

Benefits and Beneficiaries Under Public Employee Retirement Systems, Fiscal Year 1990

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The Federal Government, the 50 States, and many localities maintain programs that provide retirement, disability, and survivor benefits to their employees. In fiscal year 1990, the amount paid out in such benefits at all levels of government was \$89.2 billion, and the number of beneficiaries was 7.9 million (table 1). Federal retirement systems accounted for 60 percent of the benefits paid in 1990 and for 49 percent of the beneficiaries (table 2).

The Civil Service Retirement System (CSRS) was the major program covering Federal civilian workers from 1920 through 1986. In 1986, Congress enacted the Federal Employees Retirement System (FERS), which covers all Federal civilian workers hired on or after January 1, 1984, and any workers previously covered by CSRS who elected to change. The majority of those hired before the cut-off date continue to be covered by CSRS.

The CSRS is separate from the Social Security system. Covered workers contribute a fixed percentage of their salary and receive benefits based on their earnings and length of service. In addition, since 1983, CSRS employees have been covered by (and contribute to) the Medicare program.

The FERS, on the other hand, was designed to coordinate with Social Security. Under FERS, workers contribute to the Social Security and Medicare programs on the same basis as workers in private employment, and they receive the same benefits. In addition, FERS employees contribute to a Federal pension, which is paid in addition to Social Security benefits. The combined contribution rates of CSRS workers (for Federal pension and Medicare) and of FERS workers (for Social Security, Federal pension, and Medicare) are the same—8.45 percent of salary.

Since 1957, all members of the Armed Forces have been covered by Social Security. Career-service personnel—those with 20 or more years of service—are also covered by the military retirement system. This system pays retirement and disability benefits, and contains a provision that permits an employee the option of receiving reduced retirement benefits in exchange for a survivor's benefit for his or her spouse.

In contrast to the few large Federal programs, State and local governments operate some 2,387 separate retirement systems, with a combined membership of 12.8 million persons. The average annual benefit amounts under these systems are

considerably lower than those under the Federal programs (table 3). One reason for this is that State and local systems are typically designed to supplement Social Security, while the CSRS and most small Federal systems replace it. Also, only about half of the State and local systems have provisions for automatic cost-of-living increases, while all Federal systems are indexed for inflation.

Information about the benefits and beneficiaries of State and local retirement systems was taken from the Bureau of the Census publication *Finances of Employee-Retirement Systems of State and Local Governments: 1989-90*, published in May 1992. These systems report data for their financial year "ending between July 1, 1989 and June 30, 1990." The data are therefore not exactly comparable to the fiscal year figures reported by the Federal systems, which cover the period from October 1, 1989, to September 30, 1990. Federal data were taken from reports of the administering agencies and from the *Budget of the U.S. Government*.

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Table 1.—Benefits and beneficiaries under public employee retirement systems, by reason for benefit receipt, fiscal year 1990

Systems	Total	Age and service	Disability	Survivor ¹	
				Monthly	Lump sum
Benefits (in millions)					
Total ²	\$89,215.5	\$71,508.6	\$10,236.3	\$7,391.4	\$79.2
Federal employees, total ²	53,249.5	39,858.6	7,719.3	5,592.4	79.2
Civil Service.....	30,860.5	19,972.9	6,189.0	4,628.6	70.0
Armed Forces.....	21,321.5	18,965.5	1,454.5	901.5	...
Other Federal programs ²	1,067.5	920.2	75.8	62.3	9.2
Contributory systems.....	471.7	405.0	23.3	35.9	7.5
Federal judiciary survivor's ³	5.0	...	...	5.0	...
Foreign Service.....	321.8	283.2	16.1	19.3	3.2
Tennessee Valley Authority.....	144.9	121.8	7.2	11.6	4.3
Noncontributory systems ²	595.8	515.2	52.5	26.4	1.7
Coast Guard ⁴	393.5	332.5	41.2	19.8	...
Federal judiciary ⁵	24.0	24.0	...	...	...
Federal Reserve ⁶	76.8	67.6	6.8	.7	1.7
NOAA ⁷	6.0	5.4	...	.6	...
Public Health Service ⁸	93.9	84.1	4.5	5.3	...
State and local employees ⁹	35,966.0	31,650.0	2,517.0	1,799.0	...
Beneficiaries at end of year (in thousands)					
Total ²	7,867.0	6,179.2	660.7	1,027.2	...
Federal employees, total ²	3,841.0	2,676.1	437.3	727.7	...
Civil Service.....	2,143.0	1,287.5	297.3	558.2	...
Armed Forces.....	1,633.5	1,338.0	134.1	161.4	...
Other Federal programs ²	64.5	50.6	5.9	8.1	...
Contributory systems.....	20.3	15.6	1.4	3.3	...
Federal judiciary survivor's ³.....	.2	...	...	.2	...
Foreign Service.....	10.9	8.8	.4	1.7	...
Tennessee Valley Authority.....	9.2	6.8	1.0	1.4	...
Noncontributory systems ²	44.2	34.9	4.5	4.8	...
Coast Guard ⁴	26.2	19.5	3.7	3.0	...
Federal judiciary ⁵.....	.3	.3	...	...	...
Federal Reserve ⁶	14.6	12.7	.6	1.3	...
NOAA ⁷.....	.2	.15	...	.05	...
Public Health Service ⁸	2.9	2.3	.2	.4	...
State and local employees ⁹	4,026.0	3,503.1	223.4	299.5	...

¹Unless otherwise specified, number of survivor beneficiaries represents number of individuals.

²Includes benefits and beneficiaries of the Federal Tax Court retirement system, not shown separately.

³Excludes annuities to widows of Supreme Court justices. See footnote 5.

⁴Includes Lighthouse Service widows.

⁵Includes Supreme Court justices, their widows, and other Federal judges retired on salary.

⁶Lump-sum payments relate to the Federal Reserve Board plan only. Survivor beneficiaries represent widows only.

⁷National Oceanic and Atmospheric Administration commissioned officers.

⁸Commissioned officers.

⁹Lump-sum data not available after 1988. Survivor beneficiary number represents payees, not necessarily individuals.

Table 2.—Percentage distribution of benefits and beneficiaries under public employee retirement systems, by reason for benefit receipt and level of administering government, selected years 1980-90

Reason for receipt and level of government	1980	1988	1989	1990	Reason for receipt and level of government	1980	1988	1989	1990
	All levels of government, by reason for receipt					All reasons for receipt, by level of government			
Benefits, total.....	100	100	100	100	Benefits, total.....	100	100	100	100
Age and service.....	80	81	80	80	Federal.....	68	62	60	60
Disability.....	12	11	12	11	Civil Service.....	37	36	35	35
Survivor:					Armed Forces.....	30	25	24	24
Monthly benefits.....	7	8	8	8	Other.....	1	1	1	1
Lump-sum benefits.....	1	0	0	0	State and local.....	32	38	40	40
Beneficiaries, total.....	100	100	100	100	Beneficiaries, total.....	100	100	100	100
Age and service.....	74	78	78	79	Federal.....	52	50	49	49
Disability.....	12	9	9	8	Civil Service.....	29	28	28	27
Survivor, monthly benefits...	14	13	13	13	Armed Forces.....	23	21	21	21
					Other.....	1	1	1	1
					State and local.....	48	50	51	51

Table 3.—Average annual benefit amounts, by reason for benefit receipt and level of government, selected years 1980-90, in current and constant (1990) dollars

Reason for receipt	1980	1988	1989	1990	1980	1988	1989	1990
	Current dollars				Constant (1990) dollars			
All public employee retirement systems, total.....	\$6,962	\$10,395	\$10,821	\$11,330	\$11,213	\$11,472	\$11,385	\$11,330
Age and service.....	7,583	10,877	10,472	11,572	12,214	12,004	11,018	11,572
Disability.....	7,302	12,001	12,297	15,493	11,761	13,245	12,938	15,493
Survivor, monthly benefits.....	3,462	6,330	6,750	7,196	5,576	6,986	7,102	7,196
Federal employee retirement systems, total.....	9,181	12,771	13,285	13,843	14,787	14,095	13,978	13,843
Age and service.....	10,529	14,154	14,354	14,894	16,958	15,621	15,103	14,894
Disability.....	8,324	13,671	16,103	17,652	13,407	15,088	16,943	17,652
Survivor, monthly benefits.....	4,481	7,009	7,420	7,685	7,217	7,735	7,807	7,685
State and local employee retirement systems, total.....	4,535	8,016	8,437	8,933	7,304	8,847	8,877	8,933
Age and service.....	4,907	8,239	8,614	9,035	7,903	9,093	9,063	9,035
Disability.....	4,682	8,893	10,249	11,267	7,541	9,815	10,783	11,267
Survivor, monthly benefits.....	1,946	4,605	5,241	6,007	3,134	5,082	5,514	6,007