
CIVIL SERVICE OFFSET BENEFITS

Social Security Amendment 1983

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CSRS Offset Benefits

Definition

A Civil Service employee with at least five years of creditable civilian service who separates and returns to Federal service after 1983 after a break in service or a break in retirement coverage of one year or more returns as a Civil Service Offset employee. (Upon return from a break in service of 4 days or more, the employee also has a 6-month opportunity to transfer to the FERS system.) Civil Service Offset coverage also applies to employees hired before January 1, 1984, who acquired CSRS coverage for the first time after that date, and had at least 5 years of creditable service by January 1, 1987.

Contribution

A CSRS Offset employee contributes 7% of his/her salary toward retirement. Of this 7%, 6.20% is the Social Security tax, and the remaining .80% is contributed to the CSR Fund. If the salary exceeds the Social Security maximum taxable amount, the full 7% is contributed to the Civil Service Retirement Fund.

**Annuity
Computation**

A CSRS Offset employee's annuity is computed using the CSRS General Formula, but the annuity payment is reduced (offset) when the retiree becomes eligible for Social Security benefits. The amount of the offset is the amount of Social Security benefit attributable to the employee's CSRS offset service.

**Reduction
("Offset")**

The amount of the reduction, or offset, is the lesser of: the difference between the total Social Security benefit payable to the employee for all Federal and non-Federal employment and the amount of Social Security benefit payable when the Offset service is excluded ; or the total Social Security benefit payable for all Federal and non-Federal service multiplied by the number of years of Offset service divided by 40 (i.e. 8/40).

CSRS Offset Example # 1

CSRS Offset Example 1: Thomas

Service History:

9 years private SS
 20 years CSRS
 Break in service > 1 year under SS
 10 years CSRS Offset
 (\$38,000 average salary)

Age 55: 30 years CSRS = 56.25%
 CSRS = \$1,800 per month
 + COLA
 Age 62: CSRS = \$2,000 per month

 Age 62: SS based upon 20 years
 = \$600 per month
 9 years before govt. service
 1 year SS during break in service
 10 years during offset years

Reduction (Offset) in CSRS is LESSER of:

1) Total SS (20 years) - Private SS (10 years) = Offset SS
 \$600 - \$200 = \$400

2) Total SS (20 years) X Years Offset/40 = Offset SS
 \$600 X 10/40 = \$150

Age 55:
CSRS = \$1,800

+ COLA

Age 62:
CSRS = \$2,000

CSRS Offset:		If not offset:	
CSRS	\$2,000	CSRS	\$2,000
- Offset	<u>-\$150</u>	+ SS	<u>+\$200</u>
= CSRS	\$1,850	= Total	\$2,200
+ SS	<u>+\$600</u>		
= Total	\$2,450		

CSRS Offset Example # 2

CSRS Offset Example 2: Sally

Service History:

3 years private SS
 15 years CSRS
 Break in service = 4 years under SS
 15 years CSRS Offset
 (\$45,000 average salary)

Age 55: 30 years CSRS = 56.25%
 CSRS = \$2,100 per month
 + COLA
 Age 62: CSRS = \$2,400 per month
 Age 62: SS based upon 22 years
 = \$800 per month
 3 years before govt. service
 4 years SS during break in service
 15 years during offset years

Reduction (Offset) in CSRS is LESSER of:

- 1)** Total SS (22 years) - Private SS (7 years) = Offset SS
 \$800 - \$0 = \$800
- 2)** Total SS (22 years) x Years Offset/40 = Offset SS
 \$800 x 15/40 = \$300

Age 55:
CSRS = \$2,100

+ COLA

Age 62:
CSRS = \$2,400

CSRS Offset:		If not offset:	
CSRS	\$2,400	CSRS	\$2,400
- Offset	- \$300	+ SS	0
= CSRS	\$2,100	= Total	\$2,400
+ SS	+\$800		
= Total	\$2,900		

CSRS Offset Example # 3

CSRS Offset Example 3: Ed

Service History:

14 years private SS
 7 years CSRS
 13 years private SS
 9 years CSRS Offset
 (\$70,000 average salary)

Age 62: 16 years CSRS = 28.25%
 CSRS = \$1,650 per month

Age 62: SS based upon 36 years
 = \$1,400 per month
 14 years before govt. service
 13 years during break in service
 9 years during offset years

Reduction (Offset) in CSRS is LESSER of:

1) Total SS (36 years) - Private SS (27 years) = Offset SS
 \$1,400 - \$1,200 = \$200

2) Total SS (36 years) X Years Offset/40 = Offset SS
 \$1,400 X 9/40 = \$315

Age 62:			
CSRS Offset		If not offset	
CSRS	\$1,650	CSRS	\$1,650
- Offset	<u>- \$200</u>	+ SS	<u>+\$1,200</u>
= CSRS	\$1,450	= Total	\$2,850
+ SS	<u>+\$1,400</u>		
= Total	\$2,850		

Limitations and Estimates

Offset Begins at Age 62

The Offset (reduction) will begin at age 62, or at earliest entitlement to Social Security, even if the retiree chooses not to apply for Social Security benefits until a later date.

Social Security Earnings Limitation

The CSRS annuity will be reduced based upon entitlement to Social Security, even if actual payments have been reduced to zero by the Social Security Earnings Limitation.

Windfall Benefits Elimination Provision

CSRS Offset does not exempt you from the Windfall Benefits Elimination Provision (WEP). The additional years of substantial Social Security Earnings may increase the benefit formula and thus lessen the impact of WEP.

Government Pension Offset

CSRS Offset employees are exempt from Government Pension Offset. Social Security spousal of former spouse benefits or Social Security Survivor benefits to which you may be entitled based upon spouse's work history will not be reduced by your CSRS retirement benefit. Social Security spousal benefits and survivor benefits will be reduced by the amount of your earned Social Security benefit as required by the Social Security Dual Entitlement Provision.

CSRS Offset Survivor Benefits

The CSRS Offset survivor benefit will be reduced in the same manner as the CSRS retirement benefit if the surviving spouse is eligible for Social Security survivor benefits. If the surviving spouse is not eligible for Social Security survivor benefits because of Dual Entitlement or Government Pension Offset, there will be no reduction.

Social Security Benefit Estimates

You may estimate the amount of your Social Security benefit with and without the years of Offset service using the on-line calculator available on the Social Security website. A record of earnings subject to Social Security is provided in the "Earnings Statement and Benefit Estimate" that is mailed to you annually.

- You may request an Earnings Statement by mailing SSA Form 7004 to Social Security Administration.
- You may request that an Earnings Statement be mailed to you on the Social Security website - www.ssa.gov.

Offset Reduction Calculation

Calculation of the CSRS "Offset" Reduction

A	Calculate Your Social Security Benefit including all Social Security covered employment (Federal and Non-Federal)	\$
	(Use the SS online calculator - <u>Do not use the WEP version</u> of the calculator.)	\$
B	Calculate your Social Security Benefit excluding CSRS Offset years (private SS only) (Use the SS online calculator - <u>Do not use the WEP version.</u>)	\$
C	Subtract B from A	\$
D	Calculate Your Social Security Benefit including all Social Security covered employment (Federal and Non-Federal) (Use the SS online calculator - <u>Use the WEP version</u> of the calculator.)	\$
E	Multiply D by the number of years of Offset (rounded to the nearest year) divided by 40.	$\frac{X \text{ Offset Years}}{40}$ \$
F	Enter the lesser of amount on line "C" or amount on line "E" = the reduction in CSRS monthly benefit.	\$

The amount shown on line "D: is the amount of Social Security that you should actually receive.