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Federal Employees' Retirement System: Summary of Recent Trends

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Summary

This report describes recent trends in the characteristics of annuitants and current employees covered by the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS) as well as the financial status of the Civil Service Retirement and Disability Fund (CSRDF).

- In FY2022, 98% of current civilian federal employees were enrolled in FERS, which covers employees hired since 1984. Two percent were enrolled in CSRS, which covers only employees hired before 1984.
- In FY2022, more than 2.7 million people received civil service annuity payments, including 2,226,760 employee annuitants and 475,562 survivor annuitants. Of these individuals, 56% received annuities earned under CSRS, and 44% received annuities earned under FERS.
- About one-third of all federal employee annuitants and survivor annuitants reside in five states: California, Texas, Florida, Maryland, and Virginia.
- The average civilian federal employee who retired in FY2022 was 62.3 years old and had completed 25.1 years of federal service.
- The average monthly annuity payment to workers who retired under CSRS in FY2022 was \$5,447. Workers who retired under FERS received an average monthly annuity of \$2,126. Employees retiring under FERS had a shorter average length of service than those under CSRS. FERS annuities are supplemented by Social Security benefits and the Thrift Savings Plan (TSP).
- At the end of FY2022, the balance of the CSRDF was \$1.012 trillion, an amount equal to more than 10 times the amount of outlays from the fund that year. The trust fund balance is expected to reach \$1.576 trillion by the end of FY2032.
- From FY1970 to FY1985, the number of people receiving federal civil service annuities rose from fewer than 1 million to nearly 2 million, an increase of 105%. Between FY1985 and FY2022, the number of civil service annuitants rose by 767,000, an increase of about 39%.
- In FY2022, all CSRS employees were aged 55 or older, compared with 32% of FERS employees who were aged 55 or older (42.1% of FERS employees were younger than 45). Ninety-one percent of CSRS employees were aged 60 or older, whereas 15% of FERS employees were in this age range.

For additional information about CSRS and FERS, see CRS Report R47084, *Federal Retirement Plans: Frequently Asked Questions*.

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Fundamentals of the Civil Service Retirement Programs

The Civil Service Retirement System (CSRS) was established by P.L. 66-215 in 1920, 15 years before Congress created the Social Security system for workers in the private sector. Because CSRS was designed to provide both retirement and disability benefits, federal employees were excluded from participating in Social Security. State and local governments were permitted to bring their employees into the Social Security program in the early 1950s, and today about three-fourths of state and local government employees are covered by Social Security.¹

In the Social Security Amendments of 1983 (P.L. 98-21), Congress mandated participation in Social Security by all civilian federal employees initially hired on or after January 1, 1984. To coordinate federal employee retirement benefits with Social Security, Congress directed the development of a new federal employee retirement system with Social Security as the cornerstone. The result of this effort was the Federal Employees' Retirement System (FERS) Act of 1986 (P.L. 99-335). FERS is composed of three elements: (1) Social Security, (2) the FERS basic retirement annuity, and (3) the Thrift Savings Plan (TSP).

Most permanent federal employees hired after December 31, 1983, are enrolled in the FERS, as are employees who voluntarily switched from CSRS to FERS during “open seasons” in 1987 and 1998.² Under FERS, workers who have completed at least 30 years of service can retire at the plan's minimum retirement age. The minimum retirement age was 55 for workers born before 1948, and it is scheduled to rise to 57 for those born in 1970 or later. For example, someone born in 1968 would attain the minimum retirement age of 56 years and 8 months in the year 2024. Employees with 20 or more years of service can retire at the age of 60, and those with at least 5 years of service can retire at the age of 62. Federal employees and former employees who have completed at least 10 years of service can receive a reduced FERS annuity at the minimum retirement age. For those who choose this option, the FERS annuity is permanently reduced by 5% multiplied by the number of years between the worker's age at retirement and the age of 62. For example, the FERS annuity of an employee who retires at the age of 56 with fewer than 30 years of service would be permanently reduced by 5% multiplied by six, or 30%.

Under CSRS, the minimum retirement age is 55 for employees with 30 years of federal service, 60 for those with 20 years of service, and 62 for employees with at least 5 years of service. CSRS has no provision for early retirement with a reduced benefit, except for special circumstances such as a reduction in force. Agencies undergoing a reduction in force can, with the approval of the Office of Personnel Management (OPM), offer retirement to employees aged 50 or older with 20 or more years of service or at any age with 25 or more years of service. An employee under CSRS who is offered and accepts an offer of voluntary early retirement has his or her retirement annuity permanently reduced by 2% multiplied by the number of years between the worker's age at retirement and the age of 55.

Under both CSRS and FERS, the amount of an employee's retirement annuity is based on the average of the individual's highest three consecutive years of basic pay multiplied by his or her years of service and the rate at which benefits accrue for each year of service.³ Under FERS, the

¹ For additional background, see CRS Report R46961, *Social Security Coverage of State and Local Government Employees*.

² P.L. 105-61 (October 10, 1997) authorized an open season to be held from July through December 1998.

³ The retirement annuity is a monthly payment made for the life of the employee. High-three average pay is based on (continued...)

accrual rate is 1% of basic pay for each year of service. Workers with 20 or more years of service who retire at the age of 62 or later are credited with an accrual rate of 1.1% for each year of service. For example, a worker under FERS who retires at 61 with 29 years of service will receive a FERS annuity equal to 29% of his or her high-three average pay. Delaying retirement by one year would increase the annuity to 33% of high-three average pay ($30 \times 1.1 = 33.0$).

Under CSRS, the benefit accrual rate increases with length of service. Workers accrue benefits equal to 1.5% of high-three average pay for each of the first 5 years of service; 1.75% for the 6th through 10th years of service, and 2.0% of high-three average pay for each year of service after the 10th year. This yields a pension equal to 56.25% of high-three average pay for 30 years of federal service under CSRS. Accrual rates are lower under FERS than under CSRS because employees under FERS also earn Social Security retirement benefits.

For all federal workers enrolled in FERS, the agencies where they are employed contribute an amount equal to 1% of the employees' basic pay to the TSP, even if the employees make no voluntary contributions to the TSP. In 2024, workers under FERS or CSRS can contribute up to \$23,000 to the TSP.⁴ Workers aged 50 and older can contribute an additional \$7,500 to the TSP in 2024.⁵

Except in the case of the Roth TSP option, all contributions to the TSP are made on a pre-tax basis, and neither the employee's contribution nor any investment earnings are taxed until the money is withdrawn from the account. Under the Roth TSP option, however, employee contributions are made with after-tax income. Qualified distributions from the Roth TSP option—generally, distributions taken five or more years after the participant's first Roth contribution and after he or she has reached the age of 59½—are tax-free.

In addition, the first 5% of employee pay contributed to the TSP generates agency matching contributions for workers under FERS.⁶ Workers who are under CSRS can contribute to the TSP, but they receive no matching contributions from their employing agencies.

Retirement System Coverage of Current Federal Employees

Because enrollment in CSRS has been closed to new entrants since 1984, the proportion of federal workers covered by FERS has been rising and coverage under CSRS has been declining. (See **Table 1**.) FY1995 was the first year in which a majority of civilian federal employees (51%) were enrolled in FERS. In FY2022, 98.4% of federal employees were enrolled in FERS.

nominal (current) dollars rather than indexed (constant) dollars. Years of service are pro-rated based on whole months (defined as 30 days).

⁴ Employee contributions to the TSP are subject to the annual limit on salary deferrals established under Internal Revenue Code §402(g).

⁵ Under the Setting Every Community up for Retirement Enhancement (SECURE) 2.0 Act of 2023 (P.L. 117-328), beginning January 1, 2025, participants who are ages 60, 61, 62, and 63 will be subject to a higher contribution limit for catch-up contributions: the greater of \$10,000 (indexed to inflation) or 150% of the regular catch-up limit (see "SECURE 2.0 and the TSP," <https://www.tsp.gov/news-and-resources/secure-2-0-and-the-tsp/>).

⁶ All employees covered by FERS receive "agency automatic contributions" of 1% of pay. Employee contributions are matched dollar-for-dollar on the first 3% of pay contributed and at \$.50 on the dollar on the next 2% of pay contributed. Thus, the maximum agency contribution to the TSP is 5% of employee pay.

Table I. Retirement System Coverage of Federal Employees, by Fiscal Year

Covered Active Employees ^a	CSRS	FERS	Total
FY2022	44,000	2,788,000	2,832,000
<i>Percentage distribution</i>	<i>1.6</i>	<i>98.4</i>	<i>100</i>
FY2020	70,000	2,740,000	2,810,000
<i>Percentage distribution</i>	<i>2.5</i>	<i>97.5</i>	<i>100</i>
FY2018	108,000	2,585,000	2,693,000
<i>Percentage distribution</i>	<i>4.0</i>	<i>96.0</i>	<i>100</i>
FY2016	159,000	2,529,000	2,688,000
<i>Percentage distribution</i>	<i>5.9</i>	<i>94.1</i>	<i>100</i>
FY2014	224,000	2,471,000	2,695,000
<i>Percentage distribution</i>	<i>8.3</i>	<i>91.7</i>	<i>100</i>
FY2012	274,000	2,477,000	2,751,000
<i>Percentage distribution</i>	<i>10.0</i>	<i>90.0</i>	<i>100</i>
FY2010	373,000	2,458,000	2,831,000
<i>Percentage distribution</i>	<i>13.2</i>	<i>86.8</i>	<i>100</i>
FY2008	477,000	2,195,000	2,672,000
<i>Percentage distribution</i>	<i>17.9</i>	<i>82.1</i>	<i>100</i>
FY2006	650,000	2,014,000	2,664,000
<i>Percentage distribution</i>	<i>24.4</i>	<i>75.6</i>	<i>100</i>
FY2004	795,000	1,875,000	2,670,000
<i>Percentage distribution</i>	<i>29.8</i>	<i>70.2</i>	<i>100</i>
FY2002	897,000	1,717,000	2,614,000
<i>Percentage distribution</i>	<i>34.0</i>	<i>66.0</i>	<i>100</i>
FY2000	961,000	1,629,000	2,590,000
<i>Percentage distribution</i>	<i>37.1</i>	<i>62.9</i>	<i>100</i>
FY1998	1,108,000	1,550,000	2,658,000
<i>Percentage distribution</i>	<i>41.7</i>	<i>58.3</i>	<i>100</i>
FY1996	1,235,000	1,385,000	2,620,000
<i>Percentage distribution</i>	<i>47.1</i>	<i>52.9</i>	<i>100</i>
FY1994	1,402,000	1,296,000	2,698,000
<i>Percentage distribution</i>	<i>52.0</i>	<i>48.0</i>	<i>100</i>

Source: Office of Personnel Management, *Federal Civilian Workforce Statistics: The Fact Book*, various years, and *Annual Report of the Board of Actuaries of the Civil Service Retirement and Disability Fund*, various years.

a. Includes U.S. Postal Service. Does not include employees on leave without pay.

Retirement System Coverage of Current Civil Service Annuitants

Although the majority of current federal employees are enrolled in FERS, about half of retired federal workers and their surviving dependents receive benefits that were earned under CSRS. In FY2022, 50.8% of employee annuitants were receiving pension benefits that were accrued under CSRS, whereas 49.2% had retired under FERS. A higher percentage of the surviving dependents

of federal employees receive benefits earned under CSRS (80.1% in FY2022) than under FERS (19.9% in FY2022). (See **Table 2**.)

Table 2. Retirement System Coverage of Civil Service Annuitants, FY2022

	CSRS	FERS	Total
Employee annuitants	1,131,411	1,095,349	2,226,760
Percentage	50.8	49.2	100
Survivor annuitants	380,974	94,588	475,562
Percentage	80.1	19.9	100
Total annuitants	1,512,385	1,189,937	2,702,322
Percentage	56.0%	44.0%	100

Source: U.S. Office of Personnel Management, *FY2022 Statistical Abstract of Federal Employee Benefits Programs*.

Note: Does not include retirees in interim pay status.

State of Residence of Civil Service Annuitants

Approximately 2.72 million people received civil service annuities in FY2022, either as retired federal employees, surviving spouses, or surviving dependents. California had the largest number of annuitants with 210,967 and Vermont had the fewest with 5,042. Five states—California, Texas, Florida, Maryland, and Virginia—accounted for about one-third of all civil service annuitants in FY2022. (See **Table 3**.)

Table 3. State of Residence of Civil Service Annuitants, FY2022

State of Residence	Number of Annuitants	Percentage of National Total
Alabama	60,114	2.2%
Alaska	9,011	0.3%
Arizona	64,822	2.4%
Arkansas	25,435	0.9%
California	210,967	7.7%
Colorado	53,550	2.0%
Connecticut	15,282	0.6%
Delaware	13,186	0.5%
District of Columbia	42,874	1.6%
Florida	200,896	7.4%
Georgia	95,381	3.5%
Hawaii	24,713	0.9%
Idaho	17,617	0.6%
Illinois	71,019	2.6%
Indiana	39,619	1.5%
Iowa	22,056	0.8%
Kansas	25,687	0.9%

State of Residence	Number of Annuitants	Percentage of National Total
Kentucky	34,970	1.3%
Louisiana	29,040	1.1%
Maine	14,860	0.5%
Maryland	169,637	6.2%
Massachusetts	41,533	1.5%
Michigan	49,472	1.8%
Minnesota	32,266	1.2%
Mississippi	26,934	1.0%
Missouri	56,324	2.1%
Montana	15,054	0.6%
Nebraska	14,131	0.5%
Nevada	27,918	1.0%
New Hampshire	13,910	0.5%
New Jersey	51,830	1.9%
New Mexico	29,540	1.1%
New York	94,028	3.5%
North Carolina	87,800	3.2%
North Dakota	6,973	0.3%
Ohio	78,038	2.9%
Oklahoma	47,539	1.7%
Oregon	35,256	1.3%
Pennsylvania	109,918	4.0%
Rhode Island	7,579	0.3%
South Carolina	50,669	1.9%
South Dakota	11,830	0.4%
Tennessee	53,115	1.9%
Texas	186,884	6.9%
Utah	34,695	1.3%
Vermont	5,042	0.2%
Virginia	150,604	5.5%
Washington	72,481	2.7%
West Virginia	19,708	0.7%
Wisconsin	31,080	1.1%
Wyoming	6,645	0.2%
U.S. Territories and other countries	35,283	1.3%
Total	2,724,815	100.0%

Source: Office of Personnel Management, *FY2022 Statistical Abstract of Federal Employee Benefits Programs*.

Note: Includes retirees in interim pay status.

Average Age and Years of Service at Retirement

In FY2022, 114,505 civilian federal employees (including U.S. Postal Service employees) retired. (See **Table 4.**) Of this number, 95,846 (83.7%) were normal retirements⁷ and another 1,325 (1.2%) were voluntary early retirements. Under CSRS, normal retirement can occur as early as the age of 55 for an employee with 30 years of service. Under FERS, the minimum retirement age is currently 56 years old for individuals born in the years 1953-1964, and is scheduled to increase to 57 years old for workers born in 1970 or later. Under both programs, normal retirement can be taken at the age of 60 with 20 years of service or the age of 62 with five years of service. The average age of workers taking voluntary, normal retirement in FY2022 was 65.9 for employees under CSRS and 63.3 for those under FERS. Workers taking normal retirement under CSRS in FY2022 had completed an average of 40.6 years of service, whereas those retiring under FERS had an average of 24.3 years of service.

More than 1,300 federal employees took voluntary early retirement in FY2022. These workers were younger on average (58.4 years old for CSRS employees and 54.7 years old for FERS employees) than those who took normal retirement. The average length of service for CSRS employees who took voluntary early retirement was less (28.1 years) than CSRS employees who took normal retirement (40.6 years). For FERS employees, however, the average length of service of individuals taking early voluntary retirement was greater (26.3 years) than that of FERS employees who took normal retirement (24.3 years).⁸ Approximately 3.2% of all retirements among federal employees in FY2022 were taken for reasons of disability (3,652). CSRS disability retirees were, on average, 51.5 years old with 23.7 years of service. The average age of FERS disability retirees, who had 13.2 years of service, was 50.6. Involuntary retirements (such as those resulting from agency downsizing) accounted for 0.5% of all retirements by federal employees in FY2022 (519 retirements). Additionally, in FY2022, there were 6,510 special provision retirements (5.7%) for law enforcement officers and related personnel, firefighters, air traffic controllers, and Members of Congress.

Average Annuity Amounts Under CSRS and FERS

The average monthly annuity among civilian federal employees who retired under CSRS in FY2022 was \$5,447, whereas new FERS annuitants received an average annuity of \$2,126 per month. (See **Table 4.**) Employees retiring under CSRS received larger annuities than those covered by FERS both because of their longer average length of service and because CSRS was designed to provide an adequate retirement income from a single source. FERS was designed to provide a smaller annuity than CSRS for any given length of service and level of compensation because federal employees under FERS participate in Social Security and they also can elect to

⁷ Normal retirements include all retirements except disability retirements, voluntary early retirements, involuntary retirements, and special provision retirements.

⁸ To qualify for voluntary early retirement, individuals must have at least 25 years of service or be at least age 50 with at least 20 years of service. This requirement may be responsible for the greater years of service for individuals who take FERS voluntary early retirement compared with FERS normal retirement. For more details on the Voluntary Early Retirement Authority (VERA) that may grant eligibility for voluntary early retirement, see <http://www.opm.gov/policy-data-oversight/workforce-restructuring/voluntary-early-retirement-authority/>.

save for retirement with agency matching contributions through the TSP.⁹ Employees enrolled in FERS who retire at the minimum retirement age or older with 30 years of federal service also receive a supplement to their FERS annuity between their retirement date and the age of 62. The supplement is equal to the Social Security benefit that they earned while employed by the federal government and enrolled in FERS. Employees who retire at the age of 60 or 61 with 20 or more years of service also receive this supplement. The FERS supplement terminates at the age of 62, regardless of whether the individual applies for Social Security at that age.

Table 4. Number, Average Age and Years of Service, and Average Annuity of Civil Service Annuitants Who Retired in FY2022

Civilian Federal Retirements	CSRS	FERS ^a	Average or Total
Normal Retirements			
Number	10,329	85,517	95,846
Average age at retirement	65.9	63.3	NA ^b
Average years of service	40.6	24.3	NA
Average monthly annuity	\$5,685	\$1,982	NA
Disability Retirements			
Number	36	3,616	3,652
Average age at retirement	51.5	50.6	NA
Average years of service	23.7	13.2	NA
Average monthly annuity	\$2,745	\$2,221	NA
Involuntary Retirements			
Number	20	499	519
Average age at retirement	63.6	57.0	NA
Average years of service	32.7	24.6	NA
Average monthly annuity	\$4,752	\$2,162	NA
Voluntary Early Retirements			
Number	4	1,321	1,325
Average age at retirement	58.4	54.7	NA
Average years of service	28.1	26.3	NA
Average monthly annuity	\$4,733	\$2,211	NA
Special Provision Retirements^c			
Number	60	6,450	6,510
Average age at retirement	62.8	53.9	NA
Average years of service	37.6	25.1	NA
Average monthly annuity	\$8,767	\$4,130	NA
Total Retirements in FY2022^d			
Number	11,119	103,386	114,505
Average age at retirement	65.6	61.9	62.3
Average years of service	39.2	23.6	25.1
Average monthly annuity	\$5,447	\$2,126	\$2,448

Source: CRS analysis of data from the Office of Personnel Management (OPM), *FY2022 Statistical Abstract of Federal Employee Benefits Programs*.

⁹ In 2024, federal employees can contribute up to \$23,000 of pay to the TSP. Workers aged 50 and older can contribute an additional \$7,500 to the TSP. Employees enrolled in FERS receive matching contributions up to a maximum of 5% of pay. Employees enrolled in CSRS do not receive matching contributions.

- a. Employees covered by FERS also participate in Social Security. In October 2023, the average monthly Social Security benefit for all retired workers was \$1,844.
- b. NA=not available in OPM published data.
- c. Includes law enforcement officers, firefighters, air traffic controllers, and Members of Congress.
- d. Includes other, unclassified retirements that are not shown separately.

Total and Median Annuity Payments to Retirees and Survivors

The Civil Service Retirement and Disability Fund (CSRDF) paid annuities to 2,226,760 retired federal employees (also referred to as *employee annuitants*) and 475,562 survivor annuitants in FY2022. Of these beneficiaries, 1,512,385 individuals (56.0 %) received benefits earned under CSRS and 1,095,349 (44.0%) received benefits under FERS. Employee annuitants under CSRS received a median monthly annuity of \$3,897. Survivors of CSRS annuitants received a median monthly CSRS annuity of \$1,712. Employee annuitants under FERS received a median monthly payment of \$1,452. The median monthly survivor benefit under FERS was \$560. (See **Table 5**.) As was noted earlier, FERS benefits are smaller than those under CSRS both because employees retiring under FERS had fewer years of service than workers who retired under CSRS, and because FERS benefits are intended to be supplemented by Social Security and the TSP.¹⁰

Table 5. Monthly Annuity Payments to Retirees and Survivors in FY2022
(benefit amounts are in thousands of dollars)

	CSRS	FERS	All Retirees and Survivors
Retired Employees Annuitants	1,131,411	1,095,349	2,226,760
<i>Percentage of Total</i>	50.8	49.2	100
Mean monthly benefit	\$4,464	\$1,810	\$3,159
Median monthly benefit	\$3,897	\$1,452	\$2,588
Survivor Annuitants	380,974	94,588	475,562
<i>Percentage of Total</i>	80.1	19.9	100
Mean monthly benefit	\$1,938	\$715	\$1,695
Median monthly benefit	\$1,712	\$560	\$1,472
Total Annuitants	1,512,385	1,189,937	2,702,322
<i>Percentage of Total</i>	56.0	44.0	100

Source: Office of Personnel Management, *FY2022 Statistical Abstract of Federal Employee Benefits Program*.

¹⁰ In October 2023, the average monthly Social Security benefit among all retired workers was \$1,844. The average monthly benefit for a nondisabled surviving spouse was \$1,717.

Average Age at Retirement of New Federal Retirees

In FY2022, the average age of federal employees taking normal retirement was 63.6, which was higher than in FY1990 (61.3). (See **Table 6.**) The average age for all retirements in FY2022 was 62.3, which was higher than in FY1990 (59.4). Federal agencies undergoing a major reorganization can request permission from the Office of Personnel Management to offer their employees voluntary early retirement or voluntary separation incentive payments (buyouts). Under voluntary early retirement, an employee with 20 or more years of service can retire as early as the age of 50. Voluntary separation incentives are cash payments of up to \$25,000 (before taxes) offered to employees who retire or otherwise separate from federal employment voluntarily. Because these incentives are generally offered to retirees who have not yet reached the combined age and years of service that are required for normal retirement, they tend to reduce the average age of employees who retire in any given year.

Table 6. Average Age at Retirement for New Federal Retirees, by Fiscal Year

Fiscal Year	Average Age at Retirement		Normal Retirements as a Percentage of All Retirements ^a
	All Retirements	Normal Retirements ^a	
1990	59.4	61.3	79.0
1994	58.1	61.8	56.8
1998	57.6	61.5	57.1
2002	58.1	60.6	67.6
2006	59.1	61.0	73.1
2010	59.9	61.6	77.1
2014	60.8	62.7	76.2
2018	61.5	62.8	79.8
2022	62.3	63.6	83.7

Source: Office of Personnel Management, *Statistical Abstracts, Federal Employee Benefits Programs* (various years).

Note: Normal retirements include all retirements except disability retirements, voluntary early retirements, involuntary retirements, and special provision retirements.

a. CRS analysis of information from Office of Personnel Management Statistical Abstracts (various years)

Cost-of-Living Adjustments Under CSRS and FERS

Cost-of-living adjustments (COLAs) for both CSRS and FERS are based on the rate of inflation as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). COLAs are determined by the percentage change in the average monthly CPI-W during the third quarter (July to September) of the current calendar year compared with the third quarter of the last year in which a COLA was applied. If consumer prices as measured by the CPI-W do not increase (or if they decrease) between the third quarter of the base year and the third quarter of the current calendar year, there is no COLA for annuities paid under CSRS or FERS (and the base year used for the COLA calculation remains the last year that a COLA was applied). The “effective date” for COLAs is December, but they first appear in benefit checks issued in January.

Under FERS, COLAs are paid only to retired workers who are 62 or older and to disabled and survivor beneficiaries of any age. COLAs paid under FERS are less than the rate of inflation whenever the increase in the CPI-W is greater than 2.0%. If the rate of inflation during the measurement period is between 2.0% and 3.0%, the FERS COLA is 2.0%. If inflation is greater

than 3.0%, then the COLA for FERS benefits is equal to the CPI-W minus one percentage point. These limits do not apply to the CSRS COLA.¹¹

From the third quarter of 2022 to the third quarter of 2023, the CPI-W increased by 3.2%. Therefore, beginning in January 2024, the CSRS COLA is 3.2% and the FERS COLA is 2.2%. (See Table 7.)

Table 7. Cost-of-Living Adjustments Under CSRS and FERS
(in percentage)

Date Paid	CSRS COLA	FERS COLA	Change in CPI from 3 rd Qtr to 3 rd Qtr
January 1990	4.7%	3.7%	4.7%
January 1991	5.4	4.4	5.4
January 1992	3.7	2.7	3.7
January 1993	3.0	2.0	3.0
April 1994	2.6	2.0	2.6
April 1995	2.8	2.0	2.8
April 1996	2.6	2.0	2.6
January 1997	2.9	2.0	2.9
January 1998	2.1	2.0	2.1
January 1999	1.3	1.3	1.3
January 2000	2.4	2.0	2.4
January 2001	3.5	2.5	3.5
January 2002	2.6	2.0	2.6
January 2003	1.4	1.4	1.4
January 2004	2.1	2.0	2.1
January 2005	2.7	2.0	2.7
January 2006	4.1	3.1	4.1
January 2007	3.3	2.3	3.3
January 2008	2.3	2.0	2.3
January 2009	5.8	4.8	5.8
January 2010	0.0	0.0	-2.1
January 2011	0.0	0.0	-0.6
January 2012	3.6	2.6	3.6
January 2013	1.7	1.7	1.7
January 2014	1.5	1.5	1.5
January 2015	1.7	1.7	1.7
January 2016	0.0	0.0	-0.4
January 2017	0.3	0.3	0.3
January 2018	2.0	2.0	2.0
January 2019	2.8	2.0	2.8
January 2020	1.6	1.6	1.6

¹¹ Workers who switched from CSRS to FERS receive a COLA that is weighted by the proportion of their federal service that was spent under each retirement system. For additional details on the CSRS and FERS COLAs, see CRS Report 94-834, *Cost-of-Living Adjustments for Federal Civil Service Annuities*.

Date Paid	CSRS COLA	FERS COLA	Change in CPI from 3 rd Qtr to 3 rd Qtr
January 2021	1.3	1.3	1.3
January 2022	5.9	4.9	5.9
January 2023	8.7	7.7	8.7
January 2024	3.2	2.2	3.2

Source: Office of Personnel Management.

Income and Expenditures of the Civil Service Retirement and Disability Fund

The CSRDF began FY2022 with a balance of \$978.0 billion. By law, these assets are invested in special-issue U.S. Treasury bonds. The balance of the trust fund represents budget authority available to pay benefits under both CSRS and FERS. The fund's end-of-FY2022 balance of \$1.0 trillion was more than 10 times the value of the CSRS and FERS annuities paid from the fund that year. (See **Table 8**.)

The CSRDF receives income from several sources. Some of the fund's income results from cash transactions. Other income comes from intragovernmental transfers. The largest cash transaction (\$5.6 billion in FY2022) consists of employee contributions to CSRS and FERS. These contributions are equal to 7.0% of base pay under CSRS; 0.8% of base pay under FERS for employees first hired before 2013; 3.1% of pay under FERS for employees first hired in 2013; and 4.4% of pay under FERS for employees first hired after 2013.¹² Smaller cash payments are received from the District of Columbia to finance retirement benefits for its employees and from additional cash contributions made by federal workers. These usually are former federal employees who are returning to government service and who had previously withdrawn their retirement contributions.

The CSRDF's largest sources of income are (1) annual payments from the general fund of the Treasury to make up for the insufficient funding of benefits accrued under CSRS, (2) payments from federal agencies and the Postal Service on behalf of their employees, and (3) interest payments on the U.S. Treasury bonds it holds. Agency contributions under CSRS are equal to 7.0% of payroll, and are supplemented by transfers from the general fund of the Treasury. Agency contributions to FERS are required by law to be equal to the full actuarial cost of the program minus employee contributions. Effective FY2024, employing agencies contribute 18.4% of payroll on behalf of FERS employees first hired before 2013, 16.5% on behalf of FERS

¹² Under the Balanced Budget Act of 1997 (P.L. 105-33), employee contribution rates under CSRS and FERS rose by 0.25% in January 1999 and by a further 0.15% in January 2000. They were scheduled to increase by another 0.1% in January 2001 before reverting to their previous levels—7.0% under CSRS and 0.8% under FERS—after December 31, 2002, but the increased contributions were repealed by P.L. 106-346. The Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) increased the FERS employee contributions by 2.3 percentage points for FERS employees hired (or rehired with less than five years of FERS service) after December 31, 2012. Individuals subject to the increased employee contributions under P.L. 112-96 are referred to as *FERS-Revised Annuity Employees* (FERS-RAE). The Bipartisan Budget Act of 2013 (P.L. 113-67) further increased the FERS employee contribution by an additional 1.3 percentage points for FERS employees hire (or rehired with less than five years of FERS service) after December 31, 2013. Individuals subject to the increased employee contributions under P.L. 113-67 are referred to as *FERS-Further Revised Annuity Employees* (FERS-FRAE). Therefore, the FERS employee contribution rate is 3.1% of pay for FERS-RAE (i.e., employees first hired in 2013) and 4.4% of pay for FERS-FRAE (i.e., employees first hired after 2013).

employees first hired in 2013, and 16.8% of pay on behalf of FERS employees first hired after 2013 (with the additional sums from the higher FERS employee contributions [4.4%-3.1%=1.3%]) going to pay down the CSRS unfunded liability).¹³ These three sources of income are intragovernmental transfers that increase the fund's budget authority, as recorded in the accounts of the U.S. Treasury. The fund receives Treasury bonds as a record of this budget authority, which it redeems periodically as annuity payments come due.¹⁴

Expenditures from the CSRDF consist mainly of payments to retired federal employees and their surviving dependents. Annuity payments totaled \$96.6 billion in FY2022. Payments to the estates of decedents and payments to separating employees accounted for another \$452 million. The administrative expenses of the fund were \$204 million, or 0.2% of obligations.

Table 8. Receipts and Obligations of the Civil Service Retirement and Disability Fund, FY2022-FY2024
(in millions of dollars)

	FY2022	FY2023 (est.)	FY2024 (est.)
Beginning balance	\$986,351	\$1,011,691	\$1,033,044
Receipts to the fund			
<i>Cash receipts:</i>			
—Employee contributions	\$5,577	\$6,269	\$6,911
—District of Columbia	\$24	\$30	\$30
—Other employee deposits	\$586	\$570	\$576
<i>Intragovernmental transfers:</i>			
—Agency contributions	\$42,022	\$42,902	\$45,400
—Postal Service contributions	\$5,097	\$6,290	\$6,416
—Interest on securities	\$22,326	\$22,594	\$22,173
—General fund receipts	\$46,380	\$47,532	\$47,732
—Reemployment offset ^a	\$39	\$41	\$43
Total receipts to the fund	\$122,051	\$126,228	\$129,281
Obligations from the fund			
—Employee and survivor annuities	-\$96,556	-\$105,107	-\$110,662
—Refunds and payments to estates	-\$452	-\$409	-\$412

¹³ These agency contributions are effective on or after October 1, 2023, and are based on FERS “normal cost percentages” net of employee contributions. See OPM, “Federal Employees’ Retirement System: Normal Cost Percentages,” 88 *Federal Register* 23108-23109, April 14, 2023.

FERS agency contribution rates may be adjusted in future fiscal years based on changes in OPM’s annual actuarial calculations of the dynamic normal cost of FERS benefits as well as any changes in required employee contribution rates. For a discussion of the dynamic normal cost of FERS benefits, including the calculation of agency contributions, see CRS Report RL30023, *Federal Employees’ Retirement System: Budget and Trust Fund Issues*.

The FERS normal cost percentages, and costs to the federal government as discussed in this report, apply to regular FERS employees. For special categories of employees—such as Members of Congress and law enforcement officers—higher normal costs apply. Beginning October 1, 2019, lower normal costs have applied for employees of the U.S. Postal Service.

¹⁴ See CRS Report RL30023, *Federal Employees’ Retirement System: Budget and Trust Fund Issues*.

	FY2022	FY2023 (est.)	FY2024 (est.)
—Administration	-\$204	-\$143	-\$146
Transfer to Merit Systems Protection Board ^c	-\$2	-\$2	-\$2
Total obligations from the fund	-\$97,214	-\$105,661	-\$111,222
Ending balance^c	\$1,011,691	\$1,033,044	\$1,051,568^b

Source: U.S. Office of Management and Budget, *Budget of the United States Government, FY2024*.

- a. CSRS or FERS retirees may be reemployed by the federal government in some situations (they are referred to as *reemployed annuitants*); yet, in most circumstances, such individuals may not simultaneously collect a federal civil service retirement benefit and a salary for current employment with the federal government. Reemployed annuitants generally have their federal salaries reduced by the amount of their CSRS or FERS retirement benefits while they are reemployed (i.e., are subject to a “reemployment offset”). The amount of this reemployment offset is required to be deposited into the CSRDF (see 5 U.S.C. §8468).
- b. Current law authorizes the transfer of funds from the CSRDF to the Merit Systems Protection Board, an independent, quasi-judicial agency established to protect the civil service merit system, for the purposes of administering CSRS and FERS appeals (see 5 U.S.C. §8348(a)(3)).
- c. Totals include various adjustments for additional, unobligated balances.

Recent Trends in the Balance of the Civil Service Retirement and Disability Fund

Between FY1990 and FY2024 (estimated), the balance of the CSRDF rose from \$238 billion to \$1.1 trillion, an increase of 372%. (See **Table 9**.) The balance of the fund has been rising partly because the civil service retirement programs are in a long-term transition from pay-as-you-go financing under CSRS to advance-funding under FERS.

Until 1969, CSRS benefits were funded on a pay-as-you-go basis with a small reserve equal to about one year of benefit payments to meet unexpected contingencies. Employee contributions and agency contributions were less than the actuarial value of the benefits that were accrued each year by federal employees. In 1969, P.L. 91-93 mandated annual payments to the fund from the general revenues of the U.S. Treasury to make up most of this shortfall.¹⁵ When Congress passed the legislation that created FERS in 1986, the law required that the full actuarial value of benefits accrued each year by federal employees under FERS (including the value of future COLAs) must be funded by the sum of employee and agency contributions.

Table 9. Income and Expenses of the Civil Service Retirement and Disability Fund, FY1990-FY2024

(in billions of dollars)

Fiscal Year	CSRDF Income	CSRDF Expenditures	Net Assets at End of Year
1990	\$52.7	-\$31.4	\$238.0
1995	66.1	-38.6	371.3
1996	67.7	-39.9	398.9
1997	70.4	-41.8	427.5

¹⁵ The Office of Management and Budget has estimated that employee and agency contributions and the transfers from the general fund are sufficient to meet all of the actuarial costs of CSRS except for the increase in benefits represented by COLAs.

Fiscal Year	CSRDF Income	CSRDF Expenditures	Net Assets at End of Year
1998	72.8	-43.2	457.1
1999	73.7	-44.0	486.8
2000	76.0	-45.2	521.5
2001	77.9	-47.1	548.2
2002	80.1	-48.7	579.5
2003	77.8	-50.0	607.1
2004	82.1	-52.0	637.1
2005	83.5	-55.4	665.9
2006	87.0	-57.6	695.0
2007 ^a	89.5	-78.1	706.4
2008	90.8	-63.5	733.7
2009	92.7	-67.6	758.7
2010	95.2	-69.3	784.6
2011	94.1	-70.3	808.4
2012	94.8	-73.9	829.1
2013	92.6	-77.1	844.6
2014	93.3	-79.4	858.6
2015	96.6	-81.7	873.3
2016	97.8	-82.5	888.4
2017	103.5	-83.6	908.7
2018	105.5	-85.8	928.8
2019	107.6	-88.7	948.2
2020	112.7	-99.2 ^c	962.2
2021	115.6	-92.2	986.3
2022 ^b	140.8	-96.7	1030.3
2023 ^b	145.5	-100.1	1075.7
2024 ^b	149.5	-102.7	1122.5

Source: U.S. Office of Management and Budget, *Budget of the United States Government*, various years. Office of Personnel Management, *Annual Report of the Board of Actuaries of the Civil Service Retirement and Disability Fund* various years.

- Expenditures for 2007 include a \$17.1 billion payment to the Postal Service Retiree Health Fund.
- Data for FY2022-FY2024 are estimated.
- Expenditures for 2020 include an expense of \$8.2 billion for doubtful accounts for unpaid amounts due from the Postal Service in FY2014-FY2019.

Number of Civil Service Annuitants and Total Annuity Payments

The number of people receiving civil service annuity payments has risen more than 185% since 1970, but the rate of increase has slowed since 1985. (See **Table 10**.) The rapid rise in the number of civil service annuitants from less than 1 million in 1970 to approximately 2 million in 1985 resulted from the increase in federal employment that occurred between 1940 and 1955. Throughout the 1930s, civilian federal employment (including postal employees) was less than 1 million. The first year in which there were more than 1 million people in the federal workforce was 1940. By 1955, civilian federal employment had reached 2.4 million. After 1955, civilian federal employment increased much more slowly. It reached nearly 3 million in 1970, due in part

to the war in Vietnam and the creation of such large-scale social programs as Medicare and Medicaid in the 1960s. The slower but still steady increase in the number of federal employees in the years between 1955 and 1970 had as one of its consequences the steady increase in the number of civil service annuitants in the years since 1985. Between 1985 and 2022, the number of civil service annuitants rose from just under 2 million to more than 2.7 million.

Expenditures for civil service annuities have grown by a greater percentage than the number of annuitants because they are affected not only by the number of people employed by the federal government, but also by increases in average life-span, growth in real wages, and inflation. Cost-of-living adjustments—which have been applied to civil service annuities since 1962—increase the nominal value of civil service annuities, but do not increase the real value of these annuities. COLAs are intended to keep purchasing power from eroding due to the effects of inflation.¹⁶

Under current law, the real value of a civil service annuity either remains constant (CSRS) or declines (FERS) during retirement.¹⁷ Rates of increase in the “high-three” average pay of retiring federal employees (on which these annuities are based) are in turn affected by (1) adjustments to pay for each grade-and-step level, (2) special pay increases such as locality pay adjustments, (3) the distribution of federal employees among various grade-and-step levels over time, and (4) average length of service (because each additional year of service tends to increase the high-three average pay). The average real value of civil service annuities per annuitant can be expected to decline in the future as a growing number of new retirees will be workers who were enrolled in FERS rather than CSRS. FERS annuities are smaller than CSRS annuities, but they are supplemented by Social Security benefits and the TSP.

Table 10. Annuitants and Annuity Payments, by Fiscal Year

Fiscal Year	Total Annuitants (thousands)	Payments in Nominal Dollars (millions)	Payments in Constant 2022 Dollars (millions)
1970	962	\$2,746	20,157
1975	1,391	7,048	37,312
1980	1,675	14,662	50,679
1985	1,971	23,012	60,912
1990	2,143	31,036	67,632
1995	2,311	38,319	71,614
2000	2,372	45,072	74,548
2001	2,380	47,244	75,978
2002	2,383	48,838	77,319
2003	2,290	50,248	77,780
2004	2,404	52,048	78,476
2005	2,423	54,593	79,616
2006	2,449	57,809	81,671
2007	2,463	60,860	83,601
2008	2,471	63,432	83,911

¹⁶ Federal tax revenues increase each year partly as a result of inflation. Income tax brackets are indexed in recognition of increases in personal income that result solely from inflation.

¹⁷ Some CSRS COLAs in the 1970s exceeded the rate of inflation because P.L. 91-93, enacted in 1969, called for COLAs of “CPI plus one percentage point.” The additional one percentage point was repealed by P.L. 94-440, enacted in 1976.

Fiscal Year	Total Annuitants (thousands)	Payments in Nominal Dollars (millions)	Payments in Constant 2022 Dollars (millions)
2009	2,510	67,618	89,769
2010	2,522	69,261	90,466
2011	2,530	70,209	88,898
2012	2,544	74,342	92,223
2013	2,563	77,513	94,769
2014	2,616	79,644	95,819
2015	2,638	81,898	98,414
2016	2,652	82,956	98,444
2017	2,649	83,003	96,407
2018	2,665	86,062	97,078
2019	2,689	88,587	98,947
2020	2,713	90,742	98,895
2021	2,727	91,942	98,819
2022	2,738	96,556	96,556

Sources: Office of Personnel Management, *FY2022 Statistical Abstract of Federal Employee Benefits Program*; and Office of Management and Budget, *Budget of the United States Government*, various years.

Notes: Does not include retirees in interim pay status. Depending on the day that the fiscal year begins, a year can have 11, 12, or 13 payments.

Age Distribution of CSRS and FERS Employees

Under CSRS, an employee with 30 or more years of service can retire with an immediate, unreduced annuity at the age of 55. Under FERS, workers who have completed at least 30 years of service can retire at the plan’s minimum retirement age. The minimum retirement age was 55 for workers born before 1948, and it is scheduled to rise to 57 for those born in 1970 or later. For example, someone born in 1968 would attain the minimum retirement age of 56 and 8 months in the year 2024. In both CSRS and FERS, an employee with 20 or more years of service can retire at the age of 60. About one in four federal employees will reach age 55 within 10 years, but not all of them will have 30 years of service at that age. Of those who have 30 or more years of service, not all will retire as soon as they are eligible. The average age among all federal employees who retired in FY2022 was 62.3. The average age among individuals who took normal retirement—as opposed to early retirement or disability retirement—was 63.6.¹⁸

Because CSRS has been closed to new entrants since 1984, the distribution of current CSRS employees is older than FERS. For example, there were no CSRS employees under the age of 55 as of September 2021. Forty-one percent of FERS employees, however, were under the age of 45 during this same period, and 27% of FERS employees were between the ages of 45 and 54. All CSRS employees were aged 55 or older, while only 32% of FERS employees were aged 55 or older. (See **Table 11.**)

¹⁸ Retirements other than normal retirements include disability retirements, voluntary early retirements, involuntary retirements, special retirements for law enforcement officers and firefighters, and other unclassified retirements.

Table 11. Age Distribution of CSRS and FERS Employees, FY2022

(number as of September 30, 2021)

Age	Under 45	45 -49	50 -54	55 -59	60 -64	65 or Older	Total
Number of CSRS employees	0	0	0	3,886	15,954	24,160	44,000
Percentage	0.0	0.0	0.0	8.8	36.3	54.9	100%
Number of FERS employees	1,174,234	350,663	412,914	420,817	287,012	142,359	2,788,000
Percentage	42.1	12.6	14.8	15.1	10.3	5.1	100%

Source: Office of Personnel Management, *FY2022 Annual Report of the Board of Actuaries of the Civil Service Retirement and Disability Fund*.

Note: Due to rounding columns may not sum exactly to totals.

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