Raising the USCP Mandatory Retirement Age

Accessible Version

Overview

If the USCP mandatory retirement age were raised from 57 to 60, individual officers would experience some benefits and costs, and agency benefits and costs would depend upon the number of officers choosing to work additional years.

- Officers who work longer could increase their earnings and retirement benefits, but younger officers may have fewer opportunities for promotion.
- The agency would have additional costs related to pay and benefits for higher earning officers and may also experience certain savings and other nonfinancial benefits, including retention of experienced officers.
- Overall, the potential effects on the agency would depend on the number of officers who continue to work additional years after they turn 57, but predicting trends in officers' future retirement decisions is difficult.

USCP Officers' Use of Mandatory Retirement Age Waivers

Although most officers reaching age 57 under USCP's most recent temporary blanket waivers continued to work, the number of officers continuing to work was small: 10 or fewer each year.

- In November 2016, the Capitol Police's Board approved a temporary waiver of the mandatory retirement age provisions, allowing its officers to work until they reach age 60 or until the temporary waiver expires on September 30, 2020, whichever occurs first.
- During fiscal years 2017 through 2019 (as of 8/31/19), a total of 31 officers reached age 57 and could choose to continue to work due to the agency-wide temporary waiver. Of these 31 officers, 25 chose to continue working. (See table 1.)

Table 1: USCP Officers Eligible for and Continuing to Work under Temporary Blanket Waiver, as of 8/31/19

Category	FY 2017	FY 2018	FY 2019	FY 2020 (projected)	Total
USCP officers who reached age 57 during the waiver period	6	10	15	18	49
USCP officers who turned 57 and continued to work longer under the temporary blanket waiver	6	9	10 [a] (to date)	TBD	25 (to date)

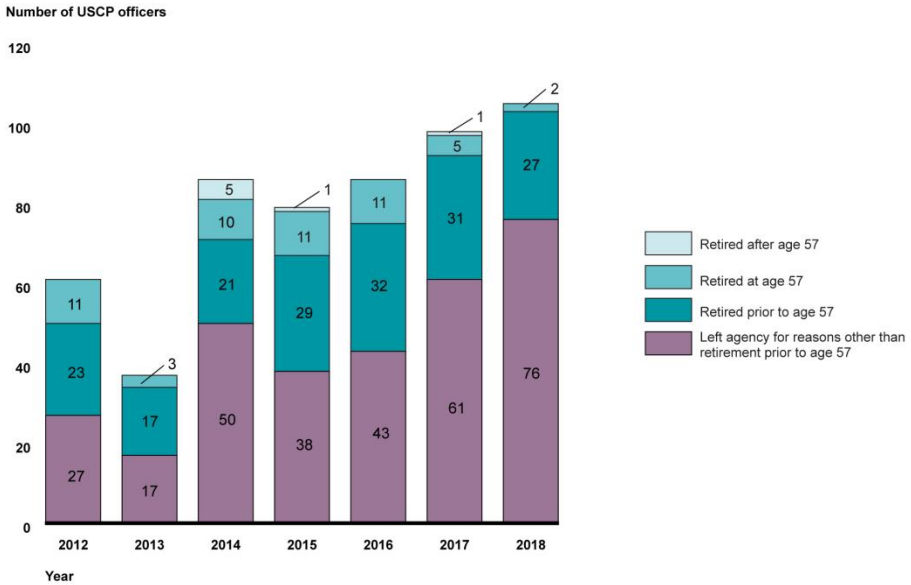
Source: US Capitol Police (USCP). I GAO-20-137R

Note: The US Capitol Police's temporary blanket waivers of the mandatory retirement age of 57 were in effect 11/28/2016 through 9/30/2017, and 10/31/2017 through 9/30/2020. For further details about officers continuing to work under the most recent waiver, see enclosure III. (Due to the way the data were provided by USCP, we were not able to include a breakdown by age of all currently working officers.)

Based on USCP data, from 2012 through 2018, more officers left before reaching age 57 than retired at age 57 or later (see fig. 2).

- On average, about 11 USCP officers per year retired at or after age 57 or took advantage of the blanket waiver and continued to work.
- On average, about 26 officers per year retired prior to reaching age 57 and about 45 discontinued their service as USCP officers annually for other reasons, such as resigning from federal employment, transferring to another federal agency, being terminated, and transferring to a non-officer position within USCP.

Figure 2: Separated and Retired USCP Officers by Age, 2012 through 2018



Source: GAO analysis of US Capitol Police (USCP) data. | GAO-20-137R

Accessible Data for Figure 2: Separated and Retired USCP Officers by Age, 2012 through 2018

Year	Number of USCP officers: Retired after age 57	Number of USCP officers: Retired at age 57	Number of USCP officers: Retired prior to age 57	Number of USCP officers: Left agency for reasons other than retirement prior to age 57
2012		11	23	27
2013		3	17	17
2014	5	10	21	50
2015	1	11	29	38
2016		11	32	43
2017	1	5	31	61
2018		2	27	76

Source: GAO analysis of US Capitol Police (USCP) data. | GAO-20-137R

Note: The US Capitol Police's temporary blanket waivers of the mandatory retirement age of 57 were in effect 6/24/2013 through 9/30/2014, 11/28/2016 through 9/30/2017, and 10/31/2017 through 9/30/2020. In addition, USCP officers may work past age 57 if they have not yet completed 20 years of service.

Few USCP officers have requested or been approved for individual mandatory retirement age exemptions.

- Since 2009, during the periods not covered by blanket waivers, USCP reported that 20 officers had requested individual exemptions.
- USCP approved one of those requests for a period of 90 days.
- USCP officials told us that they rarely approve individual exemptions from the mandatory retirement age requirements

because exemptions are meant to address the requirements of the public interest, as required by law, rather than the needs of individuals.

Potential Effects on USCP Officers

Potential Benefits for Officers

If the USCP mandatory retirement age was raised from 57 to 60, individual officers who work longer due to a higher mandatory retirement age could increase their earnings and retirement benefits. Additional years of work would provide individual officers with the potential for:

- Additional years of earnings.
- Additional income from overtime pay (although it is not a factor in calculating basic pay for retirement benefits).

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* Increases in retirement benefits with formulas based on salary. For example,

  Higher FERS annuity benefit. Any increase in the high-3 for calculating retirement benefits under FERS would result in higher annuity benefits. Additional years of service would also result in higher annuity benefits. GAO previously reported that the FERS basic annuity formula would provide 1 percent of average pay for each additional year of service after 20 years. (GAO-12-58)

  - Higher Social Security benefit. Working longer has the potential to increase earnings used to calculate Social Security benefits.
  - Additional opportunities to contribute to their Thrift Savings Plan (TSP) accounts and benefit from employer matching contributions. See enclosure III, Eligible USCP Officers' Use of Current Waiver and Their Thrift Savings Plan Contributions, for additional information about USCP officer TSP contributions.

Source: GAO. | GA0-20-137R

Potential Costs for Officers

There may be some costs for officers under certain circumstances. For example:

* Although delaying retirement could increase annuities for officers, those working between age 57 and 60 would forego the FERS annuity supplement that they would have otherwise received during that period if they had retired.
* Younger officers may have reduced opportunities for promotion if more senior officers continue to work, which could affect the morale and, therefore, retention of new officers.

In addition, OPM officials noted that if the mandatory retirement age was increased, the original rationale behind why officers should pay higher employee deductions and receive enhanced benefits may be undermined because officers would be permitted to work until an age where a regular, financially viable retirement annuity would be payable.

Potential Effects on USCP

Potential Benefits and Costs for the Agency

Raising the mandatory retirement age would likely result in somewhat higher salary and benefit costs to the agency; however, the agency may experience temporary savings in recruitment and training of new hires.

Agency costs include the continued payment of salary and benefits for officers working additional years:

- Salary. USCP would be responsible for any salary and any salary or cost-of-living increases for officers working past age 57.

- Benefits. In 2012, CBO estimated that non-retirement benefits for all federal employees were equal to 24.4 percent of average wages.
- Retirement annuity contributions. OPM estimated that FERS normal cost for congressional employees (including for USCP officers) ranged from 19.4 percent to 25.2 percent of pay for fiscal year 2020, depending on hiring date and FERS formula.[31]
- TSP contributions. Federal agencies also contribute 1 to 5 percent of pay, depending on employee contribution, to the employee's TSP account.

The agency costs would be higher, on average, to the extent that the agency retained more experienced officers rather than hiring new officers.

In general, a higher mandatory retirement age could be expected to result, over time, in a workforce that has a slightly higher average age and years of service—and therefore a slightly higher average rate of pay—than would be the case with the current mandatory retirement age of 57.

- With an age 57 mandatory retirement age, the USCP workforce ranges in age from approximately ages 21 to 57, a 36-year age range.
- With an age 60 mandatory retirement age, the workforce could range in age from approximately ages 21 to 60, a 39-year age range, which would raise the mid-point age by about 4 percent (age 40.5 vs. age 39).

Higher agency costs for officer salary and benefits could be offset by the following:

- Short-term savings from the delayed hire of replacements and their associated recruitment and training costs.[32]

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[31]Although the normal cost paid for USCP officers is the same as for other congressional employees, OPM officials noted that if treated as a separate category, the normal cost for USCP officers would exceed these stated percentages.

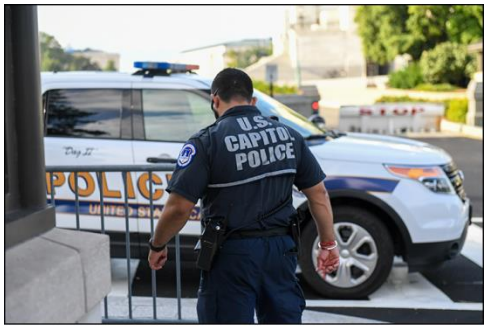
[32]According to USCP officials, the Department of Homeland Security pays for USCP's recruit officer training at the Federal Law Enforcement Centers; however, USCP would incur on-the-job training costs.

- The possibility of savings, albeit small, from lower agency contributions to FERS due to reduced costs associated with the FERS supplement, to the extent that officers continued to work during some of the years they would have received this supplement if they had retired.[33]

- There may be other nonfinancial benefits for USCP. According to USCP officials, USCP may experience benefits from certain officers continuing to work past age 57:
  - Greater retention of experienced officers with institutional knowledge and the ability to mentor and train junior officers.
  - A larger candidate pool, with the option to hire older more experienced officers (USCP expects to raise their maximum entry age from 37 to 40, if the mandatory retirement age is raised).

Overall, agency costs would depend on the number of officers who continue to work until age 57 and may wish to work additional years; however, predicting trends in future retirement decisions of officers is difficult.

- Based on OPM retirement assumptions, fewer than 24 percent of USCP officers who are eligible to retire at age 50 are assumed to retire at age 57 or later.[34] (OPM estimates retirement costs for USCP based on the behavior of LEOs.)
- However, officers' behavioral reactions to raising the mandatory retirement age are unknown.
  - If other provisions under FERS remain the same, USCP officers will still have the opportunity to retire at age 50 with 20 years of service or at any earlier age with 25 years of service, which may mitigate the behavioral effects of raising the mandatory retirement age to age 60.
  - Evidence from the effects of the delayed Social Security retirement credits suggests that some retirement incentive effects may be minor. For example, Social Security benefits increase by 8 percent per year when retirees delay claiming past their full retirement age up until age 70. However, most retirees claim benefits at either the early



Source: GAO. | GA0-20-137R

[33]The FERS supplement, payable under 5 U.S.C. §§ 8421 and 8421a, would be paid to retired officers until they reach age 62, when they would become eligible for Social Security. Both the FERS basic annuity and the FERS annuity supplement are funded by the Civil Service Retirement and Disability Fund through agency contributions. There could be savings to USCP if OPM revised the assumed probabilities of retirement applicable to the USCP workforce in response to actual or expected changes in retirement behavior as a result of raising the mandatory retirement age.

[34]To determine agency contribution rates for the FERS annuity benefit, OPM actuaries must make assumptions about how long officers will remain in service. These assumptions are currently based on data from LEOs who have worked for executive branch agencies during the 20-year period from 1996 through 2015, as recommended by an independent Board of Actuaries.

Social Security retirement age (62) or their full Social Security retirement age (66 to 67).[35]

- On the other hand, raising the mandatory retirement age could have a "signaling" effect that could influence retirement behavior, leading some officers to retire later than they otherwise would have.[36]

Regardless, even if a relatively high percentage of officers were to take advantage of the higher mandatory retirement age, it may result in only a modest increase in the average age and rate of pay compared to keeping the mandatory retirement age at 57. Raising the mandatory retirement age by 3 years will increase the age distribution of officers from approximately ages 21 to 57 to 21 to age 60. Even if a relatively high percentage of officers were to take advantage of the higher mandatory retirement age, it may result in only a modest increase in the average age and service of USCP's workforce, and therefore only a modest increase in the average rate of pay compared to keeping the mandatory retirement age at 57.

USCP and Union Officials Varied in Their Assessment of Potential Effects

- USCP agency officials expressed concerns about raising the mandatory retirement age.
  - USCP officials stated that they were concerned that a change in their mandatory retirement age could threaten their parity with other LEO agencies, which the agency had worked hard to attain,[37] and that it could potentially undermine the rationale for enhanced retirement benefits.
  - USCP officials also stated that they believe a change in the USCP mandatory retirement age would have an effect on LEOs in other federal agencies.
  - USCP officials said that they did not foresee any additional benefits from increasing the mandatory retirement age to age 60 because their board is able to approve individual or temporary blanket waivers to the mandatory retirement age if the mission/operational needs of the department warrant it.
  - USCP also noted that it is important to evaluate older officers' ability to continue to perform the essential

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[35]See GAO, *Retirement Security: Challenges for Those Claiming Social Security Benefits Early and New Health Coverage Options*, GAO-14-311 (Washington, DC: April 23, 2014).

[36]Pension experts view a pension plan's stated retirement ages as potentially having an effect on plan participants' retirement behavior. See, for example, American Academy of Actuaries, "Rethinking Normal Retirement Age for Pension Plans," 2013, https://www.actuary.org/sites/default/files/files/Normal-Retirement-Age_Issue-Brief_March_2013.pdf.

[37]In response to the Federal Law Enforcement Pay and Benefits Parity Act of 2003, OPM published a report to Congress recommending strategies for addressing the discrepancies across agencies concerning LEOs' job classifications, pay, and benefits, including officers in agencies, such as USCP, who have been granted LEO-equivalent benefits. See U.S. Office of Personnel Management, *Federal Law Enforcement Pay and Benefits: Report to the Congress* (OPM, Washington, DC: July 2004).

functions of the position, based on scientific evidence, to determine the appropriate mandatory retirement age.

- USCP union representatives from the Capitol Police Labor Committee stated that they believed that USCP officers would support raising the mandatory retirement age.
  - Union officials said that raising the mandatory retirement age would help the agency to remain competitive and continue to attract and retain experienced officers in the force.

  - Union officials noted that people are living longer and remain healthy enough to continue to work longer.
  - Union officials also said that raising the mandatory retirement age would be helpful to officers preparing for retirement because it would give them greater latitude in choosing the length of time between the end of their service as a USCP officer and when they can claim early retirement benefits from Social Security.