

For Immediate Release: Tuesday, March 31, 2009

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House Passes Towns' Bill to Provide Important Financial Protections for Military Families and Federal Employees

WASHINGTON— The U.S. House of Representatives today passed H.R. 1804, the Federal Retirement Reform/Reducing Military Family Tax, which modernizes the Thrift Savings Plan (TSP) and includes several other retirement reforms for federal employees and members of the armed forces.

The bill, introduced by Oversight and Government Reform Committee Chairman Edolphus “Ed” Towns (D-NY) and Armed Services Committee Chairman Ike Skelton (D-MO), makes further progress toward ending the Military Families Tax which unfairly penalizes the 55,000 survivors – mainly widows – of those who died as a result of their service-related injuries.

“Men and women have served in the armed forces with valor, honor, and sacrifice,” said Chairman Towns. “At the very least, we must make certain the families of our brave soldiers receive the benefits they earned while serving our country. It is the most basic debt of gratitude we can offer for their service to our country.”

The bill also includes other important measures for federal employees, such as:

Provides for automatic enrollment for federal employees who are eligible to participate in the Thrift Savings Plan (TSP). In the case of uniformed members of the armed services, the decision is left to the military departments;

Creates within the TSP a Roth-style investment retirement account option that allows workers to invest after-tax dollars. This option is particularly beneficial to some members of the armed forces;

Provides for additional self-directed investment options and other retirement reforms, such as allowing employees covered by the Federal Employees Retirement System (FERS) to receive credit for unused sick leave toward their retirement annuity, as is currently the case for employees covered by the older Civil Service Retirement System.

Chairman Towns concluded, "This bill is comprehensive in that it provides important financial benefits to hard working federal employees while also providing financial protection to the families of our military men and women."

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Documents and Links

- [Text of H.R. 1804](#)