

Summary

Prior to 1984, neither federal civil service employees nor Members of Congress paid taxes to Social Security, nor were they eligible for Social Security benefits. Members of Congress and other federal employees were instead covered by a separate pension plan called the Civil Service Retirement System (CSRS). The 1983 amendments to the Social Security Act (P.L. 98-21) required federal employees first hired after 1983 to participate in Social Security. These amendments also required all Members of Congress to participate in Social Security as of January 1, 1984, regardless of when they first entered Congress. Because the CSRS was not designed to coordinate with Social Security, Congress directed the development of a new retirement plan for federal workers. The result was the Federal Employees' Retirement System Act of 1986 (P.L. 99-335).

Members of Congress first elected in 1984 or later are covered automatically under the Federal Employees' Retirement System (FERS), unless they decline this coverage. Those who already were in Congress when Social Security coverage went into effect could either remain in CSRS or change their coverage to FERS. Members are now covered under one of four different retirement arrangements:

- CSRS and Social Security;
- The "CSRS Offset" plan, which includes both CSRS and Social Security, but with CSRS contributions and benefits reduced by Social Security contributions and benefits;
- FERS and Social Security; or
- Social Security alone.

Congressional pensions, like those of other federal employees, are financed through a combination of employee and employer contributions. All Members pay Social Security payroll taxes equal to 6.2% of the Social Security taxable wage base (\$102,000 in 2008 and \$106,800 in 2009). Members enrolled in FERS also pay 1.3% of full salary to the Civil Service Retirement and Disability Fund. In 2008, Members covered by CSRS Offset pay 1.8% of the first \$102,000 of salary, and 8.0% of salary above this amount, into the Civil Service Retirement and Disability Fund.

Under both CSRS and FERS, Members of Congress are eligible for a pension at age 62 if they have completed at least five years of service. Members are eligible for a pension at age 50 if they have completed 20 years of service, or at any age after completing 25 years of service. The amount of the pension depends on years of service and the average of the highest three years of salary. By law, the starting amount of a Member's retirement annuity may not exceed 80% of his or her final salary.

As of October 1, 2007, 435 retired Members of Congress were receiving federal pensions based fully or in part on their congressional service. Of this number, 286 had retired under CSRS and were receiving an average annual pension of \$63,696. A total of 149 Members had retired with service under both CSRS and FERS or with service under FERS only. Their average annual pension was \$36,732 in 2007.