Frequently Asked Questions on the Civil Service Retirement and Disability Fund and the Postal Service Retiree Health Benefit Fund
August 2, 2013

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 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.

   The CSRDF receives approximately $2 billion in new employer and employee contributions each month. On June 30, approximately $58 billion in CSRDF investments matured and an interest payment of approximately $16 billion was made to the fund. Additionally, on the last business day in September a payment of approximately $32 billion is scheduled to be made to the CSRDF.

4. **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. Treasury makes approximately $6.4 billion in civil service benefit payments from the CSRDF each month. Therefore, the total amount of investments that Treasury can redeem is equal to approximately $6.4 billion multiplied by the number of months in the debt issuance suspension period.

5. **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 previously determined to last until August 2, 2013 will continue through October 11, 2013.

6. **How much headroom will the extension of the debt issuance suspension period provide?**

   Redemptions permitted as a result of the extension of the debt issuance suspension period (the "DISP") will provide approximately $13 billion in headroom under the debt limit. Treasury will also continue to suspend the investment of approximately $2 billion in new employer and employee contributions to the CSRDF each month and, if necessary, the payment of approximately $32 billion that is scheduled to be made to the CSRDF at the end of September.

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. If all of the extraordinary measures that are available to preserve lawful borrowing authority without exceeding the debt limit are exhausted, however, the U.S. government would 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 20 years, Treasury used these extraordinary measures during previous debt limit impasses in 1995–1996, 2002, 2003, 2004, 2006, 2011, and 2012-2013.

9. **Does the fact that you're extending the debt issuance suspension period only through October 11, 2013 mean that Treasury will exhaust its extraordinary measures on October 11, 2013?**

   No. The Secretary's determination regarding the length of the debt issuance suspension period is not a determination of how long the extraordinary measures will last. We will continue to update Congress as more information becomes available.

10. Are you also deploying the rest of the extraordinary measures right now (e.g., Government Securities Investment Fund, Exchange Stabilization Fund)? When do you expect to employ those?

Treasury has been using the extraordinary measures related to SLGS, the CSRDF, PSRHBF, and the G-Fund.   Treasury expects to provide additional guidance regarding the extraordinary measures moving forward.