Special Retirement Supplement for FERS Retirees

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Eligibility for Special Retirement Supplement

FERS Retirement Benefit

The FERS retirement system is a three part retirement plan consisting of:

- FERS Basic Benefit
- Social Security
- Thrift Savings Plan

FERS Retirement Eligibility

Full, unreduced retirement benefits are payable to FERS retirees who meet the following requirements:

- MRA (minimum retirement age) or older with 30 or more years of service, or
- Age 60 or older with 20 or more years of service, or
- Age 50 or older with 20 or more years of service if offered an early voluntary retirement or if involuntarily separated due to agency downsizing, or
- Age 50 or older with 20 or more years of qualifying law enforcement service, or
- Any age with 25 years of qualifying law enforcement service.

Social Security Benefits Payable At Age 62

Social Security retirement benefits are not payable until age 62.

Special Retirement Supplement

An additional amount is paid by OPM to retirees eligible for full retirement benefits to supplement the total retirement until Social Security benefits become payable at age 62.

Amount of the Special Retirement Supplement

Amount of the Special Retirement Supplement

The special retirement supplement is an approximation of the portion of a full career Social Security benefit earned while employed under FERS.

A full Social Security benefit is estimated by OPM based upon 40 years of service. The supplement paid by OPM is a fraction of this estimated benefit equal to the total full calendar years of civilian service creditable under FERS, divided by 40.

The 2006 annuity supplement equaled approximately $30 to $35 per month per year of service.

Example:

Helen retired at age 60 with 20 years of FERS service and was eligible for the special retirement supplement.

The supplement = approximately $30 to $35 per month per year of service.

- 20 years X $30 per year = $600 per month
- 20 years X $35 per year = $700 per month

Retirement Supplement Provisions

- The retirement supplement is <u>not</u> paid on MRA + 10 retirements.
- The retirement supplement is <u>not</u> paid on deferred retirements.
- The retirement supplement is paid from MRA until age 62.
- The retirement supplement is subject to the Social Security Earnings limitation.

Earnings Limitation

The special retirement supplement is subject to the Social Security Earnings limitation. If a retiree's wages and net self-employment income exceeds the earnings limitation, the retirement supplement is reduced by $1.00 for every $2.00 that the earnings exceed the annual earnings limit. The dollar amount of the earnings limitation changes annually. The 2005 earnings limitation was $12,000.

When Reduction is Assessed

A reduction on the retirement supplement in a given year is based on excess earnings in the previous year.

Example:

Tony retired in July 2005 at age 60 with 20 years of FERS service and was eligible for special retirement supplement of $600 per month.

Tony's 2005 earnings were subject to the earnings limitation.
If his 2005 earnings exceeded $12,000 (2005 limit), then Tony's 2006 retirement supplement was reduced.

Reduction Limited to Amount of Previous Year Supplement

For the year immediately following the first year during which the retiree became eligible to receive the supplement, the annual earnings reduction cannot exceed the total retirement supplement to which the individual was entitled in the first year.

Example:

Tony received retirement supplement in 2005 of $600 per month for five months (August - December) for a total of $3,000.

The total reduction in Tony's 2006 supplement did not exceed $3,000.

Earnings in the Year the Retiree Attains Age 62

The earnings in the year that the retiree attains age 62 will have no impact on the annuity supplement. Earnings prior to attaining age 62 will have no impact on the Social Security benefit.

Special Provisions for Law Enforcement Officers

The supplement is paid to law enforcement officers in the first year of retirement, regardless of age.

The supplement paid to law enforcement officers is not subject to the earnings limitation until the retiree reaches MRA.

Reporting Earnings to OPM

OPM asks each retiree who has reached the MRA for a statement of earnings each year he or she is eligible to receive the retirement supplement.

Earnings must be reported by retirees in a form prescribed by OPM.