



# National Association of Letter Carriers

## Legislative Fact Sheet

### Premium Conversion

Retired letter carriers, like other federal annuitants, pay an average share of 29 percent for Federal Employees Health Benefit Program premiums. They pay their share of FEHBP premiums with funds withheld from their annuity checks after income taxes are withheld.

Under the NALC's collective bargaining agreement with the United States Postal Service, active letter carriers pay for their health insurance with "pre-tax dollars" — that is, wages excluded from both income and Social Security payroll taxes. This "premium conversion" benefit is available active federal employees and to employees of many large private-sector companies. Unlike active letter carriers, annuitants are not eligible for premium conversion benefits, which can reduce income taxes owed.

Senator John Warner (R-VA) has introduced S 1022 and Representative Tom Davis (R-VA) is the author of HR 2125. These bills, if enacted, will allow federal annuitants and members and retirees of the uniformed services to pay their share of health insurance premiums using pre-tax earnings.

The NALC strongly supports the passage of both of these measures. NALC members are encouraged to contact their representatives and thank them for their cosponsorship or urge them to become a cosponsor.

**For more information contact the NALC Legislative Department at (202) 393-4695**