
CSRS

PART-TIME SERVICE

ANNUITY CALCULATIONS

History

Pre 4/7/86 Part-time Service

Post 4/6/86 Part-time Service

Proration Factor

Example



History

Part-time Positions

In the Postal Service, part-time service refers to both Part -Time Regular (PTR) and Part-Time Flexible (PTF) positions.

Retirement Eligibility

In determining eligibility for retirement, part-time service is creditable to the same extent as full-time service.

Impact on Annuity Benefit

The annuity benefit is reduced based upon hours actually worked.

History

Prior to April 7, 1986

- Full-time credit was granted for part-time service for eligibility and for computation of the annuity benefit.
- The “actual” part-time or full-time salary was used for average salary purposes.

April 7, 1986 - change in law:

- Full-time credit was granted for part-time service for eligibility and for computation of the annuity benefit.
- A full-time “Deemed” salary is used for average salary purposes. This produces a “full-time” annuity.
- The full-time annuity is “prorated” based upon the actual part-time **hours worked divided by the total full-time hours possible during the same period.**



Part-time Annuity Calculations

Part-time Service Prior to April 7, 1986

If all part-time service was performed prior to April 7, 1986, then full credit is granted for eligibility and for calculation of the annuity benefit.

If the part-time service was non-deduction service, the deposit should be based upon the part-time tour of duty.

Part-time Service on or After April 7, 1986

If any part-time service was performed on or after April 7, 1986, then full credit is granted for part-time service in determining eligibility for retirement., but the annuity benefit is reduced based upon the part-time hours worked.

The retirement benefit is reduced for part-time service after 4/6/86 by a ratio of the number of part-time hours to the number of hours the employee would have worked had the employee worked full-time.

Two computations must be performed in computing the annuity of an employee whose service includes part-time employment on or after 4/7/86.

Computation #1: (Pre-4/7/86 annuity)

Actual (part-time or full time) salary rates for the high-3 years average salary and full-time credit for service through 4/6/86 plus credit for unused sick leave are used in computing the annuity under the General Formula.

Computation #2: (Post 4/6/86 annuity)

Deemed full-time salary rates for service on or after 4/7/86 are used in computing the high-3 average salary. This average salary is then multiplied by the appropriate % in the CSRS General Formula (1.5%, 1.75% or 2%) and full-time service factors. This figure is then multiplied by the ratio of post-4/6/86 hours worked (according to tour of duty) to the number of hours the employee would have worked had all post-4/6/86 service been full time.

The results of the two computations are added together to obtain the basic annuity.

Part-time Calculation - Example

Example

1976 - 1996 Part-time : 20 hours per week
1996 - 2006 Full-time
Full-time Average Salary = \$50,000 per year.

Computation # 1: Pre-4/7/086 Computation:

1976-1986 = 10 years = 16.25%
16.25% of the "actual" high-3 average salary
16.25% of full-time average salary
16.25% of \$50,000 = \$8,125 per year

Computation # 2: Post - 4/6/86 Computation:

A. Compute full-time annuity:

1986 - 2006 = 20 years = 40%
40% of full-time average salary
40% of \$50,000 = \$20,000

B. Determine Proration Factor:

10 years @ 20 hours/week x 52 weeks = 10,400 hours
+ 10 years @ 40 hours/week x 52 weeks = 20,800 hours
31,200 hours

Divided by 20 years @ 40 hours/week x 52 weeks = 41,600 hours

$$\frac{10,400 + 20,800}{41,600} = \frac{31,200}{41,600} = 75\%$$

C. Multiply post - 4/6/86 full-time annuity by proration factor.

$$\$20,000 \times 75\% = \$15,000$$

Add Computation # 1 + Computation # 2:

Computation # 1	+	Computation # 2	=	Total Part-time
Pre 4/7/86	+	Post 4/6/86		Annuity
\$ 8,125	+	\$ 15,000	=	\$ 23,125