

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Proposed Appropriation Language

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized by law, [\$157,100,000]
\$158,900,000. (*Department of State, Foreign Operations and Related Programs Appropriations Act, 2009.*)

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Resource Summary

(\$ in thousands)

Appropriations	FY 2008 Actual	FY 2009 Estimate	FY 2010 Request	Increase / Decrease
Funds	158,900	157,100	158,900	1,800

FY 2008 Actual, FY 2009 Estimate, and FY 2010 Request include mandatory funding for both the Department of State and the U.S. Agency for International Development.

Overview

This appropriation provides mandatory funding to the Foreign Service Retirement and Disability Fund (FSRDF), financing by 30 annual installments any unfunded liability created by new or liberalized benefits, new groups of beneficiaries, and salary increases. This appropriation is one of several sources of income to the FSRDF. Funding is maintained through contributions by employees; agency contributions; special government contributions, including this program; interest on investments; and voluntary contributions. This request includes the State Department's and the United States Agency for International Development's (USAID) portions of these Foreign Service costs.

This separate payment by the State Department into the FSRDF is authorized by Section 821 of the Foreign Service Act of 1980, as amended, which provides for an appropriation to be established to the Fund, to be paid in thirty annual installments, of the amount required for the unfunded liability created by new or liberalized benefits, new groups of beneficiaries, or increased salaries on which benefits are computed. In addition, Section 822 of the Act authorizes financing of the balance of the normal cost for each fiscal year, an amount equal to the balance of annual costs to the Fund in excess of current employee and employer contributions. As a mandatory program, these resources are not included in the total DOS summary of funds.

Program Description

The request funds continuing installments of unfunded liabilities created by federal salary increases, the extension of benefits to new groups of employees, by new or liberalized benefits paid from the Fund, and for normal costs not met by employee and employer contributions. The amount of the appropriation is the result of the annual evaluation of the Fund balance based on current statistical data, including Federal pay raise information.

The FSRDF includes the operations of two separate retirement systems - the Foreign Service Retirement and Disability System (FSRDS) and the Foreign Service Pension System (FSPS). The FSRDF was established to provide pensions to all eligible retired and disabled members of the Foreign Service who are enrolled in either of the two systems, and certain eligible former spouses and survivors. The purpose of this appropriation is to maintain the required funding level of the FSRDF. This appropriation is the complementary funding required, in addition to the other sources of funding previously mentioned.

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Justification of Request

In FY 2010, \$158,900,000 million is requested to support the FSRDF, which is an increase of \$1,800,000 million. The requested amount represents the following agency's portion of estimated Foreign Service costs: (1) State Department of \$122.5 million, and (2) USAID of \$36.4 million.

Funds by Object Class

(\$ in thousands)

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Request	Increase / Decrease
9100 Unvouchered	158,900	157,100	158,900	1,800
Total	158,900	157,100	158,900	1,800