

## **Frequently Asked Questions on the Civil Service Retirement and Disability Fund October 18, 2021**

### **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.

- On August 2, 2021, the Secretary determined that a debt issuance suspension period existed starting on August 2, 2021, and lasting through September 30, 2021.
- On September 28, 2021, the Secretary determined that the DISP previously determined to end on September 30, 2021, would continue through October 18, 2021.
- On October 18, 2021, the Secretary determined that the DISP previously determined to end on October 18, 2021, would continue through December 3, 2021.

### **5. How much headroom will the redemption action arising from the extension of the DISP through December 3 provide?**

This redemption action will initially provide approximately \$14 billion in headroom under the debt limit, although by the end of the DISP, the redemption action provides no additional 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. Investments that were suspended through October 13 were reinvested on October 14 in Treasury securities that mature daily.

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

By law, the CSRDF will be made whole after the DISP ends. 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 26 years, Treasury used these extraordinary measures during previous debt limit impasses in 1995-1996, 2002, 2003, 2004, 2006, 2011, 2012, 2013, 2014, 2015, 2017, 2017-2018, 2019, and 2021.

**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 December 3, 2021, mean that Treasury will exhaust its extraordinary measures on that date?**

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 on October 18 determined that the debt issuance suspension period previously determined to end on October 18, 2021, will continue through December 3, 2021. 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.