



Joe Biden in Line for a \$413,000 Dual Pension Payout upon Departing the Presidency

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Key Takeaways

- Upon leaving office, former Presidents are eligible for a pension tied to the annual salary of a federal cabinet secretary, which is \$246,400 in 2024.
- President Joe Biden also served in the Senate and as Vice President for a total of 44 years, entitling him to a congressional pension starting at \$166,374, with annual cost-of-living adjustments.
- There is currently no restriction on collecting the full amounts from these two separate pensions programs. After his tenure as President, Biden stands to collect \$413,000 per year, surpassing the presidential salary of \$400,000.

Introduction

While serving in office, Presidents are paid an annual salary of \$400,000. Due to the two separate federal pension programs that President Joe Biden is eligible for, he stands to collect taxpayer-funded retirement benefits worth \$413,000 following the end of his tenure.

Upon leaving the White House, presidents have generally been financially well-off and are afforded numerous opportunities for lucrative book deals, speeches, or other money-making endeavors. Regardless of the net worth of former presidents, they are entitled to an annual pension equivalent to the salary of a cabinet secretary, currently \$246,400 in 2024 and often adjusted annually.

There is also a completely separate pension program available for members of Congress. President Joe Biden previously served in the Senate for 36 years and another eight years as Vice President, a role which serves as presiding officer in the Senate, making him eligible for a starting pension worth \$166,374.

Biden is eligible to collect both pensions, for a combined payout that could start at \$412,774, before any 2025 adjustment of the presidential pension (which won't be known until late December).

Congressional Pension

First [established in 1946](#), the congressional pension benefit is determined by tenure in office, other federal service except for the presidency, age at retirement, and the average salary upon leaving Congress.

Members elected before 1984 are eligible to participate in the Civil Service Retirement System (CSRS) which offers a generous 2.5 percent accrual rate. The starting pension amount is determined by multiplying the number of years in office by the average of the three highest years of salary, multiplied by 2.5 percent. The starting benefit cannot exceed 80 percent of the final salary. There is also a formula reserving a portion of the benefit for a spouse. After a former member begins collecting the pension, the annual amount can be increased through cost of living adjustments.

Biden served in the Senate from 1973 to 2009 and then spent eight years as Vice President for a combined tenure of 44 years. His highest three years of salary were as Vice President. As an exception to adjustments for federal salaries noted above, from 2014 to 2018 Congress froze the Vice President's salary at \$230,700.

Without the cap on the amount of the starting pension, Biden's total pension would have been over \$254,000. With the cap based on his final salary, Biden's starting pension could be as much as \$166,374, including an \$18,186 set aside in the program for the spousal portion of benefit. This estimate assumes that Biden sought to maximize the amount of the pension benefit.

A less generous pension program, the Federal Employees' Retirement System (FERS), went into effect in 1987 for members elected starting in 1984. The formula is generally the same as above, except that the accrual rate is 1.7 percent for the first 20 years of service and remaining years accrue at 1.0 percent, and there is no 80 percent cap based on salary. Members who were in CSRS had an opportunity to switch to FERS. For those who switch, the CSRS formula applies for years in office through 1986, the FERS formula applies for the remaining years, and these amounts are added together to determine the starting pension amount.

If Biden opted-in to FERS his starting benefit would be \$164,401 (and \$17,967 for the spousal annuity reduction portion), just slightly smaller than the full amount under CSRS and the cap.

Presidential Pension

Benefits for former presidents are established in the [Former Presidents Act of 1958](#) (FPA), a law enacted because of public concern about Harry Truman's financial position upon leaving the White House five years earlier. For all former presidents, the FPA provided an office allowance and a pension equal to the yearly salary of the head of an executive department of the federal government. The Ethics Reform Act of 1989 provides that this salary level is adjusted each year based on the percent of change in the private sector wages and salaries portion of the Employment Cost Index, but minus 0.5 percent to incorporate modest reductions. The salary level is reported at the end of each calendar year by the Office of Personnel Management, and amounts to \$246,400 in 2024.

The presidential pension benefit and [additional office allowances](#) are provided regardless of the individual wealth of former presidents. Although Truman's post-presidential financial situation [is now understood to have been less dire than he had represented](#), presidents in the modern era generally have had significant wealth. For example, according to [GoBankingRates.com](#), the estimated wealth of the surviving former Presidents are:

- Jimmy Carter: \$10 million
- Bill Clinton: \$120 million
- George W. Bush: \$50 million
- Barack Obama: \$70 million
- Donald Trump: \$2 billion

The report also estimated Joe Biden's net worth is \$9 million.

To reduce costs to taxpayers for former presidents, Senator Joni Ernst (R-IA) has introduced reform legislation. The Presidential Allowance Modernization Act ([S. 501](#)) would limit the pension a president could receive to \$200,000 annually, with the amount being indexed to inflation. A previous version of the Presidential Allowance Modernization Act was [passed by the House and Senate in 2016](#) but was vetoed by President Barack Obama just six months before he was set to leave office.

Double-Dipping

There is also no additional cap on the congressional pension tied to the wealth of former members of Congress. Moreover, the presidential pension and the congressional pension systems were established separately. Previously, National Taxpayers Union [estimated](#) that President Gerald Ford's congressional pension was worth \$120,000 and President George H.W. Bush's congressional pension was \$65,000. Both were also eligible for the presidential pension.

There are no limits within each pension program that would curtail the taxpayer-funded benefit afforded to the elite few who have accrued substantial pension benefits in both the legislative and executive branches. Additionally, there is nothing to prevent double-dipping in these two programs. Given the substantial personal wealth of presidents, there should be some guardrails to protect taxpayer dollars.

Conclusion

The presidential pension system was originally designed for an allegedly down-on-his-luck Harry Truman. In this day and age, taxpayers are providing substantial subsidies to ex-president millionaires, and one billionaire. Joe Biden represents a unique situation. With his long tenure in Congress and subsequent years as Vice President and President, Joe Biden stands to benefit significantly from both systems, potentially receiving a combined payout starting at around \$413,000. Lawmakers should re-examine this loophole that allows for double-dipping in two different yet generous pension programs.



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