CSRS/FERS Information

As a postal employee, you will have to contact Shared Services at (877) 477-3273 to obtain your retirement paperwork.

This booklet contains highlights of the CSRS and FERS retirement systems. It is not meant to provide a detailed explanation of each plan's provisions. Do NOT entirely depend upon this booklet to answer all questions you may have regarding retirement.

All the information contained herein can be found at OPM.gov

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CHARTS

Sick Leave Conversion Chart

To convert sick leave hours to retirement service credit, find the number of sick leave hours in the chart under columns b through m. (If you cannot find the exact numbe, locate the next lower number.) The retirement credit is thus obtained, in months and days, from the months listed at the top of the column and the days noted in the far left column. For example, 1,500 hours equals 9 months of service; 805 hours equals 4 months, 19 days of service (on the basis of 2080 hours to the year).

a	b	c	d	e	f	g	h	i	j	k	l	m
No. of Days	Under 1 Mo.	1 Mo.	2 Mo.	3 Mo.	4 Mo.	5 Mo.	6 Mo.	7 Mo.	8 Mo.	9 Mo.	10 Mo.	11 Mo.
0	--	173	347	520	693	867	1040	1213	1387	1560	1733	1907
1	6	179	352	526	699	872	1046	1219	1392	1566	1739	1912
2	12	185	358	532	705	878	1052	1225	1398	1572	1745	1918
3	17	191	364	537	711	884	1057	1231	1404	1577	1751	1924
4	23	196	370	543	716	890	1063	1236	1410	1583	1756	1930
5	29	202	376	549	722	896	1069	1242	1416	1589	1762	1936
6	35	208	381	555	728	901	1075	1248	1421	1595	1768	1941
7	40	214	387	560	734	907	1080	1254	1427	1600	1774	1947
8	46	220	393	566	740	913	1086	1260	1433	1606	1780	1953
9	52	225	399	572	745	919	1092	1265	1439	1612	1785	1959
10	58	231	404	578	751	924	1098	1271	1444	1618	1791	1964
11	64	237	410	584	757	930	1104	1277	1450	1624	1797	1970
12	69	243	416	589	763	936	1109	1283	1456	1629	1803	1976
13	75	248	422	595	768	942	1115	1288	1462	1935	1808	1982
14	81	254	428	601	774	948	1121	1294	1468	1641	1814	1988
15	87	260	433	607	780	953	1127	1300	1473	1647	1820	1993
16	92	266	439	612	786	959	1132	1306	1479	1652	1826	1999
17	98	272	445	618	792	965	1138	1312	1485	1658	1832	2005
18	104	277	451	624	797	971	1144	1317	1491	1664	1837	2011
19	110	283	456	630	803	976	1150	1323	1496	1670	1843	2016
20	116	289	462	636	809	982	1156	1329	1502	1676	1849	2022
21	121	295	468	641	815	988	1161	1335	1508	1681	1855	2028
22	127	300	474	647	820	994	1167	1340	1514	1687	1860	2034
23	133	306	480	653	826	1000	1173	1346	1520	1693	1866	2040
24	139	312	485	659	832	1005	1179	1352	1525	1699	1872	2045
25	144	318	491	664	838	1011	1184	1358	1531	1704	1878	2051
26	150	324	497	670	844	1017	1190	1364	1537	1710	1884	2057
27	156	329	503	676	849	1023	1196	1369	1543	1716	1889	2063
28	162	335	508	682	855	1028	1202	1375	1548	1722	1895	2068
29	168	341	514	688	861	1034	1208	1381	1554	1728	1901	2074

Chart for Computing Annuity

Instructions: (1) Find full years of service in far left column. (2) Find full months of service in column headings. (3) Factor is determined where columns intersect.

Computing Basic Annuity Where High-3 Average Pay is $5,000 or More

Years of Service	0 Mo.	1 Mo.	2 Mo.	3 Mo.	4 Mo.	5 Mo.	6 Mo.	7 Mo.	8 Mo.	9 Mo.	10 Mo.	11 Mo.
5	.075000	.076458	.077917	.079375	.080833	.082292	.083750	.085208	.086667	.088125	.089583	.091042
6	.092500	.093958	.095417	.096875	.098333	.099792	.101250	.102708	.104167	.105625	.107083	.108542
7	.110000	.114580	.112917	.114375	.115833	.117292	.118750	.120208	.121667	.123125	.124583	.126042
8	.127500	.128958	:130417	.131875	.133333	.134792	.136250	.137708	.139167	.140625	.142083	.143542
9	.145000	.146458	.147917	.149375	.150833	.152292	.153750	.155208	.156667	.158125	.159583	.161042
10	.162500	.164167	.165833	.167500	.169167	.170833	.172500	.174167	.175833	.177500	.179167	.180833
11	.182500	.184167	.185833	.187500	.189167	.190833	.192500	.194167	.195833	.197500	.199167	.200833
12	.202500	.204167	.205833	.207500	.209167	.210833	.212500	.214167	.215833	.217500	.219167	.220833
13	.222500	.224167	.225833	.227500	.229167	.230833	.232500	.234167	.235833	.237500	.239167	.240833
14	.242500	.244167	.245833	.247500	.249167	.250833	.252500	.254167	.255833	.257500	.259167	.260833
15	.262500	.264167	.265833	.267500	.269167	.270833	.272500	.274167	.275833	.277500	.279167	.280833
16	.282500	.284167	.285833	.287500	.289167	.290833	.292500	.294167	.295833	.297500	.299167	.300833
17	.302500	.304167	.305833	.307500	.309167	.310833	.312500	.314167	.315833	.317500	.319167	.320833
18	.322500	.324167	.325833	.327500	.329167	.330833	.332500	.334167	.335833	.337500	.339167	.340833
19	.342500	.344167	.345833	.347500	.349167	.350833	.352500	.354167	.355833	.357500	.359167	.360833
20	.362500	.364167	.365833	.367500	.369167	.370833	.372500	.374167	.375833	.377500	.379167	.380833
21	.382500	.384167	.385833	.387500	.389167	.390833	.392500	.394167	.395833	.397500	.399167	.400833
22	.402500	.404167	.405833	.407500	.409167	.410833	.412500	.414167	.415833	.417500	.419167	.420833
23	.422500	.424167	.425833	.427500	.429167	.430833	.432500	.434167	.435833	.437500	.439167	.440833
24	.442500	.444167	.445833	.447500	.449167	.450833	.452500	.454167	.455833	.457500	.459167	.460833
25	.462500	.464167	.465833	.467500	.469167	.470833	.472500	.474167	.475833	.477500	.479167	.480833
26	.482500	.184167	.485833	.487500	.189167	.490833	.492500	.494167	.495833	.497500	.499167	.500833
27	.502500	.504167	.505833	.507500	.509167	.510833	.512500	.514167	.515833	.517500	.519167	.520833
28	.522500	.524167	.525833	.527500	.529167	.530833	.532500	.534167	.535833	.537500	.539167	.540833
29	.542500	.544167	.545833	.547500	.549167	.550833	.552500	.554167	.555833	.557500	.559167	.559167
30	.562500	.564167	.565833	.567500	.569167	.570833	.572500	.574167	.575833	.577500	.579167	.580833
31	.358250	.584167	.585833	.587500	.589167	.590833	.592500	.594167	.595833	.597500	.599167	.600833
32	.602500	.604167	.605833	.607500	.609167	.610833	.612500	.614167	.615833	.617500	.619167	.620833
33	.622500	.624167	.625833	.627500	.629167	.630833	.532500	.634167	.635833	.637500	.639167	.640833
34	.642500	.644167	.645833	.647500	.649167	.650833	.652500	.654167	.655833	.657500	.659167	.660833
35	.662500	.664167	.665833	.667500	.669167	.670800	.672500	.674167	.675833	.677500	.679167	.680833
36	.682500	.684167	.685833	.687500	.689167	.690833	.692500	.694167	.695833	.697500	.699167	.700833
37	.702500	.704167	.705833	.707500	.709167	.710833	.712500	.714167	.715833	.717500	.719167	.720833
38	.772500	.724167	.725833	.727500	.729167	.738330	.732500	.734167	.735833	.737500	.739167	.740833
39	.742500	.744167	.745833	.747500	.749167	.750833	.752500	.754167	.755833	.757500	.759167	.760833
40	.762500	.764167	.765833	.767500	.769167	.770833	.772500	.774167	.775833	.777500	.779167	.780833
41	.782500	.784167	.785833	.787500	.789.167	.790833	.792500	.794167	.795833	.797500	.799167	80%**

**Annuity in excess of 80% that is a produced by credit for unused sick leave is payable

CSRS Information

Overview

The Civil Service Retirement Act, which became effective on August 1, 1920, established a retirement system for certain Federal employees. It was replaced by the Federal Employees Retirement System (FERS) for Federal employees who first entered covered service on and after January 1, 1987.

The Civil Service Retirement System (CSRS) is a defined benefit, contributory retirement system. Employees share in the expense of the annuities to which they become entitled. CSRS covered employees contribute 7, 7 1/2 or 8 percent of pay to CSRS and, while they generally pay no Social Security retirement, survivor and disability (OASDI) tax, they must pay the Medicare tax (currently 1.45 percent of pay). The employing agency matches the employee's CSRS contributions.

CSRS employees may increase their earned annuity by contributing up to 10 percent of the basic pay for their creditable service to a voluntary contribution account. Employees may also contribute a portion of pay to the Thrift Savings Plan (TSP). There is no Government contribution, but the employee contributions are tax-deferred.

This section covers the Civil Service Retirement System (CSRS). The following represents the topics to be covered:

1. Eligibility – The main eligibility requirements for the common types of retirements.
2. Computation – How your retirement annuity is computed.
3. Creditable Service – Rules showing the civilian and military service that can be used to compute your CSRS retirement benefits.
4. Planning and Applying – It's never too early to start planning for retirement in order to ensure it goes smoothly. Here you will find information to help ensure your retirement starts well.
5. Types of Retirement – Learn about the age, service requirements and considerations affecting the various types of retirement.
6. Survivors – When a Federal employee dies, monthly or lump sum benefits may be payable to survivors. Learn about these Survivor benefits here.
7. Military Retired Pay – Adding military service to your civilian service.
8. Service Credit – Payment to increase your annuity for civilian service when no CSRS retirement deductions were withheld or were refunded of for military service after 1956.
9. Former Employees –Options if you leave your Federal job before becoming eligible for retirement.

Topics in Depth

1. Eligibility

There are five categories of benefits under the Civil Service Retirement System (CSRS). Eligibility is based on your age and the number of years of creditable service and any other special requirements. In addition, you must have served in a position subject to CSRS coverage for one of the last two years before your retirement. If you meet one of the following sets of requirements, you may be eligible for an immediate retirement benefit. An immediate annuity is one that begins within 30 days after your separation.

Optional

If you leave Federal service before you meet the age and service requirements for an immediate retirement benefit, you may be eligible for deferred retirement benefits. To be eligible, you must have at least 5 years of creditable civilian service and be age 62.

Age	Years of Service
62	5
60	20
55	30

Special/Early Optional

Special/Early Optional Requirements: Your agency must be undergoing a major reorganization, reduction-in-force, or transfer of function determined by the Office of Personnel Management. Your annuity is reduced if you are under age 55.

Age	Years of Service
50	20
Any Age	25

Special Provision Retirement

Special Requirements: You must retire under special provisions for air traffic controllers or law enforcement and firefighter personnel, nuclear materials courier, Supreme Court Police and Capitol Police.

Age	Years of Service
50	20
Any Age*	25

* ONLY air traffic controllers can retire at any age with 25 years of service as an air traffic controller.

Discontinued Service

Age	Years of Service
50	20
Any Age	25

Special Requirements: Your separation is involuntary and not a removal for misconduct or delinquency.

Disability

Age	Years of Service
Any age	5

Special Requirements: You must be disabled for useful and efficient service in your current position and any other vacant position at the same grade or pay level within your commuting area and current agency for which you are qualified. You must have been disabled prior to retirement and the disability should be expected to last for more than one year.

More in depth information on these topics begins on page 24.

2. Computation

Your basic annuity is computed based on your length of service and "high-3" average salary. You also receive credit for unused sick leave if you retire on an immediate annuity. To determine your length of service for computation, add all your periods of creditable service, and the period represented by your unused sick leave, then eliminate any fractional part of a month from the total.

High-3 Average Salary

Your "high-3" average pay is the highest average basic pay you earned during any 3 consecutive years of service. These three years are usually your final three years of service, but can be an earlier period, if your basic pay was higher during that period. Your basic pay is the basic salary you earn for your position. It includes increases to your salary for which retirement deductions are withheld, such as shift rates. It does not include payments for overtime, bonuses, etc.

Computation

Here is how the CSRS annuity formula is calculated:

CSRS Annuity Formula

Years of Service	**What You Receive**
First 5 years of service	1.5% of your high-3 average salary for each year
Second 5 years of service	**Plus** 1.75% of your high-3 average salary for each year
For all years of service over 10	**Plus** 2% of your high-3 average salary for each year

Reductions in Annuity

Your annuity will be reduced if:

- You retire before age 55 (unless you retire for disability or under the special provisions for law enforcement officers, air traffic controllers, and firefighters); your annual annuity will be reduced by one-sixth of 1 percent for each full month you are under age 55.
- You didn't make a deposit for service performed prior to October 1, 1982, during which no deductions were taken from your pay (non-deduction service after that date is not used in the computation of benefits if the deposit is not paid); your annual annuity will be reduced by 10% of the deposit due, including interest.
- You didn't make a redeposit of a refund for a period of service that ended before March 1, 1991, or if you retired prior to October 28, 2009, service that ended prior to October 1, 1990; your monthly annuity

will be actuarially reduced based on the amount of redeposit due, including interest, divided by a factor for your age at retirement.

- You provide for a survivor annuity:
    - To provide a full survivor benefit for your current or former spouse, your annual annuity will be reduced by 2.5 percent of the first $3,600, plus 10 percent of the annuity over $3,600.
    - To provide a survivor annuity for a person who has an "insurable interest" in you, your annual annuity would be reduced from 10 to 40 percent, depending on the difference in your age and the age of the person named.

Cost of Living Adjustments

Your annuity will be increased periodically by cost-of-living increases that occur after you retire. Your initial cost-of-living increase will be prorated based on how long you have been retired when that cost-of-living increase is granted.

Maximum Payable

The maximum benefit you can receive from CSRS is 80 percent of your high-3 average salary, plus credit for your sick leave. This limit generally affects only those who have more than 41 years 11 months of service when they retire.

Disability Retirement Computation

If you retire for disability, you may be guaranteed a minimum annuity equal to the smaller of:

- 40 percent of your "high-3 average salary", or
- the regular annuity obtained after increasing your service by the time between the date of your retirement and your 60th birthday.

The guaranteed minimum applies if you are under age 60 when you retire and your earned annuity based on your actual service is less than this minimum.

Exception:

The guaranteed minimum does not apply if you are receiving military retired pay and/or compensation from the Veterans Administration in lieu of all or part of the military retired pay. However, if your earned annuity plus your military benefit (or compensation) is less than what it would have been under the guaranteed minimum, the annuity is increased to bring it up to that level.

Note:

Disability annuities for individuals who performed service in an enhanced position such as law enforcement officer, firefighter, nuclear materials courier, Capitol Police, or Supreme Court Policy will be credited at the higher 2.5% for that service.

3. Creditable Service

CSRS Civilian Service

Creditable service under CSRS usually includes:

- Federal "covered service", that is, service in which the individual's pay is subject to CSRS retirement deductions, such as service under a career or career conditional appointment,
- Federal service where an employee's pay is not subject to retirement deductions, such as, service under a temporary appointment,
- Service for which a specific Statue allows credit or allows credit for the service such as:
  - Peace Corps enrollment
  - Certain pre-1969 National Guard technician service
- Service for which a specific statute allows an individual to be subject to CSRS deductions during his/her employment with a specified entity or under a specific program or type of appointment, such as:
  - Employees of Gallaudet University or D.C. Government, Federal employees who receive assignments under the Intergovernmental Personnel Act, or employees serving as full-time officers or employees of an employee organization.

Definitions

Deposit:

A deposit is the payment of the retirement deductions, plus interest, that would have been withheld from you pay if you had been covered by the Civil Service Retirement System (CSRS) during a period of employment when retirement deductions were not withheld from you salary. You are not required to make this type of payment.

Redeposit:

A redeposit is the repayment of retirement deductions that were previously withheld and refunded to you, plus interest. You are not required to make this type of payment.

CSRS Military Service

Credit for Military Service

As a general rule, military service in the Armed Forces of the United States is creditable for retirement purposes if it was active service terminated under honorable conditions, and performed prior to your separation from civilian service for retirement.

Service Performed Before 1957

- creditable without deposit

Service Performed on or after January 1, 1957:

- normally creditable for Social Security benefits at age 62
- a deposit may be due to credit the service.

If you were first employed before October 1, 1982, you can either:

- Make a deposit for post-1956 military service, thereby avoiding a reduction in your annuity at age 62, or
- Not make the deposit and have your annuity reduced at age 62 if you are then eligible for Social Security benefits.

If you were first hired by the Federal Government on or after October 1, 1982, you must:

- make the deposit or receive no credit at all for military service, including eligibility to retire.

Military deposits include interest unless they are paid within a grace period. Payments must be made to your employing agency before you separate. They cannot be paid to the U.S. Office of Personnel Management.

Additional information regarding military deposits is on pages 12 & 13.

4. Planning and Applying

A. Overview

It's never too early to start planning for retirement in order to ensure it goes smoothly. Here you will find information to help ensure your retirement starts well.

- Service Credit – Program that allows employees to make payments into the Civil Service Retirement System (CSRS) periods of service during with they either did not contribute to the Civil Service Retirement and Disability Fund, or for which they received a refund of their retirement contributions. In statutorily defined circumstances, employees may make service credit deposits or re-deposits, which include both principal and interest, to maximize the benefits they will receive upon retirement.
- Thrift Savings Plan – Savings for your retirement is an important part of your retirement benefits in addition to your monthly annuity. The Thrift Savings Plan website had additional information.
- Federal Ballpark Estimate – You can use the Federal Ballpark Estimate to automatically calculate estimates of future Civil Service Retirement System (CSRS) retirement benefits and Thrift Savings Plan account balances. It will also let you know how well you are doing in meeting your savings goal.
- Retire in Five Years – You should begin planning several years before the date you have set for retirement so that you will know what is required to continue certain benefits into retirement.
- Retire in One Year – Here are specific steps you should do to get ready for retirement.
- Less than One Year to Retirement – As the time gets near, ensure you are ready.
- Applying for Retirement – This explains the retirement process.
- Refund of Retirement Contributions – This explains the options available to employees who leave Federal service before being eligible for retirement.
- Voluntary Contributions Inquiries – Inquire about your voluntary contributions options before you retire.

B. Planning for Retirement in Five Years

Beginning to plan for retirement

You should begin planning several years before the date you have set for retirement so that you will know what is required to continue certain benefits into retirement. There are many factors related to retirement planning, and it is literally never too early to begin. The best place to begin is with your local personnel service center. They can provide personalized assistance and they have your employment records.

Your health and life insurance coverage is of immediate concern now because you must carry coverage continuously for at least five years before your retirement or you may be ineligible to continue them.

Help from your employer

Your agency will guide you through the retirement process, supplying all of the information you need about retirement and insurance. They provide the information you need to plan for retirement, but should not advise you on what to do. You should contact your local personnel service center for assistance because they have your employment records.

When to start planning

The five year period before retirement is important because you must have insurance coverage for five years immediately before retirement to keep it after retirement. You may also need some preliminary information to make decisions about when you can afford to retire and whether to make any necessary payments to receive credit for military or non-contributory service or repay any retirement contribution refunds.

Keeping your health insurance benefits after you retire

You may continue your health insurance coverage only if you meet the following conditions:

- Your annuity must begin within 30 days or, if you are retiring under the Minimum Retirement Age (MRA) plus 10 provision of the Federal Employees Retirement System (FERS), health and life insurance coverage is suspended until your annuity begins, even if it is postponed.
- You must be covered for health insurance when you retire.
- You must have been continuously covered by the Federal Employees Health Benefits Program, TRICARE, or the Civilian Health and Medical Program for Uniformed Services (CHAMPUS):
    - for five years immediately before retiring; or
    - during all of your federal employment since your first opportunity to enroll; or
    - continuously for full periods of service beginning with the enrollment that started before January 1, 1965, and ending with the date on which you become an annuitant, whichever is shortest.

Federal Employees Health Benefits (FEHB) Program qualifies as minimum essential coverage (MEC) and meets the Patient Protection and Affordable Care Act.

If you are a Federal annuitant enrolled in the FEHB Program and if you decide to cancel your FEHB enrollment, you should be aware of the consequences of canceling your FEHB enrollment including the following but not limited to:

- You CANNOT re-enroll in the FEHB Program.
- You and your enrolled family members will not be eligible to enroll in temporary continuation of coverage or convert to a non-group contract; in addition, the 31-day extension of coverage does not apply to cancelled enrollments.
- If you die, you will not have an FEHB Self and Family enrollment for your survivors to continue, even if they are eligible for a survivor annuity.

Waiver of the requirement for continuing health insurance coverage

OPM has the authority to waive the five-year participation requirement when it is against equity and good conscience not to allow an individual to participate in the health insurance program as a retiree. However, the law says that a person's failure to meet the five-year requirement must be due to exceptional circumstances. When someone is retiring voluntarily, a waiver may not be appropriate because he or she can continue working until the requirement is met. When circumstances under these conditions otherwise warrant a waiver, OPM will notify the individual's employer.

Keeping your life insurance coverage after you retire

You can keep your basic life insurance in retirement if all of the following conditions are met:

- You have coverage when you retire;
- You have not converted coverage to an individual policy;
- Your annuity begins within 30 days, (However if you are retiring under the Minimum Retirement Age (MRA) plus 10 provision of the Federal Employees Retirement System (FERS) and you have postponed the commencing date of your annuity, health and life insurance coverage is suspended until your annuity begins), and,
- You were insured for life insurance for the five years immediately preceding retirement or the full periods of service when coverage was available.

You can keep your optional life insurance in retirement if all of the following conditions are met:

- You are eligible to continue your basic coverage; and,
- You were covered by the optional life insurance for the five years immediately preceding retirement or the full periods of service when coverage was available, if less than five years.

Waiver of the requirement for continuing life insurance coverage into retirement

OPM has no authority to waive the requirements for continuing life insurance coverage. If you are not eligible to continue it, you will be given the chance to change it to an individual policy.

Review your service history

You should review your Official Personnel Folder (OPF) to make sure that there is verification of all of your military and civilian service. If any of the records are missing, your employer should help you document the service and obtain any missing records. If you have civilian service for which you must pay retirement contributions or repay a refund of contributions, your employer should tell you about what impact payment or non-payment has on your eligibility and the amount of your retirement benefit.

If you owe a payment to receive credit for military service you performed after 1956, you must make that payment before you retire. If you are receiving military retired pay, you should discuss whether or not you must waive the retired pay with the personnel officer at your agency. Your personnel officer can also tell you about receiving credit in your annuity computation for various types of service and about the payments described above, as well as help you with service documentation.

Check your eligibility for Social Security benefits

You should ask for a form SSA-7004-PC, "Request for Earnings and Benefit Estimate Statement", from your local Social Security Office or visit their website. If you submit this form, you will get a statement that provides information on your future eligibility for Social Security benefits and estimates of these benefits at specified dates. These estimates do not reflect any reduction for the Government Pension Offset or the Windfall Elimination Provision (WEP).

Government Pension Offset

Some of an employee's spousal Social Security benefit may be offset if the employee has a government pension from work not covered by Social Security. The offset does not apply to the employee's own Social Security benefit, only the benefit that comes from a spouse's employment. If the Government Pension Offset applies, the spousal Social Security benefit will be reduced by two-thirds of any Federal pension based on employment not covered by Social Security.

Some employees are exempt from the Government Pension Offset. They are employees who are automatically covered by the Federal Employees Retirement System (FERS), Civil Service Retirement System (CSRS) Offset, and those who elected to transfer to the FERS before January 1, 1988, or during the belated transfer period which ended June 30, 1988. Employees who were covered by the CSRS and who elected FERS coverage after June 30, 1988 must have five years of Federal employment covered by Social Security to be exempt from the offset.

Windfall Elimination Provision

If you receive a Federal pension and are also eligible for Social Security benefits based on your own employment record, a different formula may be used to compute your Social Security benefit. This formula will result in a lower benefit. The Windfall Elimination Provision affects workers who reach age 62 or become disabled after 1985 and are first eligible after 1985 for a Federal pension.

The Windfall Elimination Provision does not apply if:

- You were eligible to retire before January 1, 1986; or,
- You were first employed by the government after December 31, 1983; or,

- You have 30 or more years of substantial earnings under Social Security.

Estimating the amount of the Windfall Elimination Provision Reduction

At your request, using the form SSA-7004, the Social Security Administration will send you a Personal Earnings and Benefits Statement (PEBES) that will list your earnings from employment covered by Social Security and provide a Social Security benefit estimate assuming retirement at alternative ages, 62, 65, and 70. You should contact your local Social Security office to determine the effect of the Government Pension Offset and the Windfall Elimination Provision on your Social Security benefits.

C. Planning for Retirement in One Year

Steps to Take When You Get Within One Year of Retiring

When you get within one year of retirement eligibility, you should:

- Confirm when you will be eligible to get a retirement benefit;
- Decide when you want to retire;
- Get information about other benefits to which you may also be eligible, such as Thrift Savings Plan payment options and any other entitlements based on employment. For example: Foreign Service, Social Security, pensions from private industry, and Individual Retirement Accounts (IRA). You should have a fairly comprehensive picture of all sources of your retirement income and when each is payable.
- Tell your supervisor about your proposed retirement date. You should give sufficient notice to allow for planning for someone to take your place.
- Attend a pre-retirement counseling seminar.
- Make an appointment with your personnel officer to review your Official Personnel Folder (OPF) or its equivalent to make sure all your records are complete and accurate, all service is verified, and your insurance coverage is documented.

Check Documentation in Your Official Personnel Folder (OPF)

The following information should be in your Official Personnel Folder (OPF):

- The beginning and ending dates for each period of employment which will be used for your benefit computation;
- The effective dates for each promotion or within-grade increase during the period that will be used to compute your high-3 average salary;
- The dates of pay changes or earnings and the pay rate, during employment periods when retirement deductions were not withheld from your salary;
- The tour-of-duty during any part-time employment (if you worked more hours than the official tour-of-duty, document the hours actually worked.);
- A record of time actually worked during intermittent or "when-actually-employed" service; and,
- Documentation of the dates of military service. If any service is not verified or any of the required documentation is missing, you should obtain assistance from your personnel officer.

Check Additional Records

You should review your designation of beneficiary for the lump sum payment of retirement contributions when no one is eligible for monthly payments. This designation is made on a Standard Form 2808 for the Civil Service Retirement System (CSRS) or a Standard Form 3102 for the Federal Employees Retirement System (FERS). Make sure the form shows the person or people you want designated. If a copy is not available to review, you may wish to file a new designation.

If you transferred to FERS, any prior designation you made for CSRS coverage is canceled. You may wish to file a FERS designation. If you were automatically transferred to FERS coverage from CSRS, your designation will remain in force.

If there is no designation of beneficiary, benefits will be paid in the following order:

1. Your widow or widower.
2. Your children in equal shares.
3. Your parents in equal shares.
4. Your appointed executor or administrator of your estate.
5. Your next of kin under the laws of the state you reside in when you die.

Check Your Health Benefits Records

Your Official Personnel Folder should contain a record of all of your health benefits registration changes. Be sure that when you retire, your records will show a complete history of your health insurance enrollment for the last five years.

Check Your Life Insurance Records

Your Official Personnel Folder should contain a record of your current Federal life insurance coverage on a Standard Form 2817, "Life Insurance Election", and, if appropriate, your current life insurance designation of beneficiary, Standard Form 2823.

If there is no designation of beneficiary, benefits will be paid in the following order:

1. Your widow or widower.
2. Your children in equal shares.
3. Your parents in equal shares.
4. Your appointed executor or administrator of your estate.
5. Your next of kin under the laws of the state you reside in when you die.

If your retirement payment will not cover your health benefits premium

Direct Payments can be made for your health insurance premiums if your annuity is not enough to cover the cost. In this case, OPM will contact you with instructions on the steps that need to be taken.

Paying a deposit to receive retirement credit for your military service after 1956

You may be able to receive retirement credit for active-duty military service after 1956 if you make a payment for that service. You must make the payment before you stop working for the government. You should ask your local servicing personnel center for help in determining whether to make this payment. They can provide personalized assistance because they have your employment records.

If you had service where retirement deductions were not withheld from you pay

You may be able to pay a deposit to make that service creditable toward your retirement. Make a selection from the list of circumstances below which best describes your situation and ask your local personnel service center for assistance because they have your employment records.

- Deposit service ending before October 1, 1982 and covered by the CSRS:
  - You can make a deposit for creditable Civil Service Retirement System (CSRS) service you performed before October 1, 1982 during which retirement deductions were not withheld from your pay. If you do not, you will receive retirement credit for all this service, but your annual benefit will be reduced by 10 percent of the deposit amount due at retirement. Also, any annuity due your surviving spouse will be reduced proportionately.
  - For pre-October 1, 1982 CSRS service, interest is computed from the midpoint of each period of service. Interest accrues daily, is compounded annually, and is charged at the rate of 3 percent through the date the deposit is paid or the date the annuity begins, whichever is earlier. If full payment is received within 30 days after the bill is issued, no additional interest is charged. Otherwise, interest will be computed after each payment at the rate of 3 percent for the interval since the most recent payment you have made.
- Deposit service ending on/after October 1, 1982 and covered by the CSRS:
  - You can make a deposit for creditable Civil Service Retirement System (CSRS) service you performed on or after October 1, 1982 during which retirement deductions were not withheld from your pay. Unless you pay the deposit in full, you will not receive credit for the service in your annuity.
  - Interest is charged from the midpoint of the service period and accrues annually and is compounded annually on December 31 of each year and is charged as follows:
    - three percent through December 1, 1984; and
    - beginning January 1, 1985, a variable interest rate determined annually by the Department of the Treasury. The variable interest rate for any year equals the overall average yield to the fund from retirement securities during the preceding fiscal year. No additional interest is charged for a year when payment in full is received by December 31 of the year. See the variable interest rates in the table on the next page.
  - If you do not pay for a period of this type of service, you will not receive credit in determining your eligibility to retire or in computing your retirement benefit.

Interest Rates Table

Beginning in 1985, interest rates vary each calendar year, according to the interest rates earned by new retirement fund securities. Interest rates through 2012 are:

Interest Table

Years	Percentage Rates
2012	2.25%
2011	2.75%
2010	3.125%
2009	3.875%
2008	4.75%
2007	4.875%
2006	4.125%
2005	4.375%
2004	3.875%
2003	5%
2002	5.5%
2001	6.375%
2000	5.875%
1999	5.75%
1998	6.75%
1997	6.875%
1996	6.875%
1995	7%
1994	6.25%
1993	7.125%
1992	8.125%
1991	8.625%
1990	8.75%
1989	9.125%
1988	8.375%
1987	9%
1986	11.125%
1985	13%
1948-1984	3%
Before 1948	4%

If you had service where your retirement deductions were refunded to you

You may be able to pay a redeposit to make that service creditable toward your retirement. Make a selection from the list of circumstances below which best describes your situation and ask your local personnel service center for assistance because they have your employment records.

- Redeposit service ending before March 1, 1991 and covered by CSRS.
  - You can repay the refund of retirement deductions you received for periods of civilian service ending before March 1, 1991, in order to gain credit for the service in your annuity. However, you will receive credit for all this service whether or not you make the payment (unless you retire under the disability provisions of the law). But if you do not pay the refund and interest, your annuity will be subject to permanent actuarial reduction based on the amount of the deposit,

- the interest due, and your age at retirement. The actuarial reduction does not affect the full annuity due your surviving spouse.
- If you received the refund before October 1, 1982, interest is charged through the billing date. If OPM receives your payment within 30 days after the bill is issued, no additional interest will be charged. Otherwise, interest will be computed after each partial payment at the rate of 3 percent for the interval since the previous payment.
- If the refund was paid on or after October 31, 1982, interest is compounded annually and charged through December 31 of the year before the year in which this bill is being issued. If full payment is received by December 31 of the year in which the bill is issued, no additional interest will be charged. If not, interest will be computed once each year as of December 31 based on the unpaid balance at that time. Interest is applied at the rates described above.

- Redeposit service ending on/after March 1, 1991 and covered by CSRS.
    - You can repay a refund of retirement deductions you received for periods of civilian service ending on or after March 1, 1991, but if you do not pay the redeposit in full, you will not receive credit for this service in the computation of your annuity. Consequently, your annuity, as well as any annuity due your surviving spouse, will be reduced. For refunds paid on or after October 1, 1982, interest is compounded annually and charged through December 31 of the year before the year in which this bill is being issued. If full payment is received by December 31 of the year in which this bill is issued, no additional interest will be charged. If not, interest will be computed once each year as of December 31 based on the unpaid balance at that time. Interest is applied at the rates described above. If you repay part of the refund, the money will be returned to you when you retire.

Making a service credit payment

You should apply to make a payment by completing a Standard Form 2803 if you are covered by the Civil Service Retirement System (CSRS). If you are within six months of retirement, you should submit your request to make the deposit or redeposit at the same time you submit your application for retirement. You can use a form or letter to do this. OPM will notify you of any amounts due so you can decide whether or not to make the payment. OPM cannot, however, authorize your regular annuity payments until OPM has your decision about the payment.

Choosing a Retirement Date

Check with your local personnel service center to verify that you have enough service and meet the age requirements for retirement eligibility. They can provide personalized assistance because they have your employment records. Your local personnel service center will also talk with you about the date your annuity payments can start based on the date your pick.

Electing Survivor Benefit Options

Your personnel officer will review the election opportunities to provide benefits after your death to your husband or wife, ex-spouse, or another person you designate as having an insurable interest in your continuing life. If you do not provide for a monthly benefit after your death, your survivor will not be able to continue coverage under the Federal Employees Health Benefits (FEHB) program. The advisor will also cover the requirements that each survivor must meet to qualify. When making an election to provide a benefit after your death, you must obtain your husband's or wife's written consent to provide less than the maximum benefit allowed. To designate an insurable interest, you must have a physical examination at your own expense. Your local personnel service center is the best place to begin. They can provide personalized assistance and they have your employment records.

Voluntary Contributions

Voluntary contributions are payments made to the retirement fund in addition to the deductions that are withheld from pay. You can make these contributions only if you are covered by the Civil Service Retirement System (CSRS) and do not owe a deposit for a period of time when deductions were not withheld from your pay. To make voluntary contributions, you should submit a Standard Form 2804, "Application to Make Voluntary Contributions" to your employer.

You can make voluntary contributions in multiples of $25. Total contributions cannot exceed 10 percent of your pay.

You can purchase additional annuity of $7 per year for each $100 of voluntary contributions, plus 20 cents for each full year you are over age 55 when you retire. By electing to take a reduction in the additional annuity, you can also purchase additional annuity for a surviving spouse who may receive a benefit after your death.

Interest is paid on voluntary contributions at the rate of three percent annually until December 31, 1984. After that date, a variable interest rate is compounded annually on December 31st until service ends or a refund is paid. View the table of variable interest rates.

Credit for voluntary contributions

You can use voluntary contributions you made while working under the Civil Service Retirement System to purchase additional annuity when you retire or you can withdraw the contributions in a one-time payment.

You can purchase additional annuity of $7 per year for each $100 of voluntary contributions, plus 20 cents for each full year you are over age 55 when you retire. By electing to take a reduction in the additional annuity, you can also purchase additional annuity for a surviving spouse who may receive a benefit after your death.

Most people want to withdraw their voluntary contributions in a one-time payment. If the amount of the voluntary contributions, plus interest, is more than $200, you can roll the funds into an Individual Retirement Account (IRA) or other qualified retirement plan to defer income tax.

If you want to withdraw your voluntary contributions, you should submit either a Form RI 38-124, "Voluntary Contributions Election" or Standard Form 2802, "Application for Refund of Retirement Deductions" with the statement in item number sever, "I want only my voluntary contributions to be refunded to me." You should submit your request at least 60 days before your expected retirement.

Obtaining Annuity Estimates

At your request, your employer should provide you with any of the following estimates that apply to your circumstances. However, the U.S. Office of Personnel Management determines the actual amount of the benefit that is payable based on the laws and regulations and on the certified record of your employment.

- If you receive military retired pay, an estimate of your benefit with and without credit for military service.

- If you are considering deposit for military service after 1956, an estimate of your benefit with and without credit for the military service you performed after December 31, 1956.
- If you are considering a deposit, under the Civil Service Retirement System, for federal employment before October 1, 1982, estimates of the amount of the deposit and the amount of your benefit with and without the reduction for the deposit.
- If you are considering a deposit, under the Civil Service Retirement System (CSRS), for federal employment on/after October 1, 1982, estimates of the amount of the deposit and the amount of your benefit with and without credit for the employment period. Deposit service ending on/after October 1, 1982 and covered by the CSRS.
- If you are considering repaying, under the Civil Service Retirement System (CSRS), a refund of retirement contributions for employment ending before October 1990, an estimate of the amount of the redeposit and your benefit with and without the actuarial reduction taken if the redeposit is not paid. Redeposit service ending before October 1990 and covered by CSRS.
- If you are considering repaying, under the Civil Service Retirement System (CSRS), a refund of retirement contributions for employment ending on/after October 1, 1990, an estimate of the amount of the redeposit and your benefit with and without credit for the employment period covered by the refund. Redeposit service ending on/after October 1990 and covered by CSRS.
- If you are considering a deposit, under the Federal Employees Retirement System (FERS), for federal employment before 1989, estimates of the amount of the deposit and the amount of your benefit with and without credit for the employment period. Deposit service ending before January 1, 1989 and covered by FERS.
- If you are considering providing less than the maximum annuity payable after your death to a husband, wife, or ex-spouse, estimates of the amount of the survivor's annuity and the amount of your annuity with and without the reduction for full survivor's benefit.
- If you are considering providing a survivor annuity to someone who has a financial interest in your continued life, an estimate of your benefit with and without the reduction for this election.
- If you have made voluntary contributions and can elect to purchase additional annuity with those contributions, benefit estimates with and without credit for the voluntary contributions.
- If you can elect to receive the alternative form of annuity, an estimate of your benefit with and without the lump sum payment of retirement contributions. View information about the alternative form of annuity.
- For employees, under the Federal Employees Retirement System (FERS), who can elect to receive an annuity supplement, an estimate of the monthly amount payable to age 62.

Cost-of-living adjustments (COLA)

Current Cost of Living Adjustments (COLA)

Retired Federal employees and entitled surviving family members of deceased Federal employees and retirees will receive a Cost-of-Living Adjustment (COLA) effective December 1, 2013, which will be first reflected in their benefit payable January 2, 2014.

Under the Civil Service Retirement System (CSRS) and the Organization Retirement and Disability System (ORDS), the Cost-of-Living Adjustment (COLA) will be 1.5 percent for those who have received benefits for at least one year. The 1.5 percent increase was determined by computing the percentage increase in the Consumer Price Index (CPI) for urban wage earners and clerical workers from the third quarter average of 2012 to the third quarter average of 2013, as provided by the U.S. Department of Labor, Bureau of Labor Statistics.

Also, under FERS, if you have a CSRS component, the component is subject to the CSRS COLA calculation. FERS survivors receive the FERS increase on their entire annuity, even where component service is involved.

To get the full COLA, a retiree or survivor annuity must have begun no later than December 31, 2012. If not, the increase is prorated under both plans. Prorated accounts receive one-twelfth of the increase for each month they received benefits. For example, if the benefit commenced November 30, 2013, the prorated COLA would be one-twelfth of the full COLA.

Under the plans, benefits are paid on the first business day of the month after the month in which they accrue. Benefits which accrue in December 2013 are payable on January 2, 2014.

Check with your local personnel service center for an explanation about how the cost-of-living increases apply to those retiring under the Civil Service Retirement System (CSRS) for 2015 and beyond. They can provide personalized assistance and they have your employment records.

Recent COLA Increases

Civil Service Retirement System (CSRS)

Month Annuity Began	Percentage Increase
December, 2012	1.5
January, 2013	1.4
February, 2013	1.3
March, 2013	1.1
April, 2013	1.0
May, 2013	0.9
June, 2013	0.8
July, 2013	0.6
August, 2013	0.5
September, 2013	0.4
October, 2013	0.3
November, 2013	0.1

Computation of your benefit if you are covered under the Civil Service Retirement System (CSRS) subject to offset due to Social Security eligibility. This coverage is known as CSRS-Offset.

Your benefit will be computed in the same manner as if it were not subject to offset. However, it will be reduced when you become eligible for Social Security benefits. The offset applies when the basic requirements for Social Security are met, generally at age 62, even if you do not apply for those benefits. If you are not eligible for Social Security benefits at age 62, there is no offset unless you become eligible later.

Unused annual leave

You can be paid for any unused annual leave you hold at retirement.

Effect of workers compensation on your CSRS annuity

When you apply for retirement, you should list your workers compensation on your application. Generally, you cannot receive workers' compensation and CSRS annuity payments at the same time. You must decide which benefit is most advantageous and elect to receive that one. If you decide to receive workers' compensation benefits, payments from the Office of Personnel Management will be suspended. If your workers compensation benefit stops, you can ask us to pay your CSRS annuity.

You can continue to receive your CSRS or FERS annuity payments when your workers' compensation is for a Scheduled Award. If you missed work before retirement for an on-the-job injury or illness and received workers' compensation, generally, you can receive credit for time in the computation of your CSRS or FERS annuity.

D. Within Months of Retirement

Six Months Before Retirement

Resolve any debts to your employer

You should resolve any financial indebtedness to your agency. Examples of causes for indebtedness include:

- outstanding travel advances,
- overpayments of salary,
- indebtedness for failure to return government property or for damage to government property, or
- advanced leave.

Waiving Military Retired Pay

If you want to waive your military retired pay to receive credit for military service in the computation of your benefit, you should write the Retired Pay Operations Center at least 60 days before your planned retirement. Send your waiver to:

Defense Finance and Accounting Service
U.S. Military Retirement Pay
P.O. Box 7130
London, KY 40742-7130

You can "fax" your request to 1 (888) 469-6559.

Suggested wording for your request is as follows:
"I (full name and military serial number) hereby waive my military retired pay for Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) purposes effective (the day before your annuity begins). I hereby authorize the U.S. Office of Personnel Management to withhold from my CSRS or FERS annuity any amount of military retired pay granted beyond the effective date of this waiver due to any delay in receiving or processing this request."

Maximum Benefit You Can Receive

The basic Civil Service Retirement System (CSRS) annuity cannot exceed 80 percent of your high-3 average salary, excluding your unused sick leave. Generally, you reach the 80 percent limitation when you have 41 years and 11 months of service, not including accumulated sick leave. Fewer years of service may result in a computation that produces the maximum benefit under special computation formulas such as for law enforcement personnel.

Your service beyond the years which provides the maximum benefit will not be used to compute your annuity. Instead, OPM will automatically refund the retirement contributions you made during those years. Interest is paid on this refund payment at the rate of three percent per year, compounded annually. You can use the refund to purchase additional annuity, as if the contributions and interest are voluntary contributions.

However, if you have federal civilian employment periods when you did not contribute to either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), OPM will automatically apply excess contributions toward any deposit due for these employment period.

Eligibility for Medicare Coverage

You should contact the Social Security Administration at least three months before your 65^{th} birthday to apply for benefits. The Social Security Administration will have records pertaining to your eligibility for Medicare coverage. If they do not, and your or your employer need to get a statement of your earnings for this purpose, you can write to:

General Services Administration
National Personnel Records Center
Civilian Personnel Records
111 Winnebago Street
St. Louis, Missouri 63118

You should provide the following information in your request:

- your name, as shown on your payroll records;
- date of birth;
- Social Security Number;
- mailing address;
- years for which earnings are needed;
- name and location of employer for each year;
- reason for request;
- written signature; and,
- a statement that all other sources of information have been exhausted.

Two Months Before Retirement

Choose your exact retirement date

If you have not already done so, you should choose your exact retirement date. Afterwards, your benefit can be estimated based on the exact date. The best place to obtain assistance is your agency's local personnel service center. They can provide personalized assistance and they have your employment records. They will provide you with information on when your benefit payments can begin based on your proposed retirement date. You will also find out how this date affects factors used to determine the amount of your retirement benefit, such as your length of service, high-3 average salary and the proration of cost-of-living adjustments.

Complete your retirement application

You should carefully read the information that is part of your retirement application, and complete and submit the forms. You do not need to submit a separate letter of resignation. A completed and signed retirement application is equivalent to a letter of resignation. If you are eligible for a retirement benefit, you should not resign, intending to submit a retirement application later. This is because if you die after separating but before filing the application no life insurance, no survivor benefit, and no survivor health insurance coverage would be available to your survivor(s). You should, however, complete all the other required "exit procedures." Read more about applying for retirement.

If you performed military service after 1956, check on military service deposit

Your personnel office will verify with your payroll office that the deposit to give you credit in your annuity for military service you performed after 1956 has been paid, or that arrangements have been made for complete payment before you leave the agency's rolls.

Request Direct Deposit of Your Annuity Checks

Include your request to receive your payments by direct deposit on your retirement application. There is a specific section of the application for that information. If your employer sends us your retirement records electronically, via the Data Exchange Gateway (DEG), your account information for direct deposit will be sent to us automatically. Direct Deposit for those whose permanent address for receiving payments is outside the United States is currently limited to Canada, France, Germany, Ireland, Italy, Panama, Spain, and the UK. However, other retirees living outside the U.S. can arrange to have their payments electronically deposited in a U.S. bank.

Withdrawing Money from the Thrift Savings Plan

It may take up to eight weeks to process a withdrawal after all properly completed withdrawal forms and separation data have been received by the TSP Service Office. Further, the TSP Service Office cannot process a withdrawal election until they receive an Employee Data Record from your payroll office indicating that you have separated. An unpaid TSP loan may delay disbursement of the TSP account balance. Your employer will provide you with information about your withdrawal options and the option to keep your money in the TSP. If you choose not to withdraw your funds, in the event of your death the TSP Service Office would pay the funds based on your written designation form on file. If you have not completed a designation form, payment would be made to your survivors as follows:

1. Widow or widower.
2. If none of the above, child or children and descendants of deceased children by representation.
3. If none of the above, retiree's parents or to the surviving parent.
4. If none of the above, the executor or administrator of the retiree's estate.
5. If none of the above, to any other of the retiree's next of kin who is entitled under the laws of the state in which the retiree resided at death.

E. Voluntary Contributions Account Inquiries

If you have a question about your voluntary contributions account or need to update your mailing address, please call OPM, toll-free, at 1-888-828-9451 from 8:00 am to 5:00 pm. In the Washington, DC area, you can reach OPM at 202-606-0706. TTD users can call us toll-free at 1-800-878-5707. In the Washington, DC area, you can reach OPM at 202-606-0551.

If you have special needs, there are now more ways to communicate with us. Check out the Telecommunication Services for Deaf & Hard of Hearing services offered by the General Services Administration.

You may also contact us at VoluntaryContributions@opm.gov or write to the following address:

US Office of Personnel Management
Voluntary Contributions
1900 E Street, NW, Room 3H30
Washington, DC 20415

Deposits to your account should be made by direct payment or sent to the following address.

US Office of Personnel Management
PO Box 952015
St. Louis, MO 63195-2015

Your voluntary contributions may not exceed 10 percent of the total basic pay you received during all of your Federal service. Prior to your retirement, you are encouraged to contact OPM to discuss your options regarding your voluntary contributions account. In most instances, your account will not earn interest beyond the date of your separation from Federal service. Informing us your decision early will help ensure that your refund is promptly paid and will help you avoid any loss in interest earnings.

F. Refund of Retirement Contributions

If you transferred to FERS and also have service under the CSRS retirement system

When you apply for a refund, OPM will refund all retirement deductions to your credit under both FERS and CSRS. You can pay back the amount of deductions, plus interest, if you are later reemployed in the Federal Government. When you apply for the refund, you can specify that you only want a refund of the CSRS deductions.

If you are covered under the Civil Service Retirement System (CSRS) and you leave your Government job before becoming eligible for retirement

Options

- You can ask that your retirement contributions be returned to you in a lump sum payment, or

- If you have five or more years of civilian service, you can wait until you are retirement age to apply for monthly retirement benefit payments. This is called a deferred retirement. For detailed information about deferred retirement, visit the CSRS Deferred Retirement section starting on page 13.

If you get a refund of your retirement contributions now, you will no longer be eligible to receive monthly payments when you reach retirement age, unless you are later reemployed subject to the Civil Service Retirement System or the Federal Employees Retirement System. Refer to information about CSRS retirement eligibility starting on page 1.

Procedures for having your retirement contributions refunded to you

If you are leaving your Federal job and want a refund of your retirement contributions, you can get an application from your personnel office, complete it, and return it to them. If you are no longer in the Federal service, you can acquire the appropriate application from the OPM website.

- If you are covered under CSRS, use "Application for Refund of Retirement Deductions (CSRS)", Standard Form (SF) 2802.

If you have been separated for 30 day or less, submit your application to your servicing personnel office. If you have been separated more than 30 days, submit your application to the Office of Personnel Management (OPM).

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, PA 16017

Interest payable on the lump sum payment of your retirement contributions

For service under the Civil Service Retirement System (CSRS), interest will be included in the refund of those contributions if you have more than one but less than five years of service. Interest is paid at three percent.

Taxability of refund payment

Your retirement contributions are not taxable, but interest included in the payment is taxable. You should contact the Internal Revenue Service for additional tax information.

Rollover of refund payment to IRA or Employer Sponsored Plan

You can roll over lump sum payments representing your retirement contributions, including voluntary contributions, and applicable interest. An eligible payment can be paid either to you or directly to an individual retirement account or other employer sponsored plan. Your choice will affect the amount of taxes you owe. OPM is required to withhold Federal income tax from taxable payments over $200 at the rate of 20 percent. However, you may choose to take all or part of these payments in a direct rollover to an individual retirement account or an employer-sponsored retirement plan that accepts rollovers. The taxable portion can be rolled over into the Thrift Savings Plan. If you make this election, OPM will not withhold the Federal income tax from the taxable payments.

You can open an individual retirement account to receive a direct rollover. You must contact the individual retirement account sponsor to find out how to have your payment made to your account. If you are unsure of how to invest your money, you may wish to temporarily establish an account to receive the payment. However, you may wish to consider whether or not you may move any or all of the monies to another account at a later date without penalties or limitations.

If you choose to have the payment made to you and it is over $200, the taxable portion is subject to the 20 percent Federal income tax withholding. The payment is taxed in the year in which it is received unless within 60 days after receiving it, you roll it over to an individual retirement account or retirement plan that accepts rollovers. You can roll over up to 100 percent of the eligible distribution, including the 20 percent withholding. To do so, you must replace the 20 percent withholding within the 60 day period. You will be taxed on any amount that you do not roll over. For example, if you roll over only the 80 percent of the distribution, you will be taxed on the remaining 20 percent.

You can find more information about the taxation of payments from qualified retirement plans from the Internal Revenue Service website:

- IRS Publication 575, "Pension and Annuity Income",
- IRS Publication 590, "Individual Retirement Arrangements",
- PRS Publication 721, "Tax Guide to U.S. Civil Service Retirement System Payments", and
- Form 4972, "Tax on Lump Sum Distributions".

OPM will not withhold any amount for Federal income tax if your total taxable lump sum is less than $200. OPM will request a rollover election when you are eligible for a payment of $200 or more.

G. Applying for Retirement

To qualify for payments from the Civil Service Retirement System (CSRS) you must submit a retirement application, Standard Form 2801, "Application for Immediate Retirement (CSRS)".

Where to Send the Application

If you have been separated from federal service for more than 30 days, submit your application to the U.S. Office of Personnel Management (OPM).

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, PA 16017

If you are still working, submit it to your employer.

Application Processing

Both the personnel and payroll office in your agency, and OPM are responsible for processing your annuity claim.

Reducing Delays in Processing

You can help reduce delays in processing by submitting your application in advance and by making sure your Official Personnel Folder (OPF) is complete. If you submit your paperwork early, your personnel and payroll offices will be able to complete their action before your retirement date.

Steps Your Personnel Office Takes to Process Your Application

Your personnel office must take the following actions to process your retirement application:

- Complete the "Agency Checklist of Immediate Retirement Procedures", Standard Form 2801, Schedule D (CSRS).
- Prepare and obtain your signature on the "Certified Summary of Federal Service," Standard Form 2801-1 (CSRS).
- Verify any service not fully documented in your OPF. If documentation is missing, verification may be obtained by contacting federal record centers. If the personnel office is unable to obtain verification, OPM will complete verification upon receipt of your retirement application and records. However, this process will cause a delay in processing.
- Certify and transfer your coverage under the Federal Employees' Group Life Insurance (FEGLI) program to OPM.
- Transfer your enrollment under the Federal Employees' Health Benefits (FEHB) program to OPM.
- Prepare Standard Form 50, "Notification of Personnel Action."
- Send all of your retirement materials to your payroll office.

Steps Your Payroll Office Takes to Process Your Application

After your personnel agency takes action, your agency payroll office:

- Authorizes your final pay check and lump sum payment for unused annual leave.
- Prepares your "Individual Retirement Record," Standard Form 2806 (CSRS) which reflects service, salary history, and annual retirement contributions.
- Forwards all retirement documents to OPM.

When OPM Receives Your Application

When OPM receives your retirement application, OPM will notify you and will provide a civil service claim identification number (a seven-digit number preceded by "CSA"). You must use that identification number whenever you contact OPM about your annuity.

If You Have Questions Before You Receive Your Claim Number

If you need to contact OPM before you receive your claim number, first contact your former payroll office to find the date your records were transferred to OPM. Your payroll office should provide you with the number and date of the Register of Separations and Transfers. You will also need your Payroll Identification Number.

What OPM Does to Process Your Claim

- Obtains any information missing from your retirement documents.
- Determines your eligibility for an annuity and continued health and life insurance coverages.
- Computes the amount of your annuity.
- Sends you materials concerning:
    - your survivor benefit election;
    - the alternative form of annuity;
    - rollover to an IRA, or;
    - if you are a FERS MRA+10 retiree, your annuity commencing date.
- Authorizes your annuity payment which is paid by the Department of the Treasury.
- Sends you an annuity statement.

Annuity Payment Schedule

Regular monthly payments are due the first business day of the month. The payment covers annuity due for the month before the month in which the payment is made.

Time Frame for Processing Application

As of August 2013, the average processing time is 102 days from the date OPM receives your final paperwork from your human resources office and payroll office. If your retirement records are complete upon receipt and OPM does not need additional information from you or your former employing agency, your claim might be processed sooner than the average time. An additional three to four weeks may be needed if OPM needs to contact you to make a benefit election, such as your decision on making a service credit deposit, or if OPM needs to contact your former employing agency for necessary information which was not included with your retirement package.

5. Types of Retirement

Overview

OPM works with your Agency's personnel and payroll office to process your annuity claim. Regardless of the type of retirement, there are actions your personnel office must take in order to process your retirement claim. You can help reduce delays in processing by submitting your application in advance and by making sure your Official Personnel Folder (OPF) is complete. If you submit your paperwork early, your personnel and payroll offices will be able to complete their action before your retirement date.

A. Disability

When to Consider Applying for Disability Retirement

You should consider applying for disability retirement only after you have provided your employing agency with complete documentation of your medical condition and your agency has exhausted all reasonable attempts to retain you in a productive capacity, through accommodation or reassignment.

Eligibility Requirements for CSRS Disability

You must meet all of the following conditions to be eligible for disability retirement:

- You must have completed at least five years of creditable Federal civilian service.
- You must, while employed in a position subject to CSRS, have become disabled, because of disease or injury, for useful and efficient service in your current position. (Useful and efficient service means fully successful performance of the critical or essential elements of the position-or the ability to perform at that level-and satisfactory conduct and attendance.)
- The disability must be expected to last at least one year.
- Your agency must certify that it is unable to accommodate your disabling medical condition in your present position and that it has considered you for any vacant position in the same agency, at the same grade or pay level, and within the same commuting area, for which you are qualified for reassignment.
- You, or your guardian or other interested person, must apply before your separation from service or within one year of your separation. The application must be received by OPM within one year from the date of your separation. This time limit can be waived only in instances involving incompetency.

Applying for Disability Retirement

To apply for CSRS disability retirement

- Complete SF 2801, Application for Immediate Retirement, and
- SF 3112, Documentation in Support of Disability Retirement.

If you are still employed or have been separated from your employing agency for 31 days or less

Your employing agency may help you complete these forms and if you are still on the agency payroll, will forward the completed forms to OPM. However, it is your responsibility to obtain all the information necessary for OPM to make a decision on your claim. This includes providing all of the required forms and documentation.

If you are covered by the CSRS Offset Retirement System

You must document that you applied for Social Security disability benefits after you separated from your agency. OPM cannot pay you a disability retirement without this information.

If you have been separated from Federal service for more than 31 days

Your application for disability retirement must be received by OPM within one year after the date of your separation. If you have been separated from Federal service for more than 31 days, your former employing agency may no longer have your personnel records and may not be able to recover them in time to process your disability retirement application and submit it to OPM within the one-year time limit. Therefore, you should submit your application directly to OPM rather than to your agency.

- Ask your former supervisor and employing agency to complete SF 3112B, SF 3112D and SF 3112E and give them to you so you can send them to OPM.

- If you think you will not have the completed package in time to meet the one-year time limit, send OPM the completed SF 2801 and SF 3112A, along with the name, address and telephone number of the person(s) you have asked to complete the remaining forms.

Periodic Medical Exams to Keep Your Disability Benefit

When OPM approves your application for disability retirement, OPM may determine that based on your medical condition you will periodically have to provide OPM with current medical information in order to continue receiving benefits.

Paying for periodic medical exams

You are responsible for paying for any medical exams that are needed. If you do not fulfill the request for evidence of continuing disability, it is likely that your benefit payments could be suspended until your continuing eligibility is established.

Changing Your Retirement to Disability Retirement

You can submit an application for disability retirement within one year after your separation from employment provided you did not elect the alternative form of annuity with a lump sum payment equal to your retirement contributions. You and your former employing agency must submit evidence that shows you became disabled while employed in a position subject to FERS coverage, and you and your agency must provide evidence that you were unable to perform useful and efficient service because of disease or injury in the position you retired from. Your former agency will also have to certify that it could not reasonably accommodate your condition. Moreover, you must not have declined an offer of reassignment to a vacant position in the commuting area at the same grade or pay level and tenure.

Termination of CSRS Disability Benefit

If you are under age 60, your benefit will stop if:

- You are found to be medically recovered from your disabling condition;
- In any calendar year your income from wages and self-employment is at least 80 percent of the current rate of basic pay from the position you retired from (also known as restoration to earning capacity); or
- You are reemployed in the Federal service in a position equivalent to what you held at retirement (also called "administratively recovered").

Reinstatement of Disability Benefit if it Stops

- If your disability benefit stopped because you were found recovered either medically or administratively, your benefit can resume only if the disability recurs and you do not exceed the 80 percent earnings limitation.
- If your disability stopped because you exceeded the earnings limitation, your benefit can resume effective the first of the year after you no longer exceed the 80 percent earnings limit.

Disability Retirement Computation

You are entitled to an "earned" annuity computed under the CSRS general formula. However, the law guarantees a minimum annuity to employees who retire because of disability. The guaranteed minimum applies if you are under age 60 when you retire and your earned annuity based on your actual service is less than this minimum.

The guaranteed minimum is the lesser of the following:

- 40 percent of your "high-3 average salary", or
- the regular annuity obtained after increasing your service by the time between your retirement and your 60th birthday.

Exception

The guaranteed minimum does not apply if you are receiving military retired pay and/or compensation from the Veterans Administration in lieu of all or part of the military retired pay. However, if your earned annuity plus your military benefit (or compensation) is less than what it would have been under the guaranteed minimum, the annuity is increased to bring it up to that level.

Reductions in Disability Annuity

Your basic annual disability annuity will be reduced for:

- **Survivor Benefits-**If you are married, your benefit will be reduced for a survivor benefit, unless your spouse consented to your election of less than a full survivor annuity. It will also be reduced if a former spouse survivor benefit is required by a court order.
- **Unpaid Service-**If you have creditable civilian service performed before October 1, 1982, during which no retirement deductions were withheld from your salary and for which you have not paid a deposit, your annuity will be reduced. The annual reduction is 10 percent of the total deposit due. Non-deduction service performed on or after October 1, 1982, cannot be used to compute your annuity unless the deposit is made in full.
- **Refunded Service-**If you had creditable civilian service for which you took a refund, but did not pay a redeposit, the service cannot be used in the computation of your annuity.
- **CSRS Offset-**If you had service that was subject to withholding for both the Civil Service Retirement System (CSRS) and Social Security, you are subject to a reduction in your annuity if the Social Security Administration (SSA) can pay you a benefit based on the portion of your Federal service which was under both systems. This is called "CSRS Offset" service.

Cost of Living Adjustments for CSRS Disability Retirees

Your disability annuity will be increased by cost-of-living (COLA) increases that occur after you retire. Your first COLA increase will be prorated based on how long you have been retired when that COLA is granted.

Entitlement to Other Benefits-Effect on CSRS Disability Benefit:

Social Security Benefits

If you had service that was subject to withholding for both the Civil Service Retirement System (CSRS) and Social Security, you are subject to a reduction in your annuity if the Social Security Administration (SSA) can pay you a benefit based on the portion of your Federal service which was under both systems. This is called "CSRS Offset" service.

Receipt of disability benefits from the Office of Personnel Management and total or partial disability benefits from the U.S. Department of Labor, Office of Workers' Compensation Programs (OWCP) at the same time

Generally, you must decide which benefit is most advantageous for you and elect to receive that one. If you decide you want to receive Office of Workers' Compensation Programs (OWCP) benefits, payments from the Office of Personnel Management (OPM) will be suspended. However, if your OWCP benefits stop, you can ask OPM to pay your XSRS disability benefits. You can receive an OWCP "Scheduled Award" and the Office of Personnel Management benefits at the same time.

Contact OPM to tell us if you are awarded workers' compensation benefits and see if you need to make an election between benefits.

Refer to the Office of Workers' Compensation Programs (OWCP) website for additional information about workers' compensation benefits.

B. Early Retirement

Early retirement outlines Minimum Retirement Age (MRA) and annuity computations as well as Discontinued Service.

Early Optional Retirement

If your agency undergoes a major reorganization, reduction in force, or transfer of function, and a significant percentage of the employees will be separated, or will be reduced in pay, the head of your agency can ask the U.S. Office of Personnel Management (OPM) to permit early optional retirement for eligible employees.

If your agency gets approval to permit early optional retirements, eligible employees will be notified of the opportunity to retire voluntarily.

Discontinued Service Retirement Because of an Involuntary Separation

The term "involuntary separation" means any separation against the will and without the consent of the employee, other than "for cause" for misconduct or delinquency. The most common cause of an involuntary separation is a reduction in force. Another frequent cause for an involuntary separation is when the location of an office or unit is moved to an area outside the commuting area of the old worksite*. Employees who decline reasonable offers of other positions are not eligible for discontinued service annuities.

***Exception:** If, when you accepted your current position, you were placed under a general mobility agreement whereby you would be subject to geographic reassignment, you would not be eligible for discontinued service annuity rights if your position is moved to an area outside the commuting area.

If your agency

- makes you a reasonable offer and you choose to decline the offer and resign, you will not qualify for discontinued service retirement, or
- separates you by adverse action procedures for not complying with a directed reassignment to a position that is a "reasonable offer"

your separation would not be qualifying for discontinued service.

Reasonable Offer

- Written offer of another position in your agency and commuting area for which you are qualified, and
- Which is no more than two grades or pay levels below your current grade or pay level.

Commuting Area

Geographic area that usually constitutes one area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities in which people live and reasonably can be expected to travel back and forth daily in their usual employment.

Eligibility Requirements for Early Optional Retirement and Discontinued Service Retirement Because of an Involuntary Separation

CSRS Annuity Formula

Age	Years of Service
Any	25

At least 5 years of your service must be civilian service, and you must have been employed under the Civil Service Retirement System for at least 1 year out of the last 2 years preceding retirement.

Annuity Computation

Here is how the CSRS annuity formula is calculated:

CSRS Annuity Formula

Years of Service	What you Receive
First 5 years	1.5% of your high-3 average salary for each year
Second 5 years	**Plus** 1.75% of your high-3 average salary for each year
For all years of service over 10	**Plus** 2% of your high-3 average salary for each year

Reductions in Annuity

See page 3 for reductions in annuity.

C. Voluntary Retirement

Voluntary Retirement eligibility is based on your age and the number of years of creditable service and any other special requirements. EX-PDFHBhttp://www.opm.gov/retirement-services/csrs-information/types-of-retirem

Voluntary Retirement

Eligibility is based on your age and the number of years of creditable service and any other special requirements. In addition, you must have served in a position subject to CSRS coverage for one of the last two years before your retirement. If you meet one of the following sets of requirements, you may be eligible for a voluntary immediate retirement benefit. An immediate annuity is one that begins within 30 days after your separation.

Type of Retirement	Minimum Age	Minimum Service	Special Requirements
Voluntary (Optional)	62	5	Subject to CSRS coverage for one of the last two years before your retirement.
	60	20	Subject to CSRS coverage for one of the last two years before your retirement.
	55	30	Subject to CSRS coverage for one of the last two years before your retirement.
	50	20	You must retire under special provisions for air traffic controllers or law enforcement and firefighter personnel. Air traffic controllers can also retire at any age with 25 years as an air traffic controller.
	Any Age	25	Subject to CSRS coverage for one of the last two years before your retirement.
	50	20	Your Agency must be undergoing a major reorganization, reduction-in-force, or transfer of function determined by the Office of Personnel Management. Your annuity is reduced if you are under age 55.
	Any Age	25	Subject to CSRS coverage for one of the last two years before your retirement.

See page 3 for how CSRS annuity is calculated.

D. Deferred Retirement

If you are a former Federal employee who was covered by the Civil Service Retirement System (CSRS), you may be eligible for a deferred annuity at age 62.

Age and Service Requirement for Deferred Retirements

You are eligible for a deferred annuity if you meet the following age and service requirements:

Deferred Annuity Requirements

Type of Retirement	Minimum Age	Minimum Service	Special Requirements
Deferred	62	5 years of civilian service	• Covered by the Civil Service Retirement law for at least 1 year out of the last 2 years preceding the final separation on which your entitlement is based. • Did not receive a refund of retirement deductions covering your final period of service.

Health Benefits and Life Insurance Coverage

If you receive a deferred annuity, you are not eligible to continue any health benefits and life insurance coverage you had while employed.

Commencing Date of Deferred Retirement

The deferred annuity commences on your 62nd birthday, no matter when you apply for it.

Survivor Benefits

If you are married when your annuity begins, it will be computed with a reduction to provide maximum survivor benefits (55% of your unreduced annuity) for your spouse upon your death. You can elect to provide a partial survivor benefit (less than 55% of your unreduced annuity) or no survivor benefits; however, you must get your spouse's consent to elect either of these options. You can also elect a survivor annuity for a former spouse or an insurable interest survivor benefit.

Computation of Deferred Benefit

Your deferred annuity is based on the length of service and high-3 average salary in effect when you separated from Federal service. In the years between the date of separation and age 62, the average salary is not adjusted by any intervening cost-of-living adjustments. Your accrued and unused sick leave balance at the time of your separation is not creditable for eligibility or computation purposes in a deferred retirement.

Applying for Deferred Benefit

Form to Use

Use OPM Form 1496A, "Application for Deferred Retirement", to apply for deferred retirement benefits under the Civil Service Retirement System.

When to Apply

Send your application to OPM approximately 60 days before your 62nd birthday. Send your completed application to:

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, PA 16017

If You Die Before Applying for a Deferred Annuity

No survivor annuity is payable to a former employee's spouse, former spouse, or children if the former employee has title to a deferred annuity but dies before reaching age 62, or reaches age 62, but dies before filing an application for CSRS retirement. The only benefit payable in either case would be a lump-sum payment of the former employee's retirement contributions, without interest.

6. Survivors

Deceased Employees Covered Under CSRS

Monthly Survivor Benefits

Children

Unmarried children who are dependent upon the employee may receive monthly benefits until they reach age 18, marry, or die. Monthly survivor annuity payments for a child can continue after age 18, if the child is a full-time student attending a recognized school. Benefits can continue until age 22.

Full-time student is defined as:

Full-Time Students

Monthly survivor annuity payments for a child can continue after age 18 if the child is a full-time student attending a recognized school. Benefits can continue until age 22.

To be considered a full-time student, high schools, trade schools, and vocational schools generally require 25 or more actual clock hours of classroom attendance each week. Colleges and universities generally require enrollment for a minimum of 12 credit hours per semester to be considered full-time. There are no payments available for part-time school attendance.

A recognized school is one that has a faculty and requires study to be done at the school. High schools must be licensed by the state. All other schools must be accredited by a nationally recognized accrediting agency.

OPM does not recognize correspondence schools, elementary schools, home schools, Job Corps, U.S. military service academies such as the U.S. Naval Academy, or any training programs where the trainee receives pay primarily as an employee.

Unmarried disabled dependent children may receive recurring monthly benefits, if the disability occurred before age 18.

OPM considers a child dependent if he/she:

- was born of the marriage to the retiree;
- is an adopted child who meets all of the following conditions:
  - the child lived with the deceased retiree, and
  - the deceased filed a petition to adopt the child, and
  - the child was adopted by the surviving spouse after the retiree died.
- Is a stepchild or recognized child born out of wedlock who was living with the retiree in a parent-child relationship when the retiree died; or
- Is a recognized child born out of wedlock for whom a judicial determination of support has been obtained.

OPM considers the child dependent if there is proof that the deceased made regular and substantial contributions to the child's support.

If Death Occurs After Leaving Federal Employment Under CSRS and Before Retirement

Under these circumstances, there are no recurring monthly benefits payable under CSRS.

Lump Sum Benefits

If no survivor annuity is payable upon the employee/former employee's death, a lump sum may be payable of the unpaid balance of retirement contributions made by the employee. This lump sum is payable under the order of precedence.

Death of Employee Covered Under the Civil Service Retirement System (CSRS)

Types of Benefits Payable:

Monthly Survivor Annuity is Payable

To a Child if:

- the employee completed at least 18 months of creditable civilian service, and
- the child is an:
  - unmarried dependent child under age 18, and/or
  - unmarried dependent child from age 18 to age 22, if attending an accredited educational institution full-time, and/or
  - unmarried, disabled dependent child if the disability occurred before age 18.

Lump Sum Benefit is Payable

If an employee dies and no survivor annuity is payable based on his/her death, the retirement contributions remaining to the deceased person's credit in the Civil Service Retirement and Disability Fund, plus applicable interest, are payable.

Payees for Lump Sum Benefits

If a lump sum benefit is payable, it is paid to the first person eligible under the following order of precedence:

- to the designated beneficiary;
- if there is no such beneficiary, to the widow or widower;
- if none of the above, to the child or children, with the share of any deceased child distributed among the descendants of that child;
- if none of the above, to the parents in equal shares or the entire amount to a surviving parent;
- if none of the above, to the executor or administrator of the estate; or
- if none of the above, to the next of kin as determined under the laws of the State where the retiree lived.

When Benefits Begin

- Child
  - Your survivor annuity begins to accrue on the day after the employee's or retiree's death.

Applying for Benefits

Contact the personnel office of the Federal agency where the employee worked. You should complete the "Application for Death Benefits", Standard Form (SF) 2800 (CSRS) and attach any other forms and/or evidence as the application or circumstances require. Attach a copy of the employee's death certificate and a copy of the certificate of the marriage to the widow or widower. Give the application to the personnel office. A widow or widower who is claiming benefits for himself/herself and on behalf of children should file one application.

Monthly Survivor Benefits

Surviving Spouse

If a CSRS employee dies, recurring monthly payments may be made to the surviving spouse if he/she completed at least 18 months of creditable service and was covered under the Civil Service Retirement System (CSRS) at the time of death.

To qualify for the monthly benefit

- The surviving spouse must have been married to the employee for at least nine months

If the death occurred before nine months, a survivor annuity may still be payable if:

- the employee's death was accidental, or
- there was a child born of the marriage.

Former Spouse

Recurring monthly payments may be made to the former spouse of a deceased employee under a court order. A former spouse must also meet the nine month marriage requirement. For additional information about court-ordered benefits, refer to the pamphlet, "Court-Ordered Benefits for Former Spouses".

If Death Occurs After Leaving Federal Employment Under CSRS and Before Retirement

Under these circumstances, there are no recurring monthly benefits payable under CSRS.

Lump Sum Benefits

If no survivor annuity is payable upon the employee/former employee's death, a lump sum may be payable of the unpaid balance of retirement contributions made by the employee. This lump sum is payable under the order of precedence.

Death of Employee covered Under the Civil Service Retirement System (CSRS)

Types of Benefits Payable

Monthly Survivor Annuity is Payable

To the Current Spouse if:

- the employee who died completed at least 18 months of creditable civilian service,
- the employee who died was covered by the Civil Service Retirement System (CSRS) when he/she died, and
- the current spouse was married to the employee for at least nine months (if the death was accidental or there was a child born of your marriage to the employee, the nine month requirement does not apply).

If a court order awards part of the total survivor annuity to a former spouse, the current spouse will receive the remainder. If the former spouse loses entitlement because of death or remarriage before age 55, the current spouse may begin to receive the full annuity.

If the employee's death was job related, workers' compensation benefits may be payable.

To a Former Spouse if:

- specified under a qualifying court order,
- the employee who died completed at least 18 months of creditable civilian service,
- the former spouse was married to the employee for at least nine months, and
- the former spouse did not remarry before reaching age 55 (unless he/she was married to the deceased for at least 30 years).

Lump Sum Benefit is Payable

If an employee dies and no survivor annuity is payable based on his/her death, the retirement contributions remaining to the deceased person's credit in the Civil Service Retirement and Disability Fund, plus applicable interest, are payable.

Payees for Lump Sum Benefits

If a lump sum benefit is payable, it is paid to the first person eligible under the following order of precedence:

- to the designated beneficiary;
- if there is no such beneficiary, to the widow or widower;
- if none of the above, to the child or children, with the share of any deceased child distributed among the descendants of that child;
- if none of the above, to the parents in equal shares or the entire amount to a surviving parent;
- if none of the above, to the executor or administrator of the estate; or
- if none of the above, to the next of kin as determined under the laws of the State where the retiree lived.

When Benefits Begin

- Widow or Widower
  - your survivor annuity begins on the day after the employee's or retiree's death. If you are eligible for benefits and OPM is unable to pay you because a former spouse is entitled, your annuity would begin the day after the former spouse loses entitlement to benefits.
- Former Spouse
  - If you are a former spouse who was awarded a survivor annuity based on a court order, your survivor annuity begins to accrue on whichever day is later:
    - The day after the employee's or retiree's death, or
    - The first day of the second month after OPM receives a certified copy of the court order along with any additional necessary supporting documentation.
    - If you are eligible for benefits and OPM is unable to pay you because another former spouse is entitled, your annuity would begin the day after the former spouse loses entitlement to benefit

Applying for Benefits

Contact the personnel office of the Federal agency where the employee worked. You should complete the "Application for Death Benefits", Standard Form (SF) 2800 (CSRS) and attach any other form and/or evidence as the application or circumstances require. Attach a copy of the employee's death certificate and a copy of the certificate of the marriage to the widow or widower. Give the application to the personnel office. A widow or widower who is claiming benefits for himself/herself and on behalf of children should file one application.

Child Beneficiaries

Benefits Payable to Children of Deceased CSRS/FERS Employees/Annuitants

FERS/CSRS survivor benefits to eligible children are automatically provided by law. An annuitant does not have to elect these benefits at retirement. There is no reduction in your annuity to provide this benefit.

Length of Payment of Child Benefits

Unmarried children who are dependent upon the employee/annuitant may receive monthly benefits until they reach age 18, marry, or die. Monthly survivor annuity payments for a child can continue after age 18, if the child is a full-time student attending a recognized school. Benefits can continue until age 22.

Unmarried disabled dependent children who are incapable of self-support may receive recurring monthly benefits, if the disability occurred before age 18. The benefits will continue as long as the condition continues and the child does not become capable of self-support.

Benefits to any child end upon the child's marriage.

Continuing Benefits for Children After Age 18

A child can continue to receive benefits after reaching age 18 if he or she is incapable of self-support because of a disability which began before age 18. If the disabled child is under age 18 when you apply for benefits, OPM does not need additional information. However, when the child is within three months of reaching age 18 or over age 18, you should send us the information described in disabling conditions for children.

A child can also continue to receive benefits until age 22 if he or she is a full time student. If the child is listed on the application for benefits as a full-time student who is age 18 or more, OPM will send a request for certification of school attendance to be completed by the person who expects to receive payments and the school. Annuity payments continue between school years unless the break is more than five months or the student does not return to school on a full-time basis.

Disabling Conditions for Children

Monthly survivor annuity payments can continue if a child is incapable of self-support due to a physical or mental disability which began before age 18. If you have a disabled child who receives benefits as a minor, you should send a letter asking us to continue benefits after the child reaches 18 because of incapacity for self-support. You should send the letter about 90 days before your child reaches age 18.

You should include a doctor's statement that includes the child's name, the CSF survivor claim number, a full report of the disability, including the date it started, the degree of impairment, and probable length of the disability. The statement should cover a brief educational and employment history, if any, and provide the name, address, telephone number, and signature of the physician.

Monthly survivor benefits to a disabled dependent stop when the disabled child recovers from the disability, becomes capable of self-support, marries, or dies.

Determination of Dependence

OPM considers the child dependent if there is proof that the deceased made regular and substantial contributions to the child's support. OPM considers a child dependent if he or she:

- was born of the marriage to the retiree;
- was adopted by the deceased prior to his/her death;
- is an adopted child who meets all of the following conditions:
  - the child lived with the deceased retiree, and
  - a petition was filed by the deceased to adopt the child, and
  - the child was adopted by the surviving spouse before/after the retiree died;
- is a stepchild or recognized child born out of wedlock who was living with the retiree in a parent/child relationship when the retiree died; or
- is a recognized child born out of wedlock for whom a judicial determination of support has been obtained.

Computation of Children's Benefits

The children's survivor benefit is a specific dollar amount established by a formula in the governing United States Code and is increased by cost-of-living-adjustments. Below are the rates a child would receive if the death of the parent occurred in 2014. For a child on the annuity roll prior to 2014, OPM will apply the 2013 COLA rate to the child's current annuity. Each child's rate is determined individually based on the circumstances described below.

When the child has a living parent who was married to the employee or retiree, the benefit payable to the child is the lesser of:

> $502 per month per child; or
> $1,506 per month divided by the number of eligible children.

When the child does not have a living parent who was married to the employee or retiree, the benefit payable to the child is the lesser of:

> $602 per month per child; or
> $1,807 per month divided by the number of eligible children.

These rates are payable from December 1, 2013, through November 30, 2014. They will be increased by future cost-of-living adjustments.

Students Ages 18-22

A surviving child who meets the Basic Eligibility Requirements as defined in the pamphlet "Survivor Benefits for Children" and is between the ages of 18 and 22, and is a full-time student at a recognized educational institution may be eligible for a monthly survivor annuity benefits.

If a person who meets these requirements is listed on the "Application for Death Benefits", Standard Form 2800, OPM will send an "Initial Certification of Full-Time School Attendance", RI 25-41. This form is completed by the person who expects to receive the payment and by the school. If a child under 18 receives annuity benefits, as the 18th birthday approaches, OPM will notify the parent, guardian, or other payee of the date the annuity will stop and explain how to continue benefits for a son or daughter who is a qualified student.

Self-Certification Website

Students can also self-certify their full-time school attendance online at OPM's Self-Certification of Full-Time School Attendance website (www.studentcertification.opm.gov/).

Eligibility

A recognized educational institution is a school that has a faculty and requires study or training to be done at the school, and is accredited by an organization recognized by the U.S. Department of Education. Examples include:

- high schools
- technical or vocational institutes
- business schools
- colleges
- junior or community colleges
- universities

Student benefits are not payable to students enrolled in correspondence courses, distance learning, "online" courses, Job Corps, elementary schools, United States military service academies, or any training programs, such as apprenticeship programs, where the trainee receives pay primarily as an employee.

The student must be attending day or evening classes at the school, with enough course work each semester or term to finish his or her education within the length of time generally considered normal by the school for a full-time day student. Full-time students must have a sufficient subject load to allow them to graduate within the minimum time which is considered normal for a full-time student of the school.

High schools generally require 25 to 35 actual clock hours of class attendance each week to consider a student as full-time. For special programs, they generally require a minimum of 20 hours per week. Colleges, junior or community colleges, and universities generally require a minimum of 12 semester or quarter credit hours to graduate in the normal length of time. For tuition purposes, a student carrying fewer credit hours may be designated as full-time. Being designated full-time for tuition purposes does not necessarily establish eligibility for adult student benefits. Vocational or technical schools generally require that students make this schooling their principal activity. This means that the student spends as much as 40 clock hours each week in activities related directly to training in the school. Normally, the activities take place at the school.

Work Study Programs

Acceptable work-study programs generally require some regularly scheduled class attendance; together, the class attendance and the work periods constitute a full-time course of training. High school work-study programs are considered full-time if the school gives the student credit for successfully completing the work-study program. Generally, cooperative programs are not full-time academic course work. However, if the student receives full-time academic credit in a cooperative program and is not receiving pay primarily as an employee, the student may qualify for a monthly annuity.

Continued Eligibility

OPM may request periodic certification from you that the student continues to meet the eligibility requirements. OPM may also request at any time that you provide proof of the school enrollment.

Annuity benefits continue between school years unless the break is longer than 5 months or the student does not continue full-time school attendance. You must notify OPM immediately if there is a break of more than 5 months between school years or the student does not plan to continue full-time school attendance. Any benefits erroneously continued during the break must be repaid by the recipient.

A son or daughter whose annuity benefits as an adult student stopped because he or she is no longer a full-time student at a recognized school could qualify for benefits again before reaching age 22. In such a case, please request reinstatement of the annuity. Call our toll-free number 1-888-767-6738 or write to:

U.S. Office of Personnel Management
Retirement Surveys & Students Branch
1900 E Street NW
Washington, DC 20415-3563

Be sure to provide the child's full name, the survivor annuity claim number (CSF number), and the full name of the deceased Federal employee or retiree.

Discontinuation of Student Benefits

Annuity benefits stop for the student at the end of the month before he/she:

- turns 22 (however, if the 22nd birthday falls on or after September 1 and before the following July 1, payments continue to the end of the month preceding the one in which full-time schooling stops or to June 30, whichever comes first);
- marries;
- dies;
- stops attending school;
- transfers to a non-recognized school;
- changes to less than full-time school attendance;
- enters military service or a U.S. military service academy (such as the U.S. Naval Academy); or
- fails to submit proof that he or she is attending school full-time when OPM requests it.

If the student's 22nd birthday occurs on or after September 1 and before July 1 of the following year and the death of the employee/annuitant occurs during the same period, the student may be eligible for a monthly annuity.

Notify OPM immediately if any of the events listed above occurs. If benefits are paid after one of these events, the person who received the payment may be indebted to the Civil Service Retirement System, and repayment will be required.

No Beneficiary

Designation of Beneficiaries

There are two types of designations of beneficiary that apply to retirees:

- Designations for Life Insurance benefits under the Federal Employees Group Life Insurance Program, and
- Designations for any lump sum benefit payable upon your death.

Designations for Lump Sum Benefit Payable Upon Your Death

You can choose any person to receive any lump sum benefit payable upon your death by completing a Designation of Beneficiary form. Lump sum death payments include:

- Any amount by which your contributions to the retirement fund, plus any interest due, exceed the total amount of the annuity OPM paid you and all other eligible survivors (unexpended balance), or
- Any annuity OPM owes you at the time of your death.

OPM pays an unexpended balance only after there is no longer a survivor entitled to a monthly payment.

If You Do Not Have Designation of Beneficiary on File

If you do not have a Designation of Beneficiary on file, OPM will pay the first person(s) listed below who is alive on the date the payment becomes due:

- Your widow or widower,
- Your child or children (descendants of a deceased child may qualify),
- Your parents in equal shares or all to the surviving parent,
- The administrator or executor of your estate, or
- If none of the above, your next of kin as determined under the laws of the State in which you live.

If you are satisfied with the payment order shown above, there is no need for you to have a Designation of Beneficiary.

Keep Your Designation of Beneficiary up to Date

Remember that unless you change or cancel your designation, the person named-such as a former spouse-will receive the lump sum benefit.

You also need to keep your designated beneficiaries' addresses current. Failure to do so may mean that your beneficiary cannot be located and therefore benefits will not be paid to that person. The preferred way is to file a new Designation of Beneficiary when a beneficiary's address changes. A new address cannot be added directly to the Designation of Beneficiary form itself, since any cross outs, erasures, or alterations in your form may make it invalid.

Designation of Beneficiary Forms

For Life Insurance Benefits

- Use SF 2823, "Designation of Beneficiary/Federal Employees Group Life Insurance".

For Lump Sum at Death

- If you retired under CSRS, use SF 2808, "Designation of Beneficiary/CSRS".

After you complete and return the designation form in duplicate to OPM. OPM will certify it and return the duplicate copy to you.

Mail to:

U.S. Office of Personnel Management
Retirement Operations Center
PO Box 45
Boyers, PA 16017

7. Military Retired Pay

Crediting Military Service for CSRS When You Are Receiving Military Retired Pay

You cannot receive credit for any military service in your CSRS retirement computation, if you are receiving military retired pay, unless you were awarded the retired pay:

- On account of a service-connected disability either incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war, or
- Under the provisions of Chapter 1223, Title 10, U.S.C. (pertaining to retirement from a reserve component of the Armed Forces).

However, you can elect to waive the retired pay and have the military service added to your civilian service in computing your CSRS annuity.

How to Waive Your Military Retired Pay

If you want to waive your military retired pay to receive credit for military service in the computation of your FERS or CSRS benefit, you should write the Retired Pay Operations Center at least 60 days before your planned retirement. Send your waiver to:

Defense Finance and Accounting Service
U.S. Military Retirement Pay
P.O. Box 7130
London, KY 40742-7130

You can “fax” your request to **1 (800) 469-6559**.

Suggested wording for your request is as follows:

“I (Full Name and Military Serial Number) hereby waive my military retired pay for Civil Service Retirement purposes effective (The day before your annuity begins). I hereby authorize the U.S. Office of Personnel management to withhold from my CSRS annuity any amount of military retired pay granted beyond the effective date of this waiver due to any delay in receiving or processing this request.”

8. Service Credit

Civilian Service

If you

- Performed CSRS service where no retirement deductions were withheld from your pay, or
- Received a refund of your retirement deductions

You can pay that money back to the retirement system. Payment generally affects the amount of your retirement.

If retirement deductions were not withheld during the period of service:

You can pay a deposit for the service. A deposit is the payment of the retirement deductions, plus interest that would have been withheld from your pay if you had been covered by the Civil Service Retirement System (CSRS) during a period of employment when retirement deductions were not withheld from your salary. You are not required to make this type of payment.

Deposit for Service Ending before October 1, 1982 and Covered by CSRS

You can make a deposit for creditable Civil Service Retirement System (CSRS) service you performed before October 1982 during which retirement deductions were not withheld from your pay. You will receive retirement credit for all of this service whether or not you pay the deposit. However, unless you pay the deposit in full, your annual benefit will be reduced by 10 percent of the deposit amount due at retirement. Also, any annuity due your surviving spouse will be reduced proportionately. Interest is charged from the midpoint of periods of service through the date of the bill. If full payment is received within 30 days after the bill is issued, no additional interest is charged. Otherwise, interest will be computed after each payment at the rate of 3 percent for the interval since the most recent payment you have made. You may pay installments of $50 or more, but paying the full amount minimizes further interest charges. After each payment OPM will send you an updated account statement.

Deposit for Service Ending on/after October 1, 1982 and Covered by CSRS

You can make a deposit for creditable Civil Service Retirement System (CSRS) service you performed on or after October 1982 during which retirement deductions were not withheld from your pay. Unless you pay the deposit in full, you will not receive credit for the service in the computation of your annuity. Interest is charged from the midpoint of periods of service and is compounded annually. Interest is charged through December 31 of the year before the year in which the bill is being issued. If full payment is received by December 31 of the year in which the bill is issued, no additional interest will be charged. If not, interest will be computed once each year as of December 31 based on the unpaid balance at that time. Interest is applied at the rates described in the table below.

If retirement deductions were withheld from your pay and later refunded to you

You can pay a redeposit for the service. A redeposit is the repayment of retirement deductions that were previously withheld and refunded to you, plus interest.

Redeposit Service Ending before March 1, 1991 and Covered by CSRS

You can repay the refund you received for periods of civilian service ending before March 1, 1991 during which retirement deductions were withheld from your pay and later refunded to you. However, you will receive credit for all of this service whether or not you make the payment (unless you retire under the disability provisions of the law). Your annuity will be subject to permanent actuarial reduction based on the amount of redeposit and interest due and your age at retirement. The actuarial reduction will not be applied to any annuity due your surviving spouse. You can avoid the reduction by repaying the refund.

If the refund was paid before October 1, 1982, interest is charged up through the billing date. If full payment is received within 30 days after the bill is issued, no additional interest will be charged. Otherwise, interest will be computed after each payment at the rate of 3 percent for the interval since the most recent payment.

If the refund was paid on or after October 1, 1982, interest is compounded annually and charged through December 31 of the year before the year in which this bill is being issued. If full payment is received by December 31 of the year in which this bill is issued, no additional interest will be charged. If not, interest will be computed once each year as of December 31 based on the unpaid balance at that time. Interest is applied at the rates described in the table on page 13.

Procedures for Paying a Deposit or Redeposit

You should apply to make a payment by completing a Standard Form 2803, "Application to Make Deposit or Redeposit." If you are within six months of retirement, you should submit your request to make the deposit or redeposit at the same time you submit your application for retirement. You can use a form or letter to do this. OPM will notify you of any amounts due so you can decide whether or not to make the payment. OPM cannot, however, authorize your regular annuity payments until OPM has your decision about the payment.

Military Service

Credit for Military Service performed after 1956

If you were first employed in a civilian position	Credit for post-1956 Military Service
Before 10/01/1982	When you become eligible for Social Security benefits, your military service after 1956 will be used in the computation of your Social Security. Unless you pay a deposit, prior to retirement, for your military service after 1956, it will no longer count towards your CSRS retirement benefit. However, if you pay the deposit, no adjustment to your retirement benefit is made at age 62,
On or after 10/01/1982	You will not receive any credit for post-1956 military service unless you pay a deposit for the service before you stop working.

Amount of Deposit

Dates of Service	Amount of Deposit Due
Through 12/31/1998	7% of military basic pay
01/01/1999 through 12/31/1999	7.25% of military basic pay
01/01/2000 through 12/31/2000	7.4% of military basic pay
01/01/2001 to the present	7% of military basic pay

Except for the earnings from 1999 and 2000, when the deduction rates were 7.25% and 7.4% respectively, the CSRS deposit for military service performed after 1956 is 7% of your military basic pay.

Procedures for paying the post-1956 military service deposit

You must make the payment before you stop working for the government. You should ask your local servicing personnel center for help in determining whether to make this payment. They can provide personalized assistance because they have your employment records.

Military under USERRA

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) covers persons who perform duty in the "uniformed services". This includes not only the armed forces and the reserves but also the National Guard and the commissioned corps of the Public Health Service. These individuals are entitled to be restored to the position he or she would have attained had the employee not entered the uniformed service, provided the employee:

- gave the agency advance notice of departure except where prevented by military circumstances; and
- was released from uniformed service under honorable conditions; and
- served no more than a cumulative total of 5 years and
- applies for restoration within the appropriate time limits

As with all military deposits, the agency must handle military deposits under USERRA. The military deposit may be calculated based on military earnings or alternatively, the deposit can be calculated based on the retirement deductions the employee would have paid on the civilian salary during the same period, if it is less.

9. Former Employees

If you leave your Government job before becoming eligible for retirement

Options

- You can ask that your retirement contributions be returned to you in a lump sum payment, or
- If you have five or more years of civilian service, you can wait until you are retirement age to apply for monthly retirement benefit payments. This is called a deferred retirement (see page 31).

If you get a refund of your retirement contributions now, you will no longer be eligible to receive monthly payments when you reach retirement age, unless you are later reemployed subject to the Civil Service Retirement System or the Federal Employees Retirement System. Refer to information about retirement eligibility (See page 1).

Procedures for having your retirement contributions refunded to you

If you are leaving your Federal job and want a refund of your retirement contributions, you can get an application from your personnel office, complete it, and return it to them. If you are no longer in the Federal service, you can acquire the appropriate application from our website (OPM.gov).

Interest payable on the lump sum payment of your retirement contributions

For service under the Civil Service Retirement System, interest will be included in the refund of those contributions if you have more than one but less than five years of service. Interest is paid at three percent.

Rollover of refund payment to IRA or Employer Sponsored Plan

You can roll over lump sum payments representing your retirement contributions, including voluntary contributions, and applicable interest. An eligible payment can be paid either to you or directly to an individual retirement account or other employer sponsored plan. Your choice will affect the amount of taxes you owe. OPM is required to withhold Federal income tax from taxable payments over $200 at the rate of 20 percent. However, you may choose to take all or part of these payments in a direct rollover to an individual retirement account or an employer-sponsored retirement plan that accepts rollovers. The taxable portion can be rolled over into the Thrift Savings Plan. If you make this election, OPM will not withhold the Federal income tax from the taxable payments.

You can open an individual retirement account to receive a direct rollover. You must contact the individual retirement account sponsor to find out how to have your payment made to your account. If you are unsure of how to invest your money, you may wish to temporarily establish an account to receive the payment. However, you may wish to consider whether or not you may move any or all of the monies to another account at a later date without penalties or limitations.

If you choose to have the payment made to you and it is over $200, the taxable portion is subject to the 20 percent Federal income tax withholding. The payment is taxed in the year in which it is received unless within 60 days after receiving it, you roll it over to an individual retirement account or retirement plan that accepts rollovers. You can roll over up to 100 percent of the eligible distribution, including the 20 percent withholding. To do so, you must replace the 20 percent withholding within the 60 day period. You will be taxed on any amount that you do not roll over. For example, if you roll over only the 80 percent of the distribution, you will be taxed on the remaining 20 percent.

You can find more information about the taxation of payments from qualified retirement plans from the following Internal Revenue Service publications:

- IRS Publication 575, "Pension and Annuity Income",
- IRS Publication 590, "Individual Retirement Arrangements",
- IRS Publication 721, "Tax Guide to U.S. Civil Service Retirement System Payments", and
- Form 4972, "Tax on Lump Sum Distributions".

OPM will not withhold any amount for Federal income tax if your total taxable lump sum is less than $200. OPM will request a rollover election when you are eligible for a payment of $200 or more.

Applying for Retirement

To qualify for payments from the Civil Service Retirement System (CSRS), you must submit a retirement application, Standard Form 2801, "Application for Immediate Retirement (CSRS)".

Where to Send the Application

If you have been separated from federal service for more than 30 days, submit your application to the U.S. Office of Personnel Management (OPM).

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, PA 16017

If you are still working, submit the application to Shared Services.

Application Processing

Both the personnel and payroll office in your agency, and OPM are responsible for processing your annuity claim.

Reducing Delays in Processing

You can help reduce delays in processing by submitting your application in advance and by making sure your Official Personnel Folder (OPF) is complete. If you submit your paperwork early, your personnel and payroll offices will be able to complete their action before your retirement date.

Steps Your Personnel Office Takes to Process Your Application

Your personnel office must take the following actions to process your retirement application:

- Complete the "Agency Checklist of Immediate Retirement Procedures", Standard Form 2801, Schedule D (CSRS).
- Prepare and obtain your signature on the "Certified Summary of Federal Service," Standard Form 2801-1 (CSRS).
- Verify any service not fully documented in your OPF. If documentation is missing, verification may be obtained by contacting federal record centers. If the personnel office is unable to obtain verification, OPM will complete verification upon receipt of your retirement application and records. However, this process will cause a delay in processing.
- Certify and transfer your coverage under the Federal Employees' Group Life Insurance (FEGLI) program to OPM.
- Transfer your enrollment under the Federal Employees' Health Benefits (FEHB) program to OPM.
- Prepare Standard Form 50, "Notification of Personnel Action."
- Send all of your retirement materials to your payroll office.

Steps Your Payroll Office Takes to Process Your Application

After your personnel agency takes action, your agency payroll office:

- Authorizes your final pay check and lump sum payment for unused annual leave.
- Prepares your "Individual Retirement Record," Standard Form 2806 (CSRS) which reflects service, salary history, and annual retirement contributions.
- Forwards all retirement documents to OPM.

When OPM Receives Your Application

When OPM receives your retirement application, OPM will notify you and will provide a civil service claim identification number (a seven-digit number preceded by "CSA"). You must use that identification number whenever you contact OPM about your annuity.

If You Have Questions Before You Receive Your Claim Number

If you need to contact OPM before you receive your claim number, first contact your former payroll office to find the date your records were transferred to OPM. Your payroll office should provide you with the number and date of the Register of Separations and Transfers. You will also need your Payroll Identification Number.

What OPM Does to Process Your Claim

- Obtains any information missing from your retirement documents.
- Determines your eligibility for an annuity and continued health and life insurance coverages.
- Computes the amount of your annuity.
- Sends you materials concerning:
  - your survivor benefit election;
  - the alternative form of annuity;
  - rollover to an IRA, or;
- Authorizes your annuity payment which is paid by the Department of the Treasury.
- Sends you an annuity statement.

Annuity Payment Schedule

Regular monthly payments are due the first business day of the month. The payment covers annuity due for the month before the month in which the payment is made.

Time Frame for Processing Application

As of August 2013, the average processing time is 102 days from the date OPM receives your final paperwork from your human resources office and payroll office. If your retirement records are complete upon receipt and OPM does not need additional information from you or your former employing agency, your claim might be processed sooner than the average time. An additional three to four weeks may be needed if OPM needs to contact you to make a benefit election, such as your decision on making a service credit deposit, or if OPM needs to contact your former employing agency for necessary information which was not included with your retirement package.

What to Find at www.opm.gov/

Publications & Forms

Browse www.opm.gov/ to locate the following types of retirement publications and forms from OPM.

CSRS/FERS Handbook

OPM.gov/ contains the "CSRS and FERS Handbook for Personnel and Payroll Offices" used to advise Federal agencies about various aspects of benefits administration. This issue, April 1998, is the latest version of this handbook.

Online Pamphlets

Retirement and Insurance pamphlets and publications are listed here.

Online Forms

The links to the main OPM electronic forms page.

The retirement process is not as complicated as it may seem. When in doubt, contact Shared Services, go online to the OPM website or contact your APWU Retiree Division for help.

Don't be afraid to ask. Remember, there is no such thing as a "stupid question."

Good Luck in Your Retirement!

Eligibility Requirements for CSRS Disability   7/31/2014

You must meet all of the following conditions to be eligible for disability retirement:

You must have completed at least five years of creditable Federal civilian service.

You must, while employed in a position subject to CSRS, have become disabled, because of disease or injury, for useful and efficient service in your current position. (Useful and efficient service means fully successful performance of the critical or essential elements of the position-or the ability to perform at that level-and satisfactory conduct and attendance.)

The disability must be expected to last at least one year.

Your agency must certify that it is unable to accommodate your disabling medical condition in your present position and that it has considered you for any vacant position in the same agency, at the same grade or pay level, and within the same commuting area, for which you are qualified for reassignment.

You, or your guardian or other interested person, must apply before your separation from service or within one year of your separation. The application must be received by OPM within one year from the date of your separation. This time limit can be waived only in instances involving incompetency.

Disability Retirement Computation

You are entitled to an "earned" annuity computed under the CSRS general formula. However, the law guarantees a minimum annuity to employees who retire because of disability. The guaranteed minimum applies if you are under age 60 when you retire and your earned annuity based on your actual service is less than this minimum.

The guaranteed minimum is the lesser of the following:

40 percent of your "high-3 average salary", or
the regular annuity obtained after increasing your service by the time between your retirement and your 60th birthday.

Exception:
The guaranteed minimum does not apply if you are receiving military retired pay and/or compensation from the Veterans Administration in lieu of all or part of the military retired pay. However, if your earned annuity plus your military benefit (or compensation) is less than what it would have been under the guaranteed minimum, the annuity is increased to bring it up to that level.

Reductions in Disability Annuity

Your basic annual disability annuity will be reduced for:

Survivor Benefits
If you are married, your benefit will be reduced for a survivor benefit, unless your spouse consented to your election of less than a full survivor annuity. It will also be reduced if a former spouse survivor benefit is required by a court order.

Unpaid Service
If you have creditable civilian service performed before October 1, 1982, during which no retirement deductions were withheld from your salary and for which you have not paid a deposit, your annuity will be reduced. The annual reduction is 10 percent of the total deposit due. Nondeduction service performed on or after October 1, 1982, cannot be used to compute your annuity unless the deposit is made in full.

Refunded Service
If you had creditable civilian service for which you took a refund, but did not pay a redeposit, the service cannot be used in the computation of your annuity.

CSRS Offset
If you had service that was subject to withholding for both the Civil Service Retirement System (CSRS) and Social Security, you are subject to a reduction in your annuity if the Social Security Administration (SSA) can pay you a benefit based on the portion of your Federal service which was under both systems. This is called "CSRS Offset" service.

Cost of Living Adjustments for CSRS Disability Retirees

Your disability annuity will be increased by cost-of-living (COLA) increases that occur after you retire. Your first COLA increase will be prorated based on how long you have been retired when that COLA is granted.

CSRS
Civil Service
Retirement System

Form approved
OMB No. 3206-0142

Designation of Beneficiary

Civil Service Retirement System

Important:
Read all instructions before you use this form.

A. Identification

Name *(last, first, middle)*	Date of birth *(mm/dd/yyyy)*	Social Security Number

Place an "X" in the block that applies to you.

- [ ] An employee
- [ ] Retired or an applicant for retirement
- [ ] Former employee eligible for retirement in the future

If you are retired, give your claim number.
CSA

Department or agency in which presently employed *(or former department or agency)*:

Department or agency	*Bureau*	*Division*	*Location (city, state and ZIP code)*

I, the person identified above, designate the beneficiary or beneficiaries named below to receive any lump-sum benefit which may become payable under the Civil Service Retirement System (CSRS) after my death. I understand that this designation of beneficiary will not affect the rights of any survivors who may qualify for annuity benefits after my death, cancels any previous designation of beneficiary, and remains in effect until I cancel it in writing.

I direct, unless otherwise indicated below, that if more than one beneficiary is named, the share of any beneficiary who may predecease me or who may be disqualified for any other reason shall be distributed equally among the stated beneficiaries or entirely to the survivor. If none of the beneficiaries are alive and eligible to receive payment when a lump sum becomes payable, this designation is void and payment will be made according to the order of precedence set by law.

B. Information Concerning The Beneficiaries (See Examples on the reverse of Part 1. Type or print clearly.)

First name, middle initial, and last name of each beneficiary ❶	*Address (including ZIP code) of each beneficiary* ❷	*Relationship to you* ❶	*Share to be paid to each beneficiary*

Date of designation *(mm/dd/yyyy)*	Your signature	**Shares designated must equal 100%.**

C. Witnesses (A witness is not eligible to receive payment as a beneficiary.)

We, the undersigned, certify that the person identified in A. above signed in our presence.

Signature of witness	Address *(including ZIP code)*
Signature of witness	Address *(including ZIP code)*

❶ We will pay to the person you designate, even if that person's name or relationship to you changes after you file this designation. For example, suppose you designate your spouse and then you two divorce and you marry someone else. We will pay any lump sum to your former spouse unless you submit another designation to cancel prior designations or to designate who we are to pay.

❷ We will write to the address you provide here to contact the person you designate. However, that person is obligated to get in touch with us after your death to ask us to make payment.

Type or print your return address so that we can return a copy for your file.

Your designation is not effective until OPM receives and certifies it. Mail **both** copies of your designation of beneficiary to:

U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

FEGLI
Federal Employees Group Life Insurance

Designation of Beneficiary

Federal Employees' Group Life Insurance (FEGLI) Program

(DO NOT erase or cross-out. Use a new form.)

Form Approved
OMB No. 3206-0136

Important: Read instructions on the Back of Part 2 before completing this form.

A. Information About the Insured (not the Assignee, if there is one) (type or print)

Name of Insured *(Last, first, middle)*	Date of birth of Insured *(mm/dd/yyyy)*	Social Security Number of Insured

The Insured is: *Place an "X" in the appropriate box.*

- [ ] an employee
- [ ] a retiree
- [ ] a compensationer

If the Insured is retired or receiving Federal Employees' Compensation, give CSA, CSI, or OWCP claim number:

Department or agency where the Insured works *(If retired, last department or agency where the Insured worked)*:

Department or agency	Bureau or division	Location *(city, state, and ZIP code)*

B. Information About the Beneficiary or Beneficiaries (See Back of Part 1 for examples) (type or print)

First name, middle initial, and last name of each beneficiary	Social Security Number	Address *(Including ZIP code)*	Relationship	Percent or fraction designated

Total (Must equal 100% or 1.0) (Do not use dollar amounts) →

(Do not put a Total if you designated types of insurance. See example 4 on Back of Part 1.)

C. Statement of Insured or Assignee (type or print)

Your name and address *(Including ZIP code)*

Please check one:
I am:

- [ ] the Insured
- [ ] an Assignee

See Back of Part 2 for definitions

Please check all three:

- [ ] I have not assigned the insurance.
- [ ] Two people who witnessed my signature signed below.
- [ ] I did not name either witness as a beneficiary.

I understand that if there is a valid assignment on file, only the assignee has the right to designate a beneficiary. If a valid assignment is not on file, but there is a valid court order on file with the agency or the U.S. Office of Personnel Management, as appropriate, any designation I complete for the same benefits is not valid.

I understand that if this Designation is valid, it will stay in effect unless it is canceled. (See "When Is A Designation Canceled?" on the Back of Part 2).

I understand that if this Designation is invalid for any reason, the Office of Federal Employees' Group Life Insurance will pay benefits according to the next most recent valid designation. If there isn't one, it will pay according to the order listed on the Back of Part 2.

I am canceling any and all previous Designations of Beneficiary under the Federal Employees' Group Life Insurance Program and am now designating the beneficiary(ies) named above.

Signature of Insured/Assignee *(Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable.)* This form is not valid unless the Insured/Assignee signs in this box.	Date *(mm/dd/yyyy)*

D. Witnesses To Signature (A witness is not eligible to receive a payment as a beneficiary.)

Signature of witness	Address *(Including ZIP code)*
Signature of witness	Address *(Including ZIP code)*

E. For Agency Use Only

Receiving agency	Date of receipt *(mm/dd/yyyy)*	Signature of authorized agency official	Title

Windfall Elimination Provision

2014

Your Social Security retirement or disability benefits may be reduced

If you work for an employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any pension you get based on that work may reduce your Social Security benefits.

The Windfall Elimination Provision affects how the amount of your retirement or disability benefit is calculated if you receive a pension from work where Social Security taxes were not taken out of your pay. We use a modified formula to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive.

When your benefits may be affected

The Windfall Elimination Provision primarily affects you if you earned a pension in any job where you did not pay Social Security taxes and you also worked in other jobs long enough to qualify for a Social Security retirement or disability benefit.

For example, this provision affects Social Security benefits when any part of a person's federal service after 1956 is covered under the Civil Service Retirement System (CSRS). However, federal service where Social Security taxes are withheld (Federal Employees' Retirement System) will not reduce your Social Security benefit amounts.

The Windfall Elimination Provision may apply if:

- You reached 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you did not pay Social Security taxes after 1985, even if you are still working.

Why we use a different formula

Social Security benefits are intended to replace only a percentage of a worker's pre-retirement earnings. The way Social Security benefit amounts are figured, lower-paid workers get a higher return than highly paid workers. For example, lower-paid workers could get a Social Security benefit that equals about 55 percent of their pre-retirement earnings. The average replacement rate for highly paid workers is about 25 percent.

Before 1983, people who worked mainly in a job not covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job where they did not pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

How it works

Social Security benefits are based on the worker's average monthly earnings adjusted for inflation. We separate your average earnings into three amounts and multiply the amounts using three factors. For example, for a worker who turns 62 in 2014, the first $816 of average monthly earnings is multiplied by 90 percent; the next $4,101 by 32 percent; and the remainder by 15 percent. The sum of the three amounts equals the total monthly payment amount.

The 90 percent factor is reduced in the modified formula and phased in for workers who reached age 62 or became disabled between 1986 and 1989. For those who reach 62 or became disabled in 1990 or later, the 90 percent factor is reduced to 40 percent.

There are exceptions to this rule. For example, the 90 percent factor is not reduced if you have 30 or more years of "substantial" earnings in a job where you paid Social Security taxes. See the first table that lists the amount of substantial earnings for each year.

The second table shows the percentage used depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, the 90 percent factor is reduced to between 45 and 85 percent.

(over)

To see the maximum amount your benefit could be reduced, visit ***www.socialsecurity.gov/retire2/wep-chart.htm***.

Some exceptions...

The Windfall Elimination Provision does not apply if:

- You are a federal worker first hired after December 31, 1983;
- You were employed on December 31, 1983, by a nonprofit organization that did not withhold Social Security taxes from your pay at first, but then began withholding Social Security taxes from your pay;
- Your only pension is based on railroad employment;
- The only work you did where you did not pay Social Security taxes was before 1957; or
- You have 30 or more years of substantial earnings under Social Security.

The Windfall Elimination Provision does not apply to survivors benefits. However, benefits may be reduced for widows or widowers because of another provision of the law. Ask for *Government Pension Offset* (Publication No. 05-10007).

...and a guarantee

If you get a relatively low pension, you are protected. The reduction in your Social Security benefit cannot be more than one-half of the amount of your pension that is based on earnings after 1956 on which you did not pay Social Security taxes.

Contacting Social Security

For more information and to find copies of our publications, visit our website at ***www.socialsecurity.gov*** or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call during the week after Tuesday. We can provide information by automated phone service 24 hours a day.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

Year	Substantial earnings
1937–1954	$900
1955–1958	$1,050
1959–1965	$1,200
1966–1967	$1,650
1968–1971	$1,950
1972	$2,250
1973	$2,700
1974	$3,300
1975	$3,525
1976	$3,825
1977	$4,125
1978	$4,425
1979	$4,725
1980	$5,100
1981	$5,550
1982	$6,075
1983	$6,675
1984	$7,050
1985	$7,425
1986	$7,875
1987	$8,175
1988	$8,400
1989	$8,925

Year	Substantial earnings
1990	$9,525
1991	$9,900
1992	$10,350
1993	$10,725
1994	$11,250
1995	$11,325
1996	$11,625
1997	$12,150
1998	$12,675
1999	$13,425
2000	$14,175
2001	$14,925
2002	$15,750
2003	$16,125
2004	$16,275
2005	$16,725
2006	$17,475
2007	$18,150
2008	$18,975
2009–2011	$19,800
2012	$20,475
2013	$21,075
2014	$21,750

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent

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Government Pension Offset

A law that affects spouses and widows or widowers

If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

Your Social Security benefits will be reduced by two-thirds of your government pension. In other words, if you get a monthly civil service pension of $600, two-thirds of that, or $400, must be deducted from your Social Security benefits. For example, if you are eligible for a $500 spouse's, widow's or widower's benefit from Social Security, you will receive $100 per month from Social Security ($500 – $400 = $100).

If you take your government pension annuity in a lump sum, Social Security still will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay to wives, husbands, widows and widowers are "dependent's" benefits. These benefits were established in the 1930s to compensate spouses who stayed home to raise a family and who were financially dependent on the working spouse. But as it has become more common for both spouses in a married couple to work, each earned his or her own Social Security retirement benefit. The law has always required that a person's benefit as a spouse, widow or widower be offset dollar for dollar by the amount of his or her own retirement benefit.

In other words, if a woman worked and earned her own $800 monthly Social Security retirement benefit, but she also was due a $500 wife's benefit on her husband's Social Security record, we could not pay that wife's benefit because her own Social Security benefit offset it. But, before enactment of the Government Pension Offset provision, if that same woman was a government employee who did not pay into Social Security, and who earned an $800 government pension, there was no offset, and we were required to pay her a full wife's benefit in addition to her government pension.

If this government employee's work had instead been subject to Social Security taxes, any Social Security benefit payable as a spouse, widow or widower would have been reduced by the person's own Social Security retirement benefit. In enacting the Government Pension Offset provision, Congress intended to ensure that when determining the amount of spousal benefit, government employees who do not pay Social Security taxes would be treated in a similar manner to those who work in the private sector and do pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, your Social Security benefits as a spouse, widow or widower will not be reduced if you:

- Are receiving a government pension that is not based on your earnings; or
- Are a federal (including Civil Service Offset), state or local government employee whose government pension is based on a job where you were paying Social Security taxes; and
  - —you filed for and were entitled to spouse's, widow's or widower's benefits before April 1, 2004; or
  - —your last day of employment (that your pension is based on) is before July 1, 2004; or

(over)

—you paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain conditions, fewer than 60 months may be required for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

Also, there are other situations where Social Security benefits as a spouse, widow or widower will not be reduced; for example, if you:

- Are a federal employee who elected to switch from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) after December 31, 1987; and
  - —you filed for and were entitled to spouse's, widow's or widower's benefits before April 1, 2004; or
  - —your last day of service (that your pension is based on) is before July 1, 2004; or
  - —you paid Social Security taxes on your earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
- Received or were eligible to receive a government pension before December 1982 and meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received or were eligible to receive a federal, state or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

Note: *A Civil Service Offset employee is a federal employee, rehired after December 31, 1983, following a break in service of more than 365 days, with five years of prior CSRS coverage.*

What about Medicare?

Even if you do not receive cash benefits based on your spouse's work, you still can get Medicare at age 65 on your spouse's record if you are not eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse or widow or widower. However, your own benefits may be reduced because of another provision of the law. For more information, ask for *Windfall Elimination Provision* (Publication No. 05-10045).

Contacting Social Security

For more information and to find copies of our publications, visit our website at ***www.socialsecurity.gov*** or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call during the week after Tuesday. We can provide information by automated phone service 24 hours a day.

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UNITED STATES POSTAL SERVICE ®

Request to Forward Salary Check

(See Privacy Act Statement on Reverse.)

Submission Date	To: ☐ Postmaster, Manager, Supervisor, or Officer-in-Charge ☐ Area Manager, Finance
Paydate/Pay Period	☐ HQ Disbursements ☐ Manager, Accounting Service Center

Please Forward the Paycheck/Earning Statement Due to Me on the Above Payday to the Address Shown Below:

Unit Finance Number	Employee's Full Name
Employee Identification Number	Address *(Where salary check is to be sent)*
Signature	City, State, and ZIP+4®

Privacy Act Statement: Your information will be used to process your request. Collection is authorized by 39 U.S.C. 401, 409, 410, 1001, 1003, 1004, 1005, and 1206; and 29 U.S.C. 2601 et seq.

Providing the information is voluntary, but if not provided, we may not process your request. We may only disclose your information as follows: In relevant legal proceedings; to law enforcement when the U.S. Postal Service® (USPS™) or requesting agency becomes aware of a violation of law; to a congressional office at your request; to entities or individuals under contract with USPS; to entities authorized to perform audits; to labor organizations as required by law; to federal, state, local or foreign government agencies regarding personnel matters; to the Equal Employment Opportunity Commission; and to the Merit Systems Protection Board or Office of Special Counsel.

APWU AMERICAN POSTAL WORKERS UNION, AFL-CIO

COUNT ME IN!

Enroll Me as an APWU Retiree for Only $3 a Month!

LAST NAME | FIRST NAME | MI

SSN # | DATE OF RETIREMENT | CSA NUMBER (REQUIRED)*

STREET ADDRESS

CITY/STATE/ZIP

HOME TEL # | MOBILE TEL #

DATE OF BIRTH | E-MAIL ADDRESS

AUTHORIZING SIGNATURE | DATE

BY SIGNING ABOVE, I HEREBY AUTHORIZE THE OFFICE OF PERSONNEL MANAGEMENT (OPM) TO RELEASE TO THE AMERICAN POSTAL WORKERS UNION (APWU) MY CSA NUMBER AND ANY FUTURE ADDRESS CHANGES FOR THE PURPOSE OF KEEPING MY MEMBERSHIP CURRENT.
**Your CSA number can be found on official documents from the Office of Personnel Management after your retirement.*

Select One,

Then continue on other side of the form

Complete details for the following options are listed in APWU National Constitution and Bylaws.

☐ **OPTION 1**

Retiree Membership of only $36 per year, ANNUITY DEDUCTION of retiree $3 dues monthly.
Do not enclose a check with this form.

Privileges: The right to vote and run for office as a Retiree National Convention Delegate or National Director of the APWU Retirees Department, and the right to vote for President, Executive Vice-President, Secretary-Treasurer, Legislative and Political Director and Assistant Director, Human Relations Director, and APWU Health Plan Director.

☐ **OPTION 2**

Retiree Membership of $36 per year plus APWU full dues (National Per Capita Tax and local dues), ANNUITY DEDUCTION of retiree dues of $3 monthly. You will be billed for the National Per Capita Tax and the required local dues amount. ***Do not enclose a check with this form.*** We will provide you with instructions on how to pay the National Per Capita Tax and local dues. This amount will vary from approximately $200 to $600 annually. *(Note: Continuation or reinstatement of full dues-paying membership requires compliance with Article 3, Section 4 of the APWU National Constitution and Bylaws. This language can be reviewed on the APWU website,* www.apwu.oprg, *in the Secretary-Treasurer section under "Constitution and Bylaws.")*

Privileges: Same as OPTION 2 plus eligible for full local and national membership rights.

CONTRIBUTE TO APWU COPA

The Committee on Political Action

The benefits you have earned – including your annuity and health insurance – are not safe. Congress can reduce or eliminate these essential benefits, and has shown an interest in doing so.

The APWU is committed to continuing the fight to protect your rights and benefits, even after you retire. This is a top priority of our organization, along with protecting postal jobs and preserving the USPS as a public service. To continue the fight, we need your help!

YES! I want to contribute to APWU COPA, the union's Committee on Political Action, directly from my annuity. After all, as a retiree, Congress' votes can determine my future!

COPA YES!
Doing Our Part to Build a Better Future

COPA CONTRIBUTION

(Check one)

❑ $2/month ❑ $5/month ❑ $10/month ❑ Other: $ ________/month

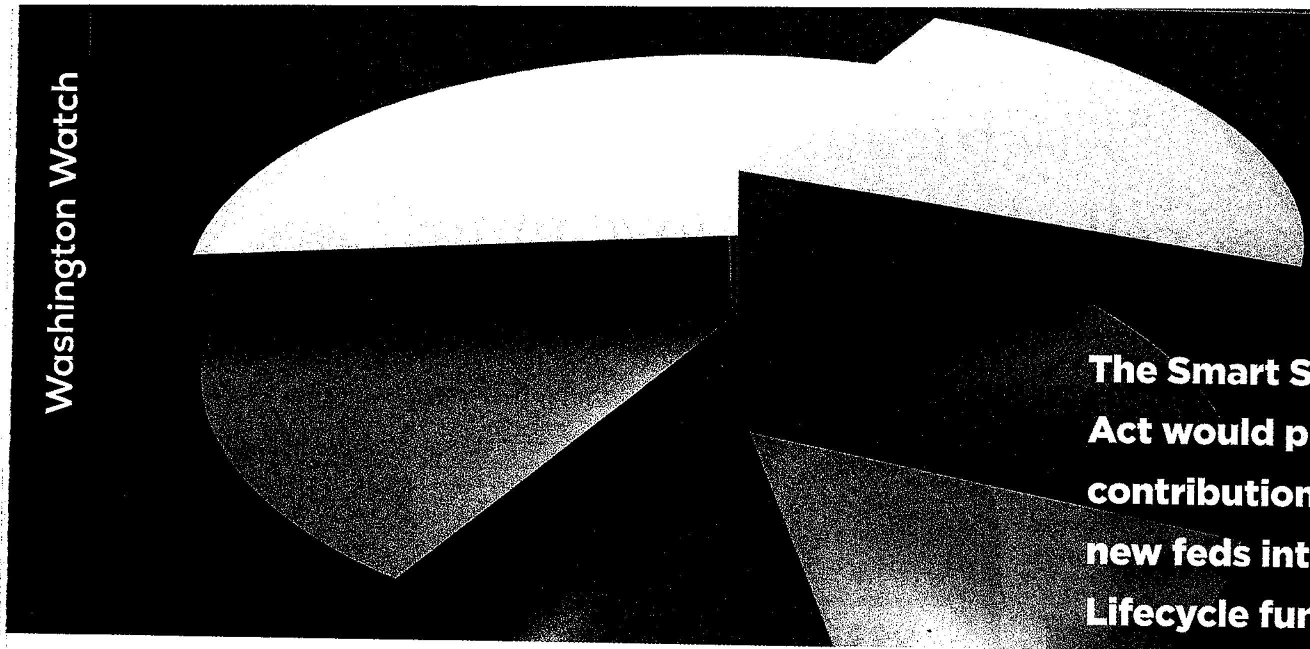
Congratulations on your Retirement!

Welcome to the APWU Retirees Department!

(COPA contributions are not tax deductible.)

Please return your completed application to:

Judy Beard, Director
APWU Retirees Department
1300 L Street NW
Washington DC 20005



The Smart Savings Act would put contributions of new feds into a TSP Lifecycle fund. The L Funds invest in a mix of the G, F, C, S and I Funds.

HOUSE-PASSED TSP BILL WOULD PUT NEW FEDS INTO LIFECYLE FUNDS

Before adjourning for the August congressional recess, the House of Representatives passed legislation to give new federal employees a better return on their Thrift Savings Plan (TSP) investments at the onset of their federal careers.

Current law, enacted in 2009, provides for the automatic enrollment of new federal civilian workers in the TSP, with the contributions of those new hires invested in the Government Securities Investment Fund (G Fund) at 3 percent of salary, unless and until they elect otherwise. The Smart Savings Act, H.R. 4193, as passed by the House, would shift the default fund to a Lifecycle fund (L Fund) with an age-appropriate asset allocation. Lifecycle funds have yielded a historically higher return than the G Fund, but involve a riskier investment.

The House measure was sponsored by Oversight and Government Reform Committee Chairman Darrell Issa, R-CA, and enjoyed broad bipartisan support, including cosponsorship by all lead Republican and Democratic members of the Oversight Committee.

A bipartisan companion measure, S. 2117, was introduced by Sens. Elizabeth Warren, D-MA, and Rob Portman, R-OH, and approved by the Senate Committee on Homeland Security and Governmental Affairs in June. Sponsors of the measure hope for quick Senate action and enactment before the midterm elections in November.

In December 2013, the Federal Retirement Thrift Investment Board, with the unanimous support of the Employee Thrift Advisory Council, of which NARFE is a member, approved a motion to direct its executive director to pursue the legislative change.

Lifecycle funds have become increasingly popular among private-sector, defined-contribution plans; and while the investment does expose participants to greater market risk, the design of the funds addresses such risk by moving toward a safer mix of investments as participants grow older and closer to retirement.

The TSP's Lifecycle funds invest in a mix of the TSP's five core funds: the G Fund, the Fixed Income Index Investment Fund (F Fund), the Common Stock Index Investment Fund (C Fund), the Small Cap Stock Index Investment Fund (S Fund) and the International Stock Index Investment Fund (I Fund).

The TSP offers five Lifecycle funds, each targeted to a different date: L Income, for those who are currently withdrawing from their TSP accounts or plan to before 2015; L 2020; L 2030; L 2040; and L 2050.

The TSP is the nation's largest pension program, with more than 4.6 million participants and assets of more than $400 billion.

—**BY ALAN LOPATIN,** *LEGISLATIVE COUNSEL (LOPATIN ALSO IS PRESIDENT OF THE NATIONAL ASSOCIATION OF THRIFT SAVINGS PLAN PARTICIPANTS.)*

Understanding the Required Minimum Distribution (RMD) Rules

Edward A. Zurndorfer, Certified Financial Planner

Many federal employees have been contributing to individual traditional IRAs which have been available to working individuals since 1975. While working previously in private industry, some federal employees also contributed to qualified pension plans including 401(k) and 403(b) plans. Also, most federal employees have contributed during their federal service to the Thrift Savings Plan (TSP) since 1986.

When a traditional IRA owner and qualified pension plan participant who has retired from or left private industry, or when a TSP participant who has retired from federal service becomes age 70.5, the rules for required minimum distributions (RMD) take effect. This column discusses the RMD rules and how to avoid the penalty for not taking a RMD.

Employees are aware of the various advantages of contributing a portion of their gross salaries to the traditional TSP, 401(k) and 403(b) retirement plans, SEP IRAs and SIMPLE IRAs and to deductible traditional IRAs. Most employees understand that when it comes to tax-deductible and tax-deferred retirement accounts, both the federal government and the states with state and local income taxes do not tax contributions made to these accounts, but will receive their share of the tax revenue when withdrawals are made from these accounts. Earnings in these accounts also grow tax deferred and are only taxed when they are withdraw.

On the other hand, when it comes to Roth IRAs, the Roth TSP, the Roth 401(k) and the Roth 403(b) retirement plans, contributions are made with after-taxed (federal and state) funds. But qualified distributions (including accrued earnings) from the Roth IRA, the Roth TSP, Roth 401(k) and Roth 403(b) retirement plans are not subject to federal and state income taxes.

In addition to withdrawals from non-Roth retirement accounts being generally taxable, a RMD is required each year starting the year in which an individual becomes 70.5. The RMD rules apply to every type of retirement account -- this includes both the traditional TSP and Roth TSP, the traditional 401(k) and 403(b) and Roth 401(k) and 403(b) plans, traditional IRAs, SEP IRAs and SIMPLE IRAs. The only type of retirement account that is not subject to the RMD rules is a Roth IRA.

The rules on RMDs can be complicated, depending on the type of account or plan. The IRS is gearing up for increasing its scrutiny of IRA errors, particularly when it comes to retirement account owners not making or making inadequate RMDs. The IRS penalty for making inadequate RMDs is 50 percent on the difference between what the retirement account owner should have withdrawn and what he or she actually withdrew. Here is an example:

Felix, currently age 75 in 2013, has traditional IRAs that were worth $200,000 as of Dec. 31, 2011. During calendar year 2012, Felix did not make his RMD for his traditional IRAs equal to $200,000/23.8, or $8,404. For tax year 2012, Felix is subject to the IRS' "excess accumulation" penalty of 50 percent of $8,404, or $4,202.

Here are some things that federal employees and annuitants who are getting close to age 70.5 should be aware of when it comes to RMDs:

How Much Has to Be Withdrawn Each Year and Who Notifies the Retirement Account Owner

Banks, brokerage firms, mutual fund companies who are IRA custodians, 401(k) and 403(b) plan administrators, and/or the TSP Service Office typically notify retirement plan and traditional IRA owners age 70.5 and older in January of every year of the amount they must withdraw that year for their RMD, based on their retirement account balances and IRS life expectancy tables. The RMD is generally calculated for each type of account by dividing what is in an account at the end of the previous year by a "distribution period" based on the account owner's projected life span. Consider the following example.

Carl, age 71 on August 10, 2013, must make his first RMD for his traditional IRA no later than April 1, 2014. In order to avoid making two RMDs during 2014 (one for 2013 - due Apr. 1, 2014, and one for 2014 - due Dec. 31, 2014), Carl decides to take his 2013 RMD during calendar year 2013. His RMD for 2013 is based on: (1) his IRA balance as of Dec. 31, 2012 ($274,000) and (2) his life expectancy factor (27.4) from IRS tables, based on a joint life expectancy with his wife (his beneficiary) who is two years younger than Carl.

$274,000/27.4 = $10,000 RMD for 2013

The life expectancy factor may be calculated differently in certain situations such as when the spousal beneficiary is more than 10 years younger than the pension plan or IRA owner. The tables for life expectancy factors are found in IRS Publication 590, *Individual Retirement Arrangements*, which can be downloaded from http://www.irs.gov.

The following table (Uniform Table for IRA owners with spousal beneficiaries who are no more than 10 years younger) summarizes for some ages ranging from age 70 through age 90, what the RMDs are as a percentage of account balances on Dec. 31, 2012:

Age During 2013*	Distribution Period**(years)	2013 RMD as a Percent of Dec. 31, 2012 Balance
70	27.4	3.6%
71	26.5	3.8%
72	25.6	3.9%
73	24.7	4.0%
74	23.8	4.2%
75	22.9	4.4%
80	18.7	5.3%
85	14.8	6.8%
90	11.4	8.8%

* A 2013 RMD is required if the retirement account owner will be 70.5 by Dec. 31, 2013. For the account owner who reaches 70.5 during 2013, the RMD must be taken by 2014 ** Assumes spousal beneficiary is no more than 10 years younger than the retirement account owner.

RMD Calculations

1. The RMD will be calculated differently if a spousal beneficiary is more than 10 years younger than the IRA owner. In that case, a different IRS life expectancy table from IRS Publication 590 will be used showing a larger life expectancy thereby resulting in a smaller RMD.

2. Those federal employees who continue to work for the federal government are not required to make a RMD from their TSP accounts. If they own other retirement accounts such as traditional IRAs, 401(k), 403(b), SEP-IRA and /or SIMPLE IRAs, then once they become age 70.5 they must take a RMD from each of these accounts.

3. Those individuals who have several types of IRA-based accounts, such as a traditional IRA, a SEP-IRA and a SIMPLE IRA, the RMD should be calculated from each one separate type of IRA, but the RMD can be taken from one account or several accounts within each IRA account category, as long as the withdrawal meets the RMD.

As mentioned above, those individuals who do not withdraw a sufficient amount from their retirement accounts In order to make the RMD are subject to the IRS' 50 percent "excess accumulation" penalty tax. Those individuals who make insufficient withdrawals can try to get the penalty waived on the grounds that the individual made what the IRS calls a "reasonable error" and that individual is taking "reasonable steps" to remedy the situation. In this case, the individual should file IRS Form 5329 with a letter of explanation for the year in question.

Those individuals age 70.5 and older during 2013 who are required to take RMDs from traditional IRAs can transfer all or part of their traditional IRAs (up to $100,000) to a qualified charitable organization (for example, a church, mosque or synagogue) and avoid paying income tax on the amount contributed. While there is no charitable contribution allowed, the contribution will satisfy the RMD requirement with no federal or state income tax due on the distribution. Careful records should be kept for this charitable contribution (just like other charitable contributions) because a qualified charitable distribution must be formally reported on one's income tax return for the year in which the contribution was made.

Posted: 8/19/2013

About the Author

Edward A. Zurndorfer is a Certified Financial Planner, Chartered Financial Consultant, Chartered Life Underwriter, Registered Health Underwriter, Registered Employee Benefits Consultant and Enrolled Agent in Silver Spring, MD -- and the owner of EZ Accounting and Financial Services, an accounting, tax preparation and financial planning firm also located in Silver Spring, MD. Zurndorfer is also is an instructor at federal employee retirement seminars throughout the country and writes numerous columns and books on federal employee benefits.

EARLY OUTS

UNDERSTAND ALL THE FINANCIAL FACTS RUSH TO THE DOOR

TO SOME LONGTIME FEDERAL EMPLOYEES, it sounds too good to be true – the federal government offering a bonus to separate from federal service or to retire with an annuity that begins years before it would otherwise be available, or both.

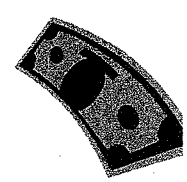
Voluntary Separation Incentive Payments (VSIPs), also known as buyout authorities, offer employees a lump-sum incentive payment of up to $25,000 to voluntarily leave government service. Voluntary Early Retirement Authorities (VERAs), also known as early outs, offer eligible employees the opportunity to begin receiving retirement annuity payments earlier than they would otherwise be eligible. VSIPs and VERAs are often offered together.

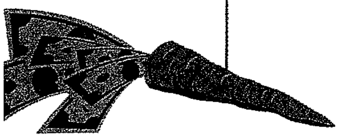
For those with a second career lined up or significant retirement assets, it can be just the inducement they need to head for the door and transition to the next chapter in their lives.

"The decision to take the VERA was a complete no-brainer for me," says Katherine Dunshie, a former senior post office operations manager at the U.S. Postal Service, who accepted a VERA in 2009 and answered a *narfe* magazine reader survey on VERAs and VSIPs. "My intent was to retire without having to supplement my income with TSP withdrawals or part-time employment. I have been successful with both goals since retire-

BY DAVID TOBENKIN

Illustration by Bill Pragluski, Critical Stages, LLC





ment. On a personal level, my finances were completely in control. I had zero debt when offered this VERA." At the time, says Dunshie, she was a Civil Service Retirement System (CSRS) employee, age 53 with 35 years of service and was contributing the maximum amount allowed by the Internal Revenue Service to her Thrift Savings Plan (TSP) account, plus a catch-up contribution. "Based on these factors, the variance in my actual annuity from my take-home pay would only be an annual difference of $2,600," she says.

Cases like Dunshie's are the exception, rather than the rule, however. For many who would retire early with little besides their annuity or with poor second career prospects, early separation from federal government service could mean a far less comfortable retirement.

"I took the offer and figured that I would use my skills to teach or to work for one of the many consultant groups that I had worked with over my career," says Jerry Hemstock, who in 2004 at the age of 54 and with nearly 30 years of federal service, took a $25,000 VSIP and associated VERA from his senior environmental planner position at the U.S. Department of the Navy's Naval Facilities Engineering Command in San Bruno, CA. "Unfortunately, it was a period of time when jobs tanked, and I focused on family and did not maintain my 'skill set.'"

"I found that I hated being retired and wanted badly to return to work in my field," says Hemstock. "As the years passed, I found that too much had changed in my field of expertise, and I was faced with the choice of doing volunteer work or looking for minimum wage employment. I chose the former. If I had to do it over again, I would have done everything possible to stay employed with the Navy or another federal agency. My annuity is reduced by the VSIP/VERA and I feel lost without the challenges that I had from a great job."

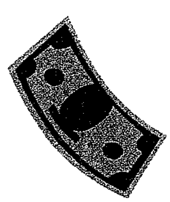
Often, employees are given a window of only weeks to accept a VERA or VSIP offer and months to agree to depart from federal service, despite the momentous impact that choice will have on their lives.

"Early retirement looks and sounds great, but you have to do the numbers," says Edward Zurndorfer, a Silver Spring, MD-based certified financial planner who is a CSRS annuitant with 32 years of federal service. "Life does not necessarily get better just from retiring early. Personal expenses have to be paid, and most retiring employees will have less income from which to pay them."

THE BENEFITS – WHO IS ELIGIBLE AND WHY OFFER THEM

In 2014, at least 13 agencies or agency subunits have or are expected to offer VERAs or VSIPs. Under both VERAs and VSIPs, employees are given a time frame within which they must agree to separate and a deadline by which separation must occur. Significantly, a VSIP can be offered without any right to begin receiving a retirement annuity, and a VERA can be offered without any right to a separation payment.

For VERAs, employees must meet the minimum age and service requirements (at least age 50 with at least 20 years creditable federal service, or any age with at least 25 years creditable federal service). (See www.opm.gov/policy-data-oversight/workforce-restructuring/voluntary-early-retirement-authority/.) CSRS plan participants must be covered under that



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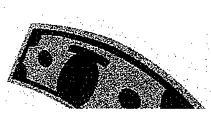


plan for at least one of the two years prior to retirement, be in the job subject to the VERA for a specific time (usually 30 days) and comply with other criteria.

For VSIPs, the employee must be in an appointment without a time limit, be continuously employed by the executive branch for at least three years and meet other requirements. (See www.opm.gov/policy-data-oversight/workforce-restructuring/voluntary-separation-incentive-payments/.)

Certain employees are not eligible for a VSIP, including re-employed annuitants, those with a disability that would make them eligible for disability retirement, anyone who has received a decision notice of involuntary separation for misconduct or poor performance, previous recipients of a VSIP from the federal government, and certain other classes of employees.

From the agency perspective, VERAs and VSIPs serve a variety of purposes. Voluntary separations originally were used to avert involuntary reductions in force (RIFs). In the Department of Defense, use of authorities remains standard procedure before resorting to RIFs affecting civilian employees, says survey respondent Yvonne Williams, a human resources director with the U.S. Department of the Navy until retiring in 2009.

Permissible use of authorities – which must be approved by the Office of Personnel Management (OPM) – has been expanded in many agencies to altering the composition of the workforce, smoothing out retirement patterns, and reducing the workforce in areas where demand had decreased and positions were outmoded.

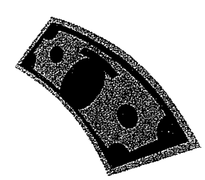
By federal law, RIFs must separate the more junior employees before laying off the more senior ones. Generally, VERAs and VSIPs work the opposite way, by targeting more senior employees first. In targeting the "big fish" first, agencies often see quicker results on the bottom line if enough employees take advantage of them, and can open advancement potential for younger employees at the same time.

But VERAs and VSIPs also can accelerate the departure of more seasoned employees, particularly those with good second career prospects. At many agencies, unless subsequent hiring occurs, a smaller workforce may be left to perform the same amount of work as before. Some who responded to the *narfe* magazine survey who are still employed or who took buyouts or early outs but have kept in touch with their former co-workers say that that is exactly what has happened.

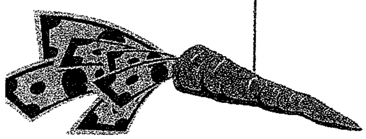
THE PLUSES AND MINUSES

So, are VERAs and VSIPs worthwhile for the separating employee? There is no substitute for doing the financial math. And retirement experts say that there are more considerations than one might think.

First, there is the federal annuity. For CSRS employees, the annuity is calculated based on the average highest three years of salary and years and months of creditable service. Unused sick leave is used for additional service credit for CSRS annuity computation purposes. But after adding that and arriving at the total, the annuity will be permanently frozen at a lower amount than if the employee had continued to work to a "full" retirement under the regular retirement rules. And if the employee is under



VSIPs, employees are given a time frame within and a deadline by which separation must occur.



age 55, this annuity is reduced by one-sixth of 1 percent for each full month that he or she is under age 55 (that is, 2 percent per year). This represents a permanent penalty that will not be restored when the VERA recipient reaches age 55.

For Federal Employees Retirement System (FERS) employees, the FERS Basic Annuity is calculated based on the average high-three salary and years and months of creditable service, with adjustments for unused sick leave. Just as for CSRS employees taking an early out, the annuity computation for FERS workers would be computed at a lower amount because of fewer years of service and presumably a lower high-three average salary. Unlike the CSRS annuity, there is no annuity reduction in FERS for employees who retire on an early voluntary retirement under minimum retirement age.

Thus, while VERAs allow one to start receiving annuity payments earlier, the payments likely would be much smaller than would otherwise be the case, and the reduction is permanent.

TSP CONSIDERATIONS

Importantly, once FERS employees depart, they will lose any agency match to their TSP contributions, an automatic 1 percent up to (depending on employee contributions) 5 percent. And save for a few exceptions, employees under either plan will not be able to contribute additional money to the TSP – a very efficient, well-managed and low-cost defined contribution savings plan. However, annuitants can transfer their money to different funds within the TSP after retirement. They also can roll over money from another retirement plan or IRA into the TSP account.

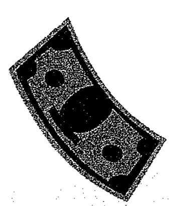
Generally, withdrawals from the TSP cannot be made before age 59-1/2 without a 10 percent early withdrawal tax penalty. But if you are age 55 or older in the year you separate or retire, the penalty tax does not apply. If the employee retires under a VERA/VSIP before the year he or she becomes age 55, the annuitant will have to wait until age 59-1/2 to make penalty-free TSP withdrawals. FERS employees who retire under the FERS MRA + 10 early retirement option may withdraw from the TSP without penalty, though this retirement option subjects them to a hefty reduction in annuity benefits of 5 percent per year for every year under the age of 62.

More importantly, an employee drawing down his or her pot of savings will have to stretch that sum over a much longer retirement. For many FERS employees, how much they have already accumulated in their TSP will prove the make-or-break factor as to whether they can accept a VERA or VSIP offer, says Zurndorfer. He advises FERS employees to have a minimum of $500,000 in TSP savings by the time they retire.

With married employees, there will be a further permanent reduction in the employee's CSRS or FERS annuity – as much as 10 percent – to give a survivor annuity to a spouse.

IMPACT ON SOCIAL SECURITY

Social Security benefits can be taken as early as age 62, but holding off would mean receiving a higher amount. Benefits not taken grow at a rate of 8 percent a year, until age 70. In addition, until you reach your "full retirement age," which ranges from age 65 to age 67 and is dependent on your date of birth, your Social Security benefits would be reduced $1 for every $2 you earn



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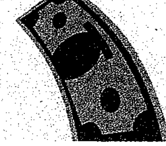


above an earnings threshold ($15,480 in 2014).

For FERS employees, a FERS Annuity Supplement – essentially a surrogate for Social Security payments – is payable to an employee who has completed at least one calendar year of FERS service when he or she reaches Minimum Retirement Age, which is 55 to 57, depending on date of birth, until eligibility for Social Security begins at age 62. As with Social Security benefits, FERS Annuity Supplement payments are subject to an earnings test, with reductions of $1 for every $2 of earnings above a threshold.

Something else to think about with regard to Social Security benefits, Zurndorfer points out, is the very damaging effect early departure from federal service can have on the amount of benefits. Social Security income is based on earnings history, with a computation based on the highest 35 years of income. Since an employee's highest earnings years are likely those before retirement, fewer years of federal employment can mean a lower 35-year average. Even more harmful, if there are fewer than 35 years of employment, the Social Security Administration (SSA) will fill in zeros for the remaining years. Thus, an employee retiring at age 50 after 25 years of total SSA work history would have 10 years of zeros averaged in, which would cause average monthly payouts to be far less than had the employee worked an additional 10 years.

An employee retiring at age 50 under a VERA will have to wait five to seven years to receive the FERS Annuity Supplement. And those who retire under the MRA + 10 option do not receive any supplement at all, even when they reach the age at which they otherwise would retire.

CSRS employees will not be eligible for Social Security benefits unless they have 40 credits of Social Security earnings, which are not accumulated in the CSRS system. CSRS employees will also face reductions from the Windfall Elimination Provision, counted against subsequent Social Security benefits, if they pursue a subsequent second career.

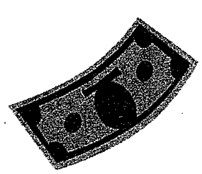
THE BOTTOM LINE

"What does it come down to for an individual retiring at age 50 with 20 years of service considering a VERA? What will they receive in retirement?" asks Zurndorfer. "Just their annuity, since they can't tap their TSP or get to Social Security." For a FERS employee earning a $100,000 high-three average salary, his or her annuity would be $20,000 per year, he says. A CSRS employee would not be much better off, he adds, with $26,250 per year.

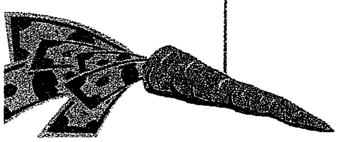
The bottom line for most employees is that they will have to get a new job. "How many people in their 50s can do that? It's tough out there," he says. "By the end of the day, when employees come to me after a (preretirement) seminar and say, 'I can't afford to retire early,' I say, 'Great, I've done my job.' "

Then there is the matter of the VSIP. The maximum is $25,000 and many agencies offer less. In addition, that money is taxable at both the federal and state levels, which will likely result in net earnings of only $14,000 to $18,000. Many of the survey respondents who accepted a buyout noted the amount they received was smaller than expected.

The effect of VERAs and VSIPs on other benefits also matter, particularly health benefits. Employees retiring in conjunction with a VERA or VSIP authority must have



one to start receiving annuity payments earlier, be much smaller than would otherwise be the case.



been covered under the Federal Employees Health Benefits Program for the last five years of their federal civilian service in order to continue such coverage in retirement, or if less than five years, for all service since the employee was eligible for these benefits, unless these requirements are waived. This is a large consideration because under the program, the government pays between 73 and 75 percent of premiums, with the insured paying the rest; and the premiums for health insurance obtained later in life from another source will be far higher.

WHEN IT MAKES SENSE

In addition to having second careers lined up or adequate annuity and savings, NARFE members responding to the survey said there are some other scenarios in which accepting VERA and VSIP offers made sense:

- When reductions in force were anticipated;
- When faced with the possibility of forced relocation to an undesirable or inconvenient location;
- If time were needed to take care of loved ones;
- Before mandatory retirement was imposed in some occupations;
- If the overall work climate at some agencies was diminishing; and
- If they already had a military pension.

Employees who take voluntary early retirement are not subject to any restrictions regarding their annuity should they subsequently accept nonfederal employment – with the exception of the reduction to the FERS Annuity Supplement described above.

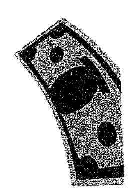
However, those who wish to return to federal service could face stiff penalties. If an annuitant is hired under a federal appointment, he or she is then considered a "re-employed annuitant." This means the annuity will continue, and the new federal salary will be offset by the annuity amount, unless the employing agency grants a waiver. (See story, p. 6.)

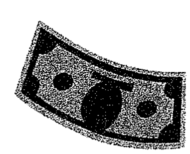
An employee who receives a VSIP and later accepts employment for compensation with the federal government within five years of the date of the separation on which the VSIP is based (including work under a personal services contract or other direct contract) must repay the entire amount of the VSIP to the agency that paid it before the individual's first day of re-employment. This is a particularly cruel hit because the employee might need to pay back $25,000, even if he or she only netted $14,000 of a $25,000 payout after taxes.

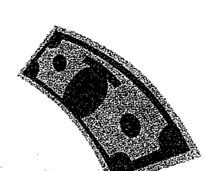
Whether agency human resources officials are doing enough to educate employees about all of the financial implications of accepting VERAs and VSIPs is an open question. Some survey respondents claimed that their agency provided only written information with the specifics of the offer, not the consequences of payouts on their benefits. Extensive information is available on OPM's website or through other Internet sites, but many employees may assume there is no need to look beyond what their agency provides.

"OPM provides a significant amount of information about these authorities and how they work," says Joseph Morrin, a certified financial planner and senior vice president at First Command Financial Planning. "The two things they don't prepare employees for are whether taking these authorities is a good idea for them and what comes next for them in retirement."

—**DAVID TOBENKIN** *IS A FREELANCE WRITER BASED IN THE GREATER WASHINGTON, DC, AREA.*







CORRECTION

Due to an editing error, the replacement salary rate under the Civil Service Retirement System was incorrect in the story "How Much Money Do You Need to Retire" in the April issue (p. 32). The correct statement is: "Under the older Civil Service Retirement System (CSRS), federal workers who are at least age 55 and have worked for the government at least 30 years can retire with annuity payments worth about 56 percent of the average of their highest three years of pay." NARFE regrets the error.