in the same manner as investments for the CSRDF.

**10. What are the new investments of the PSRHBF that can be suspended?**

Currently, the PSRHBF does not have daily receipts or investments.

**11. Does the fact that you're declaring a debt issuance suspension period only through June 5, 2019 mean that Treasury will exhaust its extraordinary measures on June 5, 2019?**

No. The statute governing the CSRDF gives Treasury authority to redeem existing Treasury securities held by the CSRDF in an amount up to the amount of civil service retirement benefit payments authorized to be made from the CSRDF during the debt issuance suspension period. Under the statute that governs the CSRDF, the term "debt issuance suspension period" means the period of time that the Secretary of the Treasury determines that Treasury securities cannot be issued without exceeding the debt limit. The determination of the length of the period is based on the facts as they exist at the time of the determination. The Secretary has determined that a debt issuance suspension period exists starting on March 4, 2019 and ending on June 5, 2019. This determination does not preclude the Secretary from making a new determination at a later time with respect to the length of the debt issuance suspension period, including as the result of any consideration of changed circumstances.