

FEDERAL BENEFITS

AMERICAN POSTAL WORKERS UNION





INTRODUCTION



There are two retirement systems covering Federal employees, the Civil Service Retirement System and the Federal Employees Retirement System. Throughout this book, the two systems will be referred to as "CSRS" and "FERS" respectively. Your coverage depends primarily upon when you were first employed by the Federal service and/or whether you transferred to the new system. Information on your coverage is available from your Personnel Office.

Much of the material in this book is applicable to both systems. At the top of each page, both acronyms, CSRS and FERS, will appear when information is applicable to both systems. When information applies to only one system, the acronym for that system is shown at the top of the page.

Generally, planning ahead will help eliminate delays in processing your Application for Retirement by your Personnel Office and the Office of Personnel Management (OPM). Every employee is responsible for becoming informed on his/her retirement and associated benefits under the law. Among other things, you should know:

- Most beneficial time to retire
- Your approximate annuity rate and how it is computed
- What happens to your sick and annual leave at retirement
- The effect on your annuity of providing a survivor benefit
- Whether it is advantageous to make a deposit and/or redeposit due under CSRS and when allowable under FERS
- Options for withdrawal of funds in the Thrift Savings Plan (TSP)
- What happens to your health and life insurance at retirement
- How to obtain answers to questions regarding your benefits after retirement

In addition, FERS employees and CSRS employees who have Social Security eligibility, should have a general understanding of benefits provided by the Social Security System.



GENERAL PROVISIONS



Civil Service Retirement System (CSRS)

The CSRS is a single benefit retirement plan. Employees contribute 7% of basic pay (special category employees contribute 7.5%) to help finance retirement benefits, and after retirement receive a check from the Civil Service Retirement System for life. Beginning in 1987, a new thrift savings plan option became effective, which permits employees to save up to 5% of pay and receive a tax break (There is a limitation on amount which may be contributed by higher salaried employees). For those who participate in the savings plan, a separate payout from the Federal Thrift Savings Board will be available at retirement.

Federal Employees Retirement System (FERS)

The new FERS, effective January 1, 1987, redesigned the retirement program for Federal employees. It is a retirement program with three parts:

- Basic Benefits
- Thrift Savings Plan
- Social Security Benefits

The Basic Benefits portion of the program is administered by the Office of Personnel Management. The Thrift Savings Plan is administered by the Federal Thrift Savings Board and the Social Security Administration has responsibility for administering the Social Security Benefits.

Retirees under the FERS will receive three retirement checks, one from each of the above mentioned agencies.

RETIREMENT ELIGIBILITY



Two Minimum Requirements:

1. Five years of civilian service are required.
2. One year out of last two years working in a position under the Civil Service Retirement System. If retirement is for disability, the one out of two year requirement is waived, but employee must be subject to the retirement act when he/she becomes disabled.

Types of Retirement	Age	Service	Special Requirements
Optional - No age Reduction	62	5	None
	60	20	None
	55	30	None
Optional - Reduction Under Age 55 **	Any Age	25	"Early Out" - Major Reorganization, Transfer of Function, or Reduction in Force
	50	20	
Optional - No age Reduction	50	20	Law Enforcement, Firefighters, Air Traffic Controllers
Discontinued Service - Reduction Under Age 55 **	Any Age	25	Involuntary Separation not for misconduct or delinquency
	50	20	
Disability	Any Age	5	Disabled for current position and any vacant position in agency
Deferred	62	5	Must have left retirement contributions in fund
Mandatory	57	20	Law Enforcement ***
	57	20	Firefighter ***
	56	20	Air Traffic Controller
	60	20	National Guard Technician *

- * Required to be separated from Military Service and therefore cannot remain in Technician Position.
- ** Reduction of 1/6 of 1% for each full month (2% per year) employee is under the age of 55.
- *** May be exempt until age 60 by agency head.

RETIREMENT ELIGIBILITY

Two Minimum Requirements:

1. Five years of civilian service are required.
2. Must be serving in a **FERS** position at retirement.



Types of Retirement	Age	Service	Special Requirements
Immediate	62	5 yrs. Civ. Service	None
	60	20	None
	MRA	30	None
Early - Reduced **	MRA	10	5 yrs. Civilian service
Voluntary *	50	20	"Early Out" - Major RIF, Transfer Function or Reorganization
	Any	25	
Involuntary *	50	20	Involuntary Separation not for misconduct or delinquency - no reasonable agency offer
	Any	25	
Law Enforcement Officer, Firefighter *	50	20	Complete 20 yrs. as Law Enforcement Officer, or Firefighter or combination. Minimum, 3 years in primary position.
	Any	25	
Air Traffic Controller *	50	20	Complete 20 yrs. as Air Traffic Controller
	Any	25	
Disability	Any	18 Mos.	Disabled for current position and cannot be placed in any vacant position in agency
Deferred **	MRA	10	Performed at least 10 yrs. of service
	62	5	None
	60	20	None
	MRA	30	None
Mandatory	57	20	Law Enforcement Officer ***
	57	20	Firefighter
	56	20 -	Air Traffic Controller
	60	20	Military Reserve Technician****

* No reduction for age

** Reduction of 5/12 of 1% for each month (5% per year) employee is under age 62

*** May be exempt from mandatory separation by agency head until age 60.

**** Required to be separated from service and therefore cannot remain in Technician position.

MINIMUM RETIREMENT AGE



Under FERS, employees *may* retire with as little as 10 years of service when they reach the minimum retirement age. The Minimum Retirement Age varies according to the employee's year of birth as indicated in the following schedule:

<i>If you were born...</i>	<i>Your MRA is...</i>
before 1948	55
in 1948	55 and 2 months
in 1949	55 and 4 months
in 1950	55 and 6 months
in 1951	55 and 8 months
in 1952	55 and 10 months
in 1953 to 1964	56
in 1965	56 and 2 months
in 1966	56 and 4 months
in 1967	56 and 6 months
in 1968	56 and 8 months
in 1969	56 and 10 months
after 1970	57

An employee will be eligible for a **REDUCED** annuity when he/she:

- Reaches the Minimum Retirement Age

AND

- Completes at least 10 years of service, including 5 years of civilian service

GENERAL REQUIREMENT FOR RETIREMENT -- At least five years of civilian service. Must be in a FERS position on last day of service being used to establish eligibility. Unlike CSRS, the FERS employee is NOT required to be in a position under the system one out of the last two years of work.



FACTORS AFFECTING ANNUITY COMPUTATION



The amount of an annuity is determined primarily by an employee's:

- Length of Service, and
- High-3 Average Pay

Since *length of service* is one of the factors used in the computation of an annuity, it is very important to check with the Personnel Office to make sure that your Official Personnel Folder contains all of your service—both civilian and military. This check should be made well in advance of your retirement date.

CREDITABLE CIVILIAN SERVICE

To determine total length of service for annuity computation purposes, add together (1) *creditable civilian service*, (2) *creditable military service*, and (3) *unused sick leave credit*. For example:

Civilian Service	28 years	1 month	3 days
Military Service	4 years	2 months	6 days
Unused Sick Leave	0 years	6 months	18 days

Total Service **32 years 9 months 27 days**

Creditable Service Includes:

- Time elapsing between dates of appointment and separation.
- Leave Without Pay (LWOP) up to six months in a calendar year.
- Workers Compensation time (OWCP), provided employee returns to duty.
- Part-Time Service (regular tour of duty), receives full time credit for both eligibility and computation purposes if performed prior to 4-7-86. Part-Time Service performed on and after 4-7-86 is fully creditable for eligibility purposes, but will be prorated based on part time schedule in relation to full time service for computation purposes.
- Intermittent (WAE) only for actual days worked, based on 260 day year.
- Breaks in service up to 3 days.



- Deposit Service (non-deduction service) for eligibility and computation, if performed prior to 10-1-82. Creditable for *eligibility only* if performed after 10-1-82 unless deposit is made.
- Redeposit Service (refunded service) creditable for *eligibility only* unless redeposit is made. Exception: For non-disability retirees who owe a redeposit for service that ended before 10-1-90, full credit will be allowed without a redeposit but the annuity will be actuarially reduced. (See details under discussion of "Redeposit Service - Effect on Annuity.")



- Deposit Service (non-deduction service) if:
 - it was performed prior to January 1, 1989, AND
 - the deposit for the service is paid

Note: Non-deduction service that applies to the CSRS component of a FERS annuity is creditable under CSRS rules.

- Re-Deposit Service (refunded service) is creditable if the refund was received before first coming under FERS AND a re-deposit is made. Refunded service going into a FERS component is **NOT** creditable for either eligibility or annuity computation unless the refund was received before first coming under FERS and a deposit of 1.3% of base pay received during period of refunded service is made. Refunded FERS deductions may *not* be redeposited. **NOTE:** Refund service that applies to the CSRS component of a FERS annuity is creditable under CSRS rules.



CREDITABLE MILITARY SERVICE

Honorable **ACTIVE DUTY** military service is potentially creditable. Receipt of Military Retired Pay will bar credit of military service unless Military Retired Pay is waived.

Exception: Credit will be allowed for **active duty** military service of military retiree if retired pay is:

- Based on combat-connected disability retirement in line of duty during period of war, OR

- Based on age and service in the reserves (under Chapter 67, Title 10, U.S. Code)



Military service performed prior to January 1, 1957 is automatically credited without cost.

Service Credit for Post-56 Military Service (Catch-62)

Military service performed on or after January 1, 1957 is covered by Social Security and may be credited toward a Civil Service annuity only under conditions indicated below:

CSRS employees first employed by the Government before October 1, 1982 have the option of:

- Making a deposit of 7% of basic military pay for post-56 military service while employed
- OR**
- Having post-56 military service excluded from the annuity computation at age 62, *if eligible for Social Security*, or at anytime annuity commences if retirement is after age 62.

CSRS employees first employed by the Government *on or after* October 1, 1982 will be allowed credit for post-56 military service *only* if a deposit of 7% of military basic pay for such service is made while employed.

Interest on Military Service Deposits

For CSRS employees, no interest is charged if deposit is made within two years of employment, or was made prior to September 30, 1986.

Regardless of whether the employee was hired before or after October 1, 1982, the interest rate after the "grace" period ends will be the variable rate determined by the Secretary of the Treasury based upon the yield of the Retirement Trust Fund during the previous fiscal year.

Military deposits, if made, must be paid to the *employing agency no later than date of retirement*.



Deposit Due for Post-56 Service - Effect on Annuity

Example: Employee first employed by Government prior to 10-1-82, with 30 years service, Age 55, Hi-3 \$30,000

15 years Civilian Service, 15 years military service (5 yrs military before 1-1-57, 10 yrs after 1-1-57)

If employee deposits 7% of basic military pay for post-56 service to retirement fund, annuity computation will be:

$$30 \text{ yrs} = .5625 \times \$30,000 = \$16,875$$

If employee does not deposit 7% of basic military for post-56 service into retirement fund, annuity computation will be:

At time of retirement (age 55) based on 30 yrs service resulting in \$16,875.

Then at age 62, *if eligible for Social Security*, annuity will be re-computed eliminating the 10 yrs of post-56 service, and annuity will be reduced as follows:

$$20 \text{ yrs} = .3625 \times \$30,000 = \$10,875$$

If employee is *not eligible* for Social Security, no re-computation will be made and retiree will continue to receive \$16,875.

For an employee first employed by Government *on or after 10-1-82*, he/she must make 7% deposit, otherwise the post-56 military service will not be used for either eligibility or computation purposes.



Decision to Waive or Not Waive Military Retired Pay

Example: Employee age 60, Hi-3 \$30,000, 20 yrs civilian service 20 yrs military service, drawing military pay.

Annuity Computation if military retired pay is waived:

$$40 \text{ yrs.} = .7625 \times \$30,000 = \$22,875$$

Annuity Computation if military retired pay is not waived:

$$\begin{array}{rclcl} 20 \text{ yrs.} & = & .3625 \times & \$30,000 & = & \$10,875 \\ 20 \text{ yrs Military Retired Pay} & & & & = & \underline{\quad ? \quad} \end{array}$$

Compare this total with the \$22,875 to determine the greater.

IMPORTANT: If military service is necessary for retirement eligibility, you must waive if you want to retire before having the required civilian service and age combination. In this case, decision is irrevocable. Also if you are eligible for Social Security, the "Catch-62" law will apply to any post-56 military service.

CREDITABLE MILITARY SERVICE



Honorable *Active Duty* military service is potentially creditable. Receipt of Military Retired Pay will bar credit of military service unless Military Retired Pay is waived.

Exception: Credit will be allowed for *active duty* military service of military retiree if retired pay is:

- Based on combat-connected disability retirement in line of duty during period of war,
OR
- Based on age and service in the reserves (under Chapter 67, Title 10, U.S. Code)



Military service performed on or after January 1, 1957 is covered by Social Security. In order to obtain credit for Post-56 military service, a deposit must be made to cover such service. The amount due will be 3% of the military base pay. No interest is charged if deposit is completed within 3 years from the date the employee first became subject to FERS. Therefore, no interest will be charged before January 1, 1990, or before the third anniversary after becoming subject to FERS, if later. If interest is included, it is computed from the second anniversary of becoming subject to FERS.

Military deposits, if made, must be paid to the *employing agency no later than date of retirement.*

Military service performed *prior* to January 1, 1957 is automatically credited without cost.

IMPORTANT: Even if an employee covered by FERS was first hired *before* October 1, 1982, military service after 1956 *cannot* be credited unless the required deposit is completed.

If an employee under FERS has already made a deposit under CSRS rules, a refund may be payable. If payable, the refund will be equal to the difference between the 7% CSRS deposit and the 3% FERS deposit. For employees with 5 or more years of service for which regular CSRS retirement deductions were made, and who transferred to FERS, any military service performed before the transfer to FERS is credited under CSRS, and military service performed after the transfer is credited under FERS.

Interest if applicable, will be at the variable rate, determined annually by the Secretary of Treasury.

NOTE: Military service that applies to the CSRS component of a FERS annuity is creditable under CSRS rules.



UNUSED SICK LEAVE CREDIT

Credit for unused sick leave to credit of employee at time of retirement is added to length of service in computing the annuity. The additional time is computed on the basis of a 2087 hour work year. In order to receive credit, the employee must retire on an immediate annuity.

Credit is added to length of service as though the employee had used the sick leave beginning with the day after retirement. In other words, how many months and days would the sick leave carry the employee if used?

For example:

As of retirement date, employee has 1148 hours of sick leave.

Locate 1148 on the "2087 Hours Chart" on next page. Draw a straight line across from 1148 to the first column headed "Days". The employee receives credit for the number of months at top of column containing 1148 and number of days in first column opposite the figure 1148, or 6 months and 18 days.

If the number of hours is not on chart, use next higher number. For example for 1150 hours use "1154" on chart which gives 6 months and 19 days credit.

Sick Leave credit is used only in counting service for *computation* of annuity. It cannot be added in computing the employee's Hi-3 average salary, or for purposes of meeting minimum length of service required for retirement eligibility.



Unused Sick Leave is *not* creditable under FERS for computation purposes. Transferees are given credit for sick leave in the computation of the CSRS component of the annuity.

Amount of sick leave that applies to the CSRS component is the *lesser* of:

- The unused sick leave balance at time of transfer,
or
- The unused sick leave balance at retirement.

The 2087 Hour Chart will be used to compute the Sick Leave credit for the CSRS component.



2087 HOURS CHART



Effective March 1, 1986

Number of days	CHART FOR OBTAINING NUMBER OF HOURS FOR ANY PERIOD OF TIME WHEN 2087 HOURS CONSTITUTES YEARLY BASIS										
	0 Month and up	1 Month and up	2 Months and up	3 Months and up	4 Months and up	5 Months and up	6 Months and up	7 Months and up	8 Months and up	9 Months and up	10 Months and up
0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	180	364	528	701	875	1049	1223	1397	1571	1746	1919
2	186	359	533	707	881	1055	1229	1403	1577	1751	1926
3	191	365	539	713	887	1061	1235	1409	1583	1767	1930
4	197	371	545	719	893	1067	1241	1416	1588	1762	1936
5	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	220	394	568	742	916	1089	1264	1438	1612	1786	1959
9	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	261	435	608	783	957	1130	1304	1478	1652	1826	2000
16	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	280	464	638	812	986	1159	1333	1507	1681	1855	2029
21	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	342	515	690	864	1038	1212	1386	1559	1733	1907	2081

UNUSED ANNUAL LEAVE AT RETIREMENT

Employee will be paid in a lump sum for the number of hours of Annual Leave to his/her credit at time of retirement. Payment will be made by the agency from which the employee is retiring. As a general rule, a check for the lump sum payment will be issued within 4 to 6 weeks after separation. The annual leave rate of pay is generally equal to the annual salary at separation divided by 2087. This rate is multiplied by the total number of hours of annual leave at separation, including: "Carry-over" leave, "use or lose" leave, and "restored" leave.

If the annual rate of pay would have increased shortly after the date of retirement, then all annual leave that would have been taken after the new salary date, if still employed, will be credited at the new rate of pay.

Annual leave checks are taxable as income in the year of receipt.



HIGH-3 AVERAGE SALARY

The *high-3 average pay* is the largest annual rate resulting from averaging over any period of three *consecutive* years of creditable service, an employee's rates of basic pay in effect during that period. The three years of service need not be continuous, but must be consecutive periods of service.

Basic Pay is the pay set by law or regulation. It does not include bonuses, occasional overtime pay, military pay, cash awards, holiday pay, or travel pay outside regular tour of duty. It does include within-grade pay increases, night differential pay for wage grade employees, WB employees, environmental differential pay, locality pay in the 48 contiguous states, premium pay for stand-by time affecting primarily fire-fighters, and premium pay for irregular, unscheduled overtime for law enforcement officers.

Effective January 1, 1994, certain overtime pay for defined "Customs Officers" will be basic pay for CSRS and FERS purposes (and for other benefits based on retirement basic pay, such as FEGLI), but not to exceed 50% of any statutory annual maximum for such overtime pay. "Customs Officer" means an individual performing those functions specified by regulation by the Secretary of the Treasury for a customs inspector or canine enforcement officer. This provision applies only to service performed on or after January 1, 1994.

The basic pay of employees paid at other than an annual rate is determined by multiplying the basic rate of pay by the number of pay units in a 52 week work year. For example, a *daily* rate would be multiplied by the number of days in a work year to arrive at the annual rate. For an employee paid on an *hourly* basis, the hourly rate is multiplied by the number of hours in a year (2087).

For *intermittent* employees, the basic pay is determined by multiplying the basic rate of pay per day by the actual number of days worked at that rate.

The basic pay of an employee who works at *multiple* pay rates, whether on a regular or irregular schedule or on dual or multiple assignments with different rates of pay involved is determined by computing the amount of basic pay from the retirement deductions.

For *part time* service performed prior to April 7, 1986, the basic pay rate is the pay applicable to the pre-arranged tour of duty. For example, if a full time employee's rate is \$24,000 and the employee works only half-time, the basic pay rate will be \$12,000 per annum.

For *part time* service on and after April 7, 1986, the average salary will be computed using the full time salary of the position. This computation will be reduced by a proration factor that reflects only the part time service. For example, if an employee works half time, the factor will be 20 hours over 40 hours, or a factor of .50.

Generally, this will require two separate computations to determine the yearly annuity. The pre-April 7, 1986 benefit and post-April 6, 1986 benefit will be combined to arrive at the total annuity.



HIGH-3 AVERAGE SALARY COMPUTATION



Retirement Date 11-30-02

TIME SALARY RATE IN EFFECT			TIME FACTOR*	x	RATE OF PAY	=	EARNINGS
YEAR	MONTH	DAY					
2000	1	14					
1999	12	1					
0	1	14	122	x	\$43,804	=	\$5,344.09
2001	1	12					
2000	1	15					
0	1	28	994	x	\$45,377	=	\$45,104.74
2001	6	29					
2001	1	13					
0	5	17	464	x	\$47,238	=	\$21,918.43
2002	1	11					
2001	6	30					
0	6	12	533	x	\$48,481	=	\$25,840.37
2002	11	30					
2002	1	12					
0	10	19	886	x	\$50,516	=	\$44,757.18
0	33	90	3,000				142,964.81

Computation: \$142,964.81 divided by 3 years = \$47,654.94
 High-3 Average Salary for period
 December 1, through November 30,

*Refer to 30-Day Month Factor Table following this example.



Length of Service as of November 30, 2002

YEAR	MONTH	DAY	
2002	11	30	Retirement Date
1970	8	22	Service Computation Date
32	3	9	Service for <i>Eligibility</i> Purposes
	6	18*	Add Sick Leave Credit
32	9	27	Total Service for <i>Computation</i>

Note: For annuity computation purposes, service will be 32 years and 9 months. The 27 days will be dropped.

However, odd days are not dropped until odd days of service and sick leave are added together.

- * No Sick Leave Credit given to FERS retirees, except transferees with CSRS component.

30-Day MONTH FACTOR TABLE

Factors for computing total amount for any period of time at given annual rate. (30-day month. To complete factor place number of full years ahead of decimal point.)

Number of days	1 day and up	2 months and up	3 months and up	4 months and up	5 months and up	6 months and up	7 months and up	8 months and up	9 months and up	10 months and up	11 months and up
0	.083	.167	.250	.333	.417	.500	.583	.667	.750	.833	.917
1	.003	.088	.169	.253	.336	.419	.503	.586	.673	.753	.819
2	.008	.089	.172	.256	.339	.422	.506	.589	.676	.756	.822
3	.008	.092	.175	.258	.342	.425	.508	.592	.678	.758	.825
4	.011	.094	.178	.261	.344	.428	.511	.594	.678	.761	.828
5	.014	.097	.181	.264	.347	.431	.514	.597	.681	.764	.831
6	.017	.100	.183	.267	.350	.433	.517	.600	.683	.767	.833
7	.019	.103	.188	.269	.353	.436	.519	.603	.686	.769	.836
8	.022	.108	.189	.272	.356	.439	.522	.606	.689	.772	.839
9	.025	.108	.192	.275	.358	.442	.525	.609	.692	.775	.842
10	.028	.111	.194	.278	.361	.444	.528	.611	.694	.778	.844
11	.031	.114	.197	.281	.364	.447	.531	.614	.697	.781	.847
12	.033	.117	.200	.283	.367	.450	.533	.617	.700	.783	.850
13	.036	.119	.203	.286	.369	.453	.536	.619	.703	.786	.853
14	.038	.122	.206	.289	.372	.456	.539	.622	.706	.789	.856
15	.042	.125	.208	.292	.375	.458	.542	.625	.708	.792	.858
16	.044	.128	.211	.294	.378	.461	.544	.628	.711	.794	.861
17	.047	.131	.214	.297	.381	.464	.547	.631	.714	.797	.864
18	.050	.133	.217	.300	.383	.467	.550	.633	.717	.800	.867
19	.053	.136	.219	.303	.386	.469	.553	.636	.718	.803	.869
20	.056	.139	.222	.306	.389	.472	.556	.639	.722	.806	.872
21	.058	.142	.226	.308	.392	.475	.558	.642	.725	.808	.875
22	.061	.144	.228	.311	.394	.478	.561	.644	.728	.811	.878
23	.064	.147	.231	.314	.397	.481	.564	.647	.731	.814	.881
24	.067	.150	.233	.317	.400	.483	.567	.650	.733	.817	.883
25	.068	.153	.236	.319	.403	.486	.569	.653	.736	.819	.886
26	.072	.156	.239	.322	.406	.489	.572	.656	.739	.822	.889
27	.075	.158	.242	.325	.408	.492	.575	.658	.742	.825	.892
28	.078	.161	.244	.328	.411	.494	.578	.661	.744	.828	.894
29	.081	.164	.247	.331	.414	.497	.581	.664	.747	.831	.897



COMPUTATION OF ANNUITY

Retirement Date 11-30-02

High-3 Average Salary	\$47,654.94
Years of Service	32 years 9 months

REGULAR FORMULA:

1.50% x \$47,654.94	=	\$714.82 x 5.000 yrs.	=	\$ 3,574.10
1.75% x \$47,654.94	=	\$833.96 x 5.000 yrs.	=	4,169.80
2.00% x \$47,654.94	=	\$953.10 x 22.750 yrs.	=	<u>21,683.03</u>
		Basic Annuity		\$29,426.93

Monthly Annuity Rate:

\$29,426.93 divided by 12 mos. = \$2,452.24 rounded down to \$2,452.

The factor based on the above Regular Formula may be used in lieu of computations indicated. See Factor table in appendix. For 32 years and 9 months of service the factor is .617500. Multiply factor times Hi-3 average salary. .617500 x \$47,654.94 = \$29,426.93

Generally, annuity is effective on the first day of month following month of retirement. However, if retirement is on 1st, 2nd, or 3rd day of month, annuity is effective day following retirement. (FERS retirees do not get benefit of retiring on 1st, 2nd or 3rd day of month with effective date next day.)

Exception: Disability and Involuntary Separation annuities begin the day immediately following retirement.

Maximum Annuity under CSRS:

The maximum basic annuity may not exceed 80% of the Hi-3 average salary. The 80% maximum is reached when an employee has 41 years and 11 months of creditable service. However, the annuity produced by any unused sick leave credit is added to the 80%.

Short Cut Formula - "Unofficial" (Provides a good Estimate)

Years of Service	32.750
Subtract 2 years	<u>2.000</u>
	30.750
Multiply by 2	<u> x2</u>
Use as % of Hi-3 Average Salary.....	61.500

61.500% x \$47,654.94 = \$29,307.79 (Short cut computation is within \$119.14 of Regular Formula computation)

**Computation of Annuity
Under the General Formula**

**Chart 4. CSRS General Formula Computation Chart
For Computing Basic Annuity Where High-3 Average Pay is \$5,000 or More**

To obtain the basic annuity, multiply the high-3 average pay by factor indicated under applicable years and months of service.

Years of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
5	0.075000	0.076458	0.077917	0.079375	0.080833	0.082292	0.083750	0.085208	0.086667	0.088125	0.089583	0.091042
6	0.082500	0.083958	0.085417	0.086875	0.088333	0.089792	0.091250	0.092708	0.094167	0.095625	0.097083	0.098542
7	0.090000	0.091458	0.092917	0.094375	0.095833	0.097292	0.098750	0.100208	0.101667	0.103125	0.104583	0.106042
8	0.097500	0.098958	0.100417	0.101875	0.103333	0.104792	0.106250	0.107708	0.109167	0.110625	0.112083	0.113542
9	0.105000	0.106458	0.107917	0.109375	0.110833	0.112292	0.113750	0.115208	0.116667	0.118125	0.119583	0.121042
10	0.112500	0.113958	0.115417	0.116875	0.118333	0.119792	0.121250	0.122708	0.124167	0.125625	0.127083	0.128542
11	0.120000	0.121458	0.122917	0.124375	0.125833	0.127292	0.128750	0.130208	0.131667	0.133125	0.134583	0.136042
12	0.127500	0.128958	0.130417	0.131875	0.133333	0.134792	0.136250	0.137708	0.139167	0.140625	0.142083	0.143542
13	0.135000	0.136458	0.137917	0.139375	0.140833	0.142292	0.143750	0.145208	0.146667	0.148125	0.149583	0.151042
14	0.142500	0.143958	0.145417	0.146875	0.148333	0.149792	0.151250	0.152708	0.154167	0.155625	0.157083	0.158542
15	0.150000	0.151458	0.152917	0.154375	0.155833	0.157292	0.158750	0.160208	0.161667	0.163125	0.164583	0.166042
16	0.157500	0.158958	0.160417	0.161875	0.163333	0.164792	0.166250	0.167708	0.169167	0.170625	0.172083	0.173542
17	0.165000	0.166458	0.167917	0.169375	0.170833	0.172292	0.173750	0.175208	0.176667	0.178125	0.179583	0.181042
18	0.172500	0.173958	0.175417	0.176875	0.178333	0.179792	0.181250	0.182708	0.184167	0.185625	0.187083	0.188542
19	0.180000	0.181458	0.182917	0.184375	0.185833	0.187292	0.188750	0.190208	0.191667	0.193125	0.194583	0.196042
20	0.187500	0.188958	0.190417	0.191875	0.193333	0.194792	0.196250	0.197708	0.199167	0.200625	0.202083	0.203542
21	0.195000	0.196458	0.197917	0.199375	0.200833	0.202292	0.203750	0.205208	0.206667	0.208125	0.209583	0.211042
22	0.202500	0.203958	0.205417	0.206875	0.208333	0.209792	0.211250	0.212708	0.214167	0.215625	0.217083	0.218542
23	0.210000	0.211458	0.212917	0.214375	0.215833	0.217292	0.218750	0.220208	0.221667	0.223125	0.224583	0.226042
24	0.217500	0.218958	0.220417	0.221875	0.223333	0.224792	0.226250	0.227708	0.229167	0.230625	0.232083	0.233542
25	0.225000	0.226458	0.227917	0.229375	0.230833	0.232292	0.233750	0.235208	0.236667	0.238125	0.239583	0.241042
26	0.232500	0.233958	0.235417	0.236875	0.238333	0.239792	0.241250	0.242708	0.244167	0.245625	0.247083	0.248542
27	0.240000	0.241458	0.242917	0.244375	0.245833	0.247292	0.248750	0.250208	0.251667	0.253125	0.254583	0.256042
28	0.247500	0.248958	0.250417	0.251875	0.253333	0.254792	0.256250	0.257708	0.259167	0.260625	0.262083	0.263542
29	0.255000	0.256458	0.257917	0.259375	0.260833	0.262292	0.263750	0.265208	0.266667	0.268125	0.269583	0.271042
30	0.262500	0.263958	0.265417	0.266875	0.268333	0.269792	0.271250	0.272708	0.274167	0.275625	0.277083	0.278542
31	0.270000	0.271458	0.272917	0.274375	0.275833	0.277292	0.278750	0.280208	0.281667	0.283125	0.284583	0.286042
32	0.277500	0.278958	0.280417	0.281875	0.283333	0.284792	0.286250	0.287708	0.289167	0.290625	0.292083	0.293542
33	0.285000	0.286458	0.287917	0.289375	0.290833	0.292292	0.293750	0.295208	0.296667	0.298125	0.299583	0.301042
34	0.292500	0.293958	0.295417	0.296875	0.298333	0.299792	0.301250	0.302708	0.304167	0.305625	0.307083	0.308542

CSRS

Computation of Annuity Under the General Formula

35	.662500	.684167	.695833	.675000	.674167	.675833	.677500	.676167	.675833	.677500	.676167	.680833
36	.682500	.694167	.695833	.687500	.689167	.690833	.692500	.694167	.695833	.697500	.699167	.700833
37	.702500	.704167	.705833	.707500	.709167	.710833	.712500	.714167	.715833	.717500	.719167	.720833
38	.722500	.724167	.725833	.727500	.729167	.730833	.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	.789167	.790833	.792500	.794167	.795833	.797500	.799167	.800833

¹ Annuity in excess of 80 percent that is produced by credit for unused sick leave is payable.

CSRS and FERS Handbook

Update 14
August 15, 1995



CSRS OFFSET EMPLOYEES

1. DEFINITION

The Social Security Amendments of 1983 provided that all employees first hired by the Federal Government after December 31, 1983 be covered by Social Security. This also applied to former CSRS employees with a break in service of more than 365 days, rehired after December 31, 1983. These employees as a group are referred to as *CSRS Offset* employees. In general, CSRS Offset covers employees who:

- Had 5 or more years of CSRS service performed before January 1, 1987, and,
- Had a break in service exceeding 365 days, and
- Were hired following break in service after December 31, 1983.
- Employees with a break in service after 12-31-86, must have five years of creditable service as of date of break and some time under CSRS or Foreign Service to return to the Federal Government as a CSRS Offset.

2. CONTRIBUTIONS

Employees subject to the CSRS Offset plan contribute 7% of pay which is divided between the CSRS and Social Security. The CSRS receives .80% contribution, and the Social Security Administration receives 6.20 % of this contribution. For 1999 the Social Security tax is 6.20% of the first \$72,600 in earnings. For employees who earn more than the Social Security wage base, the CSRS salary deductions increase to the full CSRS rate (7%) when the Social Security tax stops for the calendar year.

3. ENTITLEMENT

At retirement, CSRS Offset employees are entitled to the same CSRS benefits as other CSRS employees until age 62. At age 62, CSRS benefits may be reduced by the amount of Social Security benefits attributable to Federal Service while under CSRS Offset if the employee is eligible for Social Security Benefits.

4. COMPUTATION OF ANNUITY:

- Compute the basic CSRS annuity based on Hi-3 Average Salary and Length of Service as if employee is covered by CSRS alone.
- If the individual becomes eligible for Social Security, usually at age 62, the CSRS annuity will be reduced by the amount of Social Security earned in the Federal Service.

If the employee has Social Security coverage in private sector, the amount of reduction in the CSRS benefit will generally be less than the Social Security benefit to which the individual will be entitled.

The offset or reduction to the CSRS annuity is equal to the *lower* of:

1. The amount of the Social Security benefit credited to the CSRS Offset service after December 31, 1983; or

2. The amount obtained by dividing the Total Years of Offset Service by 40 and multiplying the result by the total Social Security Benefit.

Note: Partial years of offset service are rounded to the nearest whole number, with one half being rounded to the next higher number.

Example:

Employee retires Age 55, 30 years service, 15 years Federal service after 1983 (Offset Service), 10 years in Private Sector covered by Social Security.

Computation at Retirement age 55: Hi-3 is \$30,000

$$30 \text{ yrs.} = .5625 \times \$30,000 = \$16,875$$

Computation at age 62: Total Social Security benefit is \$9,600 per year

1. The amount of SS credited to the CSRS Offset years = \$6,600

2. 15 (years of Offset Service)

$$\frac{15}{40} \times \$9,600 = \$3,600$$

Benefits payable at age 62:

From Civil Service Retirement System	\$13,275
From Social Security	\$ 9,600
TOTAL	<u>\$22,875</u>

COMPUTATION OF ANNUITY

SPECIAL FORMULA FOR LAW ENFORCEMENT/FIREFIGHTERS

$$2.50\% \times \$47,654.94 = \$1,191.37 \times 20.000 \text{ yrs.} = \$23,827.40$$

$$2.00\% \times 47,654.94 = 953.10 \times 12.750 \text{ yrs.} = \underline{12,152.03}$$

Basic Annuity \$35,979.43

Factor Table may be used for computing basic annuity.

Monthly Rate:

$$\$35,979.43 \text{ divided by } 12 = \text{rounded down to } \$2,998.$$

* Law Enforcement Officers and Firefighters may be exempt from mandatory retirement until age 60 by Agency Head.

COMPUTATION OF ANNUITY



Immediate Annuity - Unreduced

Age 62 with 5 or more years of service
Age 60 with 20 or more years of service
MRA with 30 or more years of service

For employees who retire *under Age 62*, the formula is:

$1\% \times \text{Hi-3 Avg. Pay} \times \text{Yrs. and mos. of Service}$

Example: Age 60 20 yrs. service Hi-3 \$30,000

$1\% \times \$30,000 = 300 \times 20 \text{ yrs.} = \$6,000$

For employees who are at least **Age 62** at date of separation, with 20 yrs. of service, including CSRS service if the FERS annuity includes a CSRS component, the formula is:

$1.1\% \times \text{Hi-3 Avg. Pay} \times \text{Yrs. and mos. of Service}$

Example: Age 62 20 yrs. service Hi-3 \$30,000

$1.1\% \times \$30,000 = 330 \times 20 \text{ yrs.} = \$6,600$

Factor Tables in Appendix may be used to make computations of basic annuity.

A **Special Retirement Supplement** (page 25) will be payable until retiree reaches age 62. The supplement will be subject to the **Social Security Earnings Test**. COLA'S are payable at Age 62.

Generally, effective date of FERS annuity is first day of month following month of retirement. Exception: Disability and Involuntary Separations annuities begin the day immediately following retirement.

NOTE: If a FERS employee retires on 1st, 2nd or 3rd day of month, his/her annuity will not be effective until 1st of following month. This is different for CSRS retirees.

FERS

Computation of Annuity Under the General Formula Chapter 50

Section 50C1.1-1 Charts

Chart 6. -- For Computing Basic Annuity -- FERS 1 Percent Accrual Factor

To obtain the basic annuity, multiply the "High-3" average salary by the factor indicated under applicable years and months of service.

Years of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.018833	0.018833	0.01667	0.012500	0.013333	0.014167	0.015000	0.015833	0.016667	0.017500	0.018333	0.019167
2	0.020000	0.020000	0.021667	0.022500	0.023333	0.024167	0.025000	0.025833	0.026667	0.027500	0.028333	0.029167
3	0.030000	0.030000	0.031667	0.032500	0.033333	0.034167	0.035000	0.035833	0.036667	0.037500	0.038333	0.039167
4	0.040000	0.040000	0.041667	0.042500	0.043333	0.044167	0.045000	0.045833	0.046667	0.047500	0.048333	0.049167
5	0.050000	0.050000	0.051667	0.052500	0.053333	0.054167	0.055000	0.055833	0.056667	0.057500	0.058333	0.059167
6	0.060000	0.060000	0.061667	0.062500	0.063333	0.064167	0.065000	0.065833	0.066667	0.067500	0.068333	0.069167
7	0.070000	0.070000	0.071667	0.072500	0.073333	0.074167	0.075000	0.075833	0.076667	0.077500	0.078333	0.079167
8	0.080000	0.080000	0.081667	0.082500	0.083333	0.084167	0.085000	0.085833	0.086667	0.087500	0.088333	0.089167
9	0.090000	0.090000	0.091667	0.092500	0.093333	0.094167	0.095000	0.095833	0.096667	0.097500	0.098333	0.099167
10	0.100000	0.100000	0.101667	0.102500	0.103333	0.104167	0.105000	0.105833	0.106667	0.107500	0.108333	0.109167
11	0.110000	0.110000	0.111667	0.112500	0.113333	0.114167	0.115000	0.115833	0.116667	0.117500	0.118333	0.119167
12	0.120000	0.120000	0.121667	0.122500	0.123333	0.124167	0.125000	0.125833	0.126667	0.127500	0.128333	0.129167
13	0.130000	0.130000	0.131667	0.132500	0.133333	0.134167	0.135000	0.135833	0.136667	0.137500	0.138333	0.139167
14	0.140000	0.140000	0.141667	0.142500	0.143333	0.144167	0.145000	0.145833	0.146667	0.147500	0.148333	0.149167
15	0.150000	0.150000	0.151667	0.152500	0.153333	0.154167	0.155000	0.155833	0.156667	0.157500	0.158333	0.159167
16	0.160000	0.160000	0.161667	0.162500	0.163333	0.164167	0.165000	0.165833	0.166667	0.167500	0.168333	0.169167
17	0.170000	0.170000	0.171667	0.172500	0.173333	0.174167	0.175000	0.175833	0.176667	0.177500	0.178333	0.179167
18	0.180000	0.180000	0.181667	0.182500	0.183333	0.184167	0.185000	0.185833	0.186667	0.187500	0.188333	0.189167
19	0.190000	0.190000	0.191667	0.192500	0.193333	0.194167	0.195000	0.195833	0.196667	0.197500	0.198333	0.199167
20	0.200000	0.200000	0.201667	0.202500	0.203333	0.204167	0.205000	0.205833	0.206667	0.207500	0.208333	0.209167
21	0.210000	0.210000	0.211667	0.212500	0.213333	0.214167	0.215000	0.215833	0.216667	0.217500	0.218333	0.219167
22	0.220000	0.220000	0.221667	0.222500	0.223333	0.224167	0.225000	0.225833	0.226667	0.227500	0.228333	0.229167
23	0.230000	0.230000	0.231667	0.232500	0.233333	0.234167	0.235000	0.235833	0.236667	0.237500	0.238333	0.239167
24	0.240000	0.240000	0.241667	0.242500	0.243333	0.244167	0.245000	0.245833	0.246667	0.247500	0.248333	0.249167
25	0.250000	0.250000	0.251667	0.252500	0.253333	0.254167	0.255000	0.255833	0.256667	0.257500	0.258333	0.259167
26	0.260000	0.260000	0.261667	0.262500	0.263333	0.264167	0.265000	0.265833	0.266667	0.267500	0.268333	0.269167
27	0.270000	0.270000	0.271667	0.272500	0.273333	0.274167	0.275000	0.275833	0.276667	0.277500	0.278333	0.279167
28	0.280000	0.280000	0.281667	0.282500	0.283333	0.284167	0.285000	0.285833	0.286667	0.287500	0.288333	0.289167
29	0.290000	0.290000	0.291667	0.292500	0.293333	0.294167	0.295000	0.295833	0.296667	0.297500	0.298333	0.299167
30	0.300000	0.300000	0.301667	0.302500	0.303333	0.304167	0.305000	0.305833	0.306667	0.307500	0.308333	0.309167
31	0.310000	0.310000	0.311667	0.312500	0.313333	0.314167	0.315000	0.315833	0.316667	0.317500	0.318333	0.319167
32	0.320000	0.320000	0.321667	0.322500	0.323333	0.324167	0.325000	0.325833	0.326667	0.327500	0.328333	0.329167
33	0.330000	0.330000	0.331667	0.332500	0.333333	0.334167	0.335000	0.335833	0.336667	0.337500	0.338333	0.339167
34	0.340000	0.340000	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.346667	0.347500	0.348333	0.349167
35	0.350000	0.350000	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357500	0.358333	0.359167
36	0.360000	0.360000	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
37	0.370000	0.370000	0.371667	0.372500	0.373333	0.374167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
38	0.380000	0.380000	0.381667	0.382500	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
39	0.390000	0.390000	0.391667	0.392500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
40	0.400000	0.400000	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167

Computation of Annuity Under the General Formula
Chapter 50

Section 50C1.1-1 Charts

Chart 7. -- For Computing Basic Annuity -- FERS 1.1 Percent Accrual Factor

To obtain the basic annuity, multiply the "High-3" average salary by the factor indicated under applicable years and months of service.

Years of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.011000	0.000917	0.001833	0.002750	0.003667	0.004583	0.005500	0.006417	0.007333	0.008250	0.009167	0.010083
2	0.022000	0.011917	0.012833	0.013750	0.014667	0.015583	0.016500	0.017417	0.018333	0.019250	0.020167	0.021083
3	0.033000	0.022917	0.023833	0.024750	0.025667	0.026583	0.027500	0.028417	0.029333	0.030250	0.031167	0.032083
4	0.044000	0.033917	0.034833	0.035750	0.036667	0.037583	0.038500	0.039417	0.040333	0.041250	0.042167	0.043083
5	0.055000	0.044917	0.045833	0.046750	0.047667	0.048583	0.049500	0.050417	0.051333	0.052250	0.053167	0.054083
6	0.066000	0.055917	0.056833	0.057750	0.058667	0.059583	0.060500	0.061417	0.062333	0.063250	0.064167	0.065083
7	0.077000	0.066917	0.067833	0.068750	0.069667	0.070583	0.071500	0.072417	0.073333	0.074250	0.075167	0.076083
8	0.088000	0.077917	0.078833	0.079750	0.080667	0.081583	0.082500	0.083417	0.084333	0.085250	0.086167	0.087083
9	0.099000	0.088917	0.089833	0.090750	0.091667	0.092583	0.093500	0.094417	0.095333	0.096250	0.097167	0.098083
10	0.110000	0.109917	0.110833	0.111750	0.112667	0.113583	0.114500	0.115417	0.116333	0.117250	0.118167	0.119083
11	0.121000	0.121917	0.122833	0.123750	0.124667	0.125583	0.126500	0.127417	0.128333	0.129250	0.130167	0.131083
12	0.132000	0.132917	0.133833	0.134750	0.135667	0.136583	0.137500	0.138417	0.139333	0.140250	0.141167	0.142083
13	0.143000	0.143917	0.144833	0.145750	0.146667	0.147583	0.148500	0.149417	0.150333	0.151250	0.152167	0.153083
14	0.154000	0.154917	0.155833	0.156750	0.157667	0.158583	0.159500	0.160417	0.161333	0.162250	0.163167	0.164083
15	0.165000	0.165917	0.166833	0.167750	0.168667	0.169583	0.170500	0.171417	0.172333	0.173250	0.174167	0.175083
16	0.176000	0.176917	0.177833	0.178750	0.179667	0.180583	0.181500	0.182417	0.183333	0.184250	0.185167	0.186083
17	0.187000	0.187917	0.188833	0.189750	0.190667	0.191583	0.192500	0.193417	0.194333	0.195250	0.196167	0.197083
18	0.198000	0.198917	0.199833	0.200750	0.201667	0.202583	0.203500	0.204417	0.205333	0.206250	0.207167	0.208083
19	0.209000	0.209917	0.210833	0.211750	0.212667	0.213583	0.214500	0.215417	0.216333	0.217250	0.218167	0.219083
20	0.220000	0.220917	0.221833	0.222750	0.223667	0.224583	0.225500	0.226417	0.227333	0.228250	0.229167	0.230083
21	0.231000	0.231917	0.232833	0.233750	0.234667	0.235583	0.236500	0.237417	0.238333	0.239250	0.240167	0.241083
22	0.242000	0.242917	0.243833	0.244750	0.245667	0.246583	0.247500	0.248417	0.249333	0.250250	0.251167	0.252083
23	0.253000	0.253917	0.254833	0.255750	0.256667	0.257583	0.258500	0.259417	0.260333	0.261250	0.262167	0.263083
24	0.264000	0.264917	0.265833	0.266750	0.267667	0.268583	0.269500	0.270417	0.271333	0.272250	0.273167	0.274083
25	0.275000	0.275917	0.276833	0.277750	0.278667	0.279583	0.280500	0.281417	0.282333	0.283250	0.284167	0.285083
26	0.286000	0.286917	0.287833	0.288750	0.289667	0.290583	0.291500	0.292417	0.293333	0.294250	0.295167	0.296083
27	0.297000	0.297917	0.298833	0.299750	0.300667	0.301583	0.302500	0.303417	0.304333	0.305250	0.306167	0.307083
28	0.308000	0.308917	0.309833	0.310750	0.311667	0.312583	0.313500	0.314417	0.315333	0.316250	0.317167	0.318083
29	0.319000	0.319917	0.320833	0.321750	0.322667	0.323583	0.324500	0.325417	0.326333	0.327250	0.328167	0.329083
30	0.330000	0.330917	0.331833	0.332750	0.333667	0.334583	0.335500	0.336417	0.337333	0.338250	0.339167	0.340083
31	0.341000	0.341917	0.342833	0.343750	0.344667	0.345583	0.346500	0.347417	0.348333	0.349250	0.350167	0.351083
32	0.352000	0.352917	0.353833	0.354750	0.355667	0.356583	0.357500	0.358417	0.359333	0.360250	0.361167	0.362083
33	0.363000	0.363917	0.364833	0.365750	0.366667	0.367583	0.368500	0.369417	0.370333	0.371250	0.372167	0.373083
34	0.374000	0.374917	0.375833	0.376750	0.377667	0.378583	0.379500	0.380417	0.381333	0.382250	0.383167	0.384083
35	0.385000	0.385917	0.386833	0.387750	0.388667	0.389583	0.390500	0.391417	0.392333	0.393250	0.394167	0.395083
36	0.396000	0.396917	0.397833	0.398750	0.399667	0.400583	0.401500	0.402417	0.403333	0.404250	0.405167	0.406083
37	0.407000	0.407917	0.408833	0.409750	0.410667	0.411583	0.412500	0.413417	0.414333	0.415250	0.416167	0.417083
38	0.418000	0.418917	0.419833	0.420750	0.421667	0.422583	0.423500	0.424417	0.425333	0.426250	0.427167	0.428083
39	0.429000	0.429917	0.430833	0.431750	0.432667	0.433583	0.434500	0.435417	0.436333	0.437250	0.438167	0.439083
40	0.440000	0.440917	0.441833	0.442750	0.443667	0.444583	0.445500	0.446417	0.447333	0.448250	0.449167	0.450083



SPECIAL RETIREMENT SUPPLEMENT

Social Security is a significant part of the FERS benefit. However, Social Security retirement benefits are not payable before age 62. Since Federal employees may retire before age 62, a *Special Retirement Supplement*, in addition to the basic benefit will be paid to the retiree by OPM until he/she reaches age 62.

The Special Retirement Supplement is payable to those who retire with an immediate benefit (must have at least one calendar year FERS service):

- At the Minimum Retirement Age with 30 years service
- At age 60 with 20 years service
- Under the special provisions relating to firefighters, law enforcement personnel, air traffic controllers, and military reserve technicians. (The earnings test does not apply to these retirees until they reach the MRA.)

Involuntary or "Early Out" retirements may begin receiving supplement upon reaching MRA.

The supplemental benefit, payable before age 62, is subject to the same *earnings test* as is applied to Social Security benefits for recipients, age 62 - 65. In 1997, the minimum earnings level is \$8,640 per year. That is, a retiree who works after retirement can earn up to \$8,640 without losing any portion of the Special Retirement Supplement. If earnings exceed this amount, the retiree's supplement will be reduced by \$1 for every \$2 that is earned above the minimum level of \$8,640.

The Special Retirement Supplement is calculated by *estimating* the amount of Social Security benefit the retiree would earn if he/she had been employed for a full career under Social Security, retiring at age 62.

Supplemental Benefit Formula is:

Estimated Full Career Social Security Benefit
divided by 40
times Retiree's Years of Service under FERS

Example: FERS employee with Social Security benefit based on 25 years of earnings. Fifteen years of Social Security benefit earned as a Federal employee.

\$7200 (Social Security benefit) /40 (divided by 40) = \$ 180.00

\$180.00

x 15 (FERS service years)

\$2700.00 (Annual Special Retirement Supplement)

\$2700.00/12 (divided by 12 months) = \$ 225.00

(Monthly Special Retirement Supplement)



VOLUNTARY CONTRIBUTIONS

Voluntary contributions may be made to the Civil Service Retirement fund to increase the amount of earned annuity. Voluntary contributions are payments made *in addition* to the regular retirement deductions taken from pay checks.

Eligibility Requirements

To be eligible to make voluntary contributions, employee:

1. Must first pay a deposit or redeposit to cover any non-deduction service or refunded service.
2. Must never have received a refund of previous voluntary contributions unless he/she is subsequently *reemployed* under the Civil Service Retirement System *after a break of more than three days*.

Effect of Voluntary Contributions on Annuity

Additional annuity provided by voluntary contributions depends upon age of employee at time of retirement. Each \$100 in the account provides an additional annual annuity of \$7.00 at age 55. Each full year employee is over age 55 adds 20¢.

For example:

Age 55 at retirement yields 7.00 for each \$100 contributed
Age 56 at retirement yields 7.20 for each \$100 contributed
Age 57 at retirement yields 7.40 for each \$100 contributed
Age 60 at retirement yields 8.00 for each \$100 contributed
Age 60 at retirement yields 80.00 for each \$1000 contributed

The annuity produced by voluntary contributions will *not* be increased by any cost of living adjustments after retirement.

Survivor benefit election for voluntary contributions portion of annuity is separate from rest of annuity. If additional annuity is used as a base for survivor benefit, the annuity will be reduced by 10% plus 5% for each 5 years spouse is younger than employee up to a maximum of 40%. Survivor's benefit will be 50% of *reduced benefit*.

While employed, voluntary contributions earn interest at 3% compounded annually through 1984. Effective 1-1-85, the rate varies depending upon the yield of the retirement fund investments, as determined by the Secretary of Treasury.

Voluntary contributions plus interest may be withdrawn at any time before final processing of the retirement application.

before 1948	4%
1948 - 1984	3%
1985	13%
1986	11.125%
1987	9%
1988	8.375%
1989	9.125%
1990	8.75%
1991	8.625%
1992	8.125%
1993	7.125%
1994	6.25%
1995	7.00%
1996	6.875%
1997	6.875%
1998	6.75%
1999	5.75%
2000	5.875%
2001	6.375%
2002	5.5%
2003	5%

THRIFT SAVINGS PLAN



The Thrift Savings Plan (TSP) is a special tax deferred savings and investment program similar to the "401 (K)" plan which is used in private industry. The Federal Retirement Thrift Investment Board, an independent Government agency, administers the TSP. The legislation providing the Thrift Savings Plan is included in the Federal Employees Retirement System (FERS) law. The contribution rules are different for FERS and CSRS employees:

CSRS - CSRS participants can contribute up to 8% of their basic pay each pay period to their TSP accounts. They do NOT receive any agency contributions.

FERS - The Government will automatically contribute 1% of pay into each FERS employee's account. FERS employees who contribute to the TSP, can receive up to 4% more in agency matching contributions, for a maximum government contribution of 5%, depending upon the amount of the employee's contribution. (See table below.) FERS employees may contribute up to 13% of pay not to exceed the IRS limit (\$12,000 in 2003).

If FERS Employee Contributes	Government will contribute
0%	1%
1%	2%
2%	3%
3%	4%
4%	4.5%
5%	5%
Over 5% to 13%	5%

FERS participants are always vested in their own contributions and the earnings on their contributions. FERS participants are also vested in the matching contributions their agencies make, as well as in the earnings on the matching contributions. Most FERS employees become vested in their Agency Automatic (1%) Contributions after completing three years of Federal civilian service. An employee who leaves Government service before satisfying the vesting requirement for Agency Automatic (1%) Contributions forfeits these contributions and the earnings on them to the TSP. If an employee dies before separating, all amounts in the TSP account will be vested automatically.

CSRS and FERS participants can invest any portion of their accounts in five TSP investment Funds:

1. G Fund - Government Securities Fund
2. F Fund - Fixed Income Index Investment Fund
3. C Fund - Common Stock Index Investment Fund
4. I Fund - International Fund*
5. S Fund - Small Cap Fund*

There are two "Open Seasons" each year during which employees may start or change the amounts of contributions to the Thrift Plan.

“What are my TSP withdrawal options?”

When you retire or separate from Federal service, you have five options to consider for withdrawing your TSP vested account balance. You can either elect to receive TSP benefits immediately, or you can defer receiving your benefits to a later date. The five options are:

- Leave the money in the account (pending a later withdrawal election).
- Receive your account in a single payment.
- Roll the money over into some other retirement-eligible investment fund.
- Receive the account in a series of monthly payments.
- Have TSP buy an annuity for you.

You will want to consider these options carefully to determine which one is right for you.

***TSP Withdrawals
When Leaving
Federal Service:***

To elect one of the withdrawal options, you will need to complete Form TSP-70, Withdrawal Request or Form TSP-70-T, Transfer Information (if appropriate).

***Leave the
Money in
the TSP:***

As a separated participant in the TSP, you can elect to keep your account in the TSP. You do not need to submit any election forms until you are ready to make a withdrawal. If you choose to leave your money in the TSP fund, the money may be left in the plan until April 1st of the year following the year in which:

- The person reaches age 70 ½ ; or,
- The person separates from Federal service.

**Leave the
Money in
the TSP:**

If a withdrawal choice has not been made by the deadline, the Thrift Savings Board is required by law to purchase an annuity for the individual.

If a person leaves Federal service and is 70 ½ years of age or older, s/he will be required by the IRS to receive an amount each year that meets certain minimum distribution requirements, similar to an IRA distribution. The TSP makes these minimum distributions automatically.

**If Your Account
Balance is**

Under \$3,500: Under all listed withdrawal options, if the vested account balance is \$3500 or less (regardless of eligibility for retirement), the account balance will be paid to you automatically in a single payment. This is called an "automatic cash out." The TSP will notify you before the payment is made and will give you the opportunity to choose another withdrawal option or elect to leave the money in the TSP for withdrawal at a later date. Such payments will be subject to the same taxes as other cash payments from the TSP.

**Single
Payment
Option:**

If you elect a single payment option, you will be subject to a 20% Federal tax withholding; 80% will be mailed to you.

Under IRS regulations, you will have 60 days from date of receipt of your payment to reinvest the amount received in an IRA or other eligible retirement plan to avoid tax penalties. The 20% mandatory tax withholding will still apply.

If you separate or retire from Federal service before the year in which you reach age 55 and you withdraw your account balance in a single payment, you will be subject to the 10% IRS penalty for early withdrawal on all payments you receive prior to age 59 ½. This penalty does not apply, however, if your separation is based on a disability retirement.

**Single
Payment
Option:**

The TSP must report all payments made to you to the IRS. By January 31 of the year following the receipt of payment from your account, TSP will send you a Form 1099-R.

**Transferring the
TSP Account
to an IRA:**

When you separate from Federal service, you may request the TSP to transfer all or part of your account to an IRA account or other eligible retirement plan.

To transfer your TSP account to an IRA or other eligible retirement plan, both you and the financial institution that is to receive your money must complete Form TSP-70-T, Transfer Information. Do not complete the financial institution's transfer forms; TSP cannot accept them. Direct transfers from the TSP office to another financial institution are not reported to IRS and are, therefore, not taxed at time of transfer.

**Series of
Payments:**

You may elect to withdraw the account in a series of equal monthly payments. You can choose among the following options:

- ✓ You can choose the number of monthly payments you want to receive. The amount of the monthly payments must be \$25 or more;
- ✓ You can choose monthly payments in a specific dollar amount, as long as the amount is at least \$25.00. You will receive payments in the amount that you request until your entire account balance has been paid to you;
- ✓ You can have monthly payments calculated according to IRS life expectancy Table V (single life).

**Series of
Payments:**

If the series of payments is expected to last less than 10 years and is not calculated based on the IRS life expectancy table, the participant can have the TSP transfer all or part of each monthly payment to an IRA or other eligible retirement plan.

Participants cannot change the number or dollar amount of payments once they have begun; however, participants can request to receive a final single payment.

**Purchase an
Annuity:**

You can elect to have TSP purchase a lifetime annuity for you. An annuity is a monthly benefit paid to you for life.

In order to purchase an annuity your account balance must be at least \$3,500. If your account balance is less than \$3,500, you can request an annuity with a specific future date as long as the account is at least \$3,500 when the annuity is purchased.

Annuities are administered by an insurance company that holds a contract with the Thrift Savings Board. You can purchase different types of annuities, all of which contain different features you can select. The three types of annuities are:

1. Single life annuity;
2. Joint life annuity with spouse;
3. Joint life annuity with other survivor.

Refer to the booklet, *Thrift Savings Plan Annuities* for more information about TSP annuities, or visit TSP's web site at www.tsp.gov.



SURVIVOR BENEFITS

Survivor Benefits - Current Spouses

Married employees may elect at retirement:

- Full survivor annuity for current spouse
- Less than full or no survivor annuity with consent of spouse
- "Insurable Interest" survivor annuity for current spouse if a survivor annuity has been awarded by a qualifying court order to a former spouse, or to provide for someone else
- Combination current/former spouse annuity with consent of current spouse

Note: If less than full survivor annuity is provided at time of retirement, the retiree may increase the amount within 18 months after retirement. The additional reduction in annuity plus interest will be retroactive to retirement date. A penalty of \$245 for each \$1000 increase in base amount will be charged.

Example: Reduced Annuity Providing Maximum Survivor Benefits (SF-2801, Sec.D1a)

Assume retiring employee's basic annuity is	\$24,000
2½% x \$3600 =	90
\$24,000 - 3600 = \$20,400 x 10% =	<u>\$ 2,040</u>
Total Reduction for Survivor Benefit	- 2,130
Retiree's Annuity after Reduction	\$21,870
Survivor Annuity: 55% x \$24,000 =	\$13,200

Example: Reduced Annuity providing Lesser Survivor Benefits (SF-2801 Sec. D1b)

Assume retiring employee designates **\$12,000** as base

Assume employee's basic annuity is	\$24,000
2½% x \$3600 =	90
\$12,000 - \$3600 = \$8,400 x 10% =	<u>840</u>
Total Reduction for Survivor Benefit	- 930
Retiree's Annuity after Reduction	\$23,070
Survivor Annuity: 55% x \$12,000	\$ 6,600

Spouse's Survivor Annuity is for life unless he/she remarries before age 55. However, the survivor annuity may be restored if remarriage is terminated.

A former spouse may be entitled to a survivor annuity based on a qualifying court order or an election made by the retiring employee. If a qualifying court order exists in favor of a former spouse and there is also a current spouse, the court order gets priority.

Survivor Benefit Upon Death of an Employee:

A survivor benefit is payable to a spouse of a *deceased employee*, provided employee had 18 months of covered civilian service. The spouse must have been married to employee for 9 months or the parent of child born of marriage. (These two conditions waived if death is accidental). The survivor annuity is computed as though employee had retired on date of death. There is also a guaranteed minimum benefit using the same formula used for computing a guaranteed disability benefit. The spouse is entitled to 55% of the earned annuity or guaranteed minimum whichever is the greater.

If a survivor annuity is not provided for a spouse at time of retirement, and annuitant pre-deceases spouse, the spouse may not continue the health insurance coverage.



SURVIVOR BENEFITS



Elections Available to UNMARRIED Employees at Retirement

- **No survivor benefit**
- **Insurable interest survivor annuity**
- **Full or Partial survivor annuity for former spouse**
- **Combination insurable interest/former spouse survivor annuity**

SURVIVOR BENEFITS



Married employees may elect at retirement:

- Full annuity as a base for survivor annuity for spouse
- One-half of annuity as a base with consent of spouse
- No survivor benefit with consent of spouse
- "Insurable Interest" survivor annuity if benefit has been awarded by qualifying court order to former spouse, or to provide for someone else.

Note: SF-3107-2, Spouse's Consent to Survivor Election must accompany application if less than full annuity is used as base.

Example: Reduced Annuity Providing Maximum Survivor Benefit (SF-3107 Section D1)

Assume retiring employee's benefit is	\$9,000.
Reduction for survivor		10%
Total Reduction	\$ 900.

Retiree's annuity after reduction:
 $\$9,000 - 900 =$ \$8,100.

Survivor annuity:
 $\$9,000 \times 50\% =$ \$4,500.

Example: Reduced Annuity Providing Partial Survivor Benefit (SF-3107 Section D2)

Assume retiring employee's benefit is	\$9,000.
Reduction for survivor		5%
Total Reduction	\$ 450.

Retiree's annuity after reduction:
 $\$9,000 - \$450 =$ \$8,550.

Survivor annuity:
 $\$9,000 \times 25\% =$ \$2,250.

IMPORTANT! If an employee transferred from CSRS to FERS, the computation of reduction and survivor benefit will be in accordance with FERS rules even though part of annuity was computed under the CSRS system.

A *former spouse* may be entitled to a survivor annuity based on a qualifying court order or an *election* made by the retiring employee. If a qualifying court order exists in favor of a former spouse and there is also a current spouse, the former spouse gets priority.

The benefits of a surviving spouse or former spouse will stop:

- When the spouse or former spouse dies; or
- Remarries before he/she reaches age 55. (A spouse's survivor benefit may be restored if remarriage terminates. This, however, is not true for a former spouse who remarries.)

Survivor Benefits Upon Death of an Employee:

Upon death of an *employee*, the employee's spouse, former spouse, and minor children will be eligible for survivor benefits provided:

- The employee had 18 months or more of civilian service (covered)
- The *spouse* was married to the employee 9 months, or is parent of a child of the employee. (Neither of these two conditions apply in case of accidental death)
- The *former spouse* was married to the employee for at least 9 mos. and has a court order providing for payment of survivor benefits.
- The child is unmarried and:
 - Under age 18; or
 - A full time student, under the age of 22; or
 - Any age, but disabled as defined by Social Security before age 18.

Survivor Benefit Payable to Spouse or Former Spouse with Court Order:

- A lump sum of \$15,000, adjusted by CSRS COLA's (current amount, effective December 1, 1997 equals \$21,335.30).
- 50% of deceased employee's final salary or Hi-3 average salary, whichever is greater.

- If employee had 10 years of service, the surviving spouse will receive 50% of the basic annuity the employee would have received, using service and Hi-3 at death, without any reduction for age, and
- A Special Retirement Supplement if the spouse is younger than age 60 and not yet eligible for Social Security benefits

Survivor Benefit When Death Occurs after Separation from Employment:

An employee who leaves Federal Service with at least 10 years of service and dies before receiving benefits has provided a base for survivor benefits. The spouse or former spouse with qualifying court order will receive 50% of the annuity the employee would have received, if he/she had survived to the Minimum Retirement Age. This assumes that the employee did not withdraw his/her contributions. The benefit will begin on the date the employee would have reached age 62, or sooner if the spouse elects to receive an actuarially reduced amount.

The spouse may elect to receive a lump sum payment of the contributions in the fund with interest in lieu of a monthly annuity, thus forfeiting all rights to future monthly benefits.



SURVIVOR BENEFITS



Survivor Benefit to Person with "Insurable Interest:"

Available *only* at retirement to married and unmarried employees in good health (medical examination required).

Person named must have insurable interest in life of employee, e.g., dependent on employee for substantial portion of support. An insurable interest is presumed for current spouse, blood or adoptive relative closer than first cousin, engaged to be married and common law spouse.

Employee must take a reduced annuity. Reduction depends on ages of employee and person named as indicated below:

Age of Person Named in Relation to that of Retiring Employee	Reduction in Annuity of Retiring Employee
Older, same age or less than	
5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

For example:

Retiring employee's basic annuity \$24,000

Retiring employee elected survivor annuity
for person 8 years younger than retiree.

Computation of reduction:

15% x \$24,000 =	- 3,600
Annuity after Reduction	<u>\$20,400</u>

Survivor's Annuity: 55% of \$20,400 (*reduced annuity*) = \$11,220

THREE CONSIDERATIONS

- 1. Are you ready for retirement?**
- 2. Do you have sufficient financial resources?**
- 3. Will your loved ones accept your retirement?**



APPLICATION FOR IMMEDIATE RETIREMENT CIVIL SERVICE RETIREMENT SYSTEM

See Privacy Act
Information on
Instruction Sheet

Section A - Identifying Information

1. Name (Last, first, middle)		2. List all other names you have used:	
3. Address (Number, street, city, State, ZIP Code)	4. Telephone number (incl. area code)	5. Date of birth (Month, day, year)	6. Social Security Number
7. Are you a citizen of the United States of America?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	7a. Of what country are you a citizen?	
8. Is this an application for disability retirement?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	(Ask your employing office about other documents you must submit)	

Section B - Federal Service

1. Department or agency from which you are retiring (including Bureau or Division, address and ZIP Code)		2. Date of final separation (Month, day, year)	
		3. Title of position from which you are retiring	
4. Have you performed active honorable service in the Armed Forces or other uniformed services of the United States (see instructions for definitions)?		Yes <input checked="" type="checkbox"/>	(Complete Schedule A and attach to this form.)
		No <input type="checkbox"/>	
5. Are you receiving or have you applied for military retired pay, including disability pay and/or pension or compensation from the Department of Veterans Affairs (formerly the Veterans Administration) in lieu of military retired pay? Note: If you later become entitled to military retired pay, you must notify OPM.		Yes <input checked="" type="checkbox"/>	(Complete Schedule B and attach to this form.)
		No <input type="checkbox"/>	

Section C - Marital Information

1. Are you married now? (A marriage exists until ended by death, divorce, or annulment.)		Yes <input checked="" type="checkbox"/> (Also complete items 1a - 1f below)	
		No <input type="checkbox"/>	
1a. Spouse's name (last, first, middle)		1b. Spouse's date of birth (Month, day, year)	1c. Spouse's Social Security No.
1d. Place of marriage (city, state)	1e. Date of marriage (Month, day, year)	1f. Marriage performed by:	
		<input type="checkbox"/> Clergyman or Justice of the Peace	
		<input type="checkbox"/> Other (explain):	
2. Do you have a living former spouse(s) from whom you were divorced on or after May 7, 1985, and to whom a court order gives a survivor annuity?		Yes (Attach a certified copy of the court order(s) and any amendments.)	
		No <input type="checkbox"/>	

Section D - Annuity Election

Make your election by initialing the box beside the type of annuity you want to receive and give any other information requested. Read the information pages of the instructions and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained in the instructions. If you are married at retirement, the law provides an annuity with full survivor benefits for your spouse unless your spouse consents to your election not to provide maximum survivor benefits. You must attach SF 2801-2 to this form if you elect less than the maximum survivor annuity for your spouse.

<p>1a. I CHOOSE A REDUCED ANNUITY WITH MAXIMUM SURVIVOR ANNUITY FOR MY SPOUSE (EQUAL TO 55% OF MY BASIC ANNUITY.) If you are married at retirement, you will automatically receive this type of annuity unless your spouse consents to your election not to provide maximum survivor benefits.</p> <p>INITIALS <input type="checkbox"/></p>	-OR-	<p>1b. I CHOOSE A REDUCED ANNUITY WITH A PARTIAL SURVIVOR ANNUITY FOR MY SPOUSE EQUAL TO 55% OF \$ _____ A YEAR.* If you choose this option, you must attach SF 2801-2 showing your spouse's consent.</p> <p>INITIALS <input type="checkbox"/></p> <p>*The amount you select must be less than your yearly annuity.</p>	
<p>2. I CHOOSE AN ANNUITY PAYABLE ONLY DURING MY LIFETIME. (If you are married and elect this, attach SF 2801-2 showing your spouse's consent.) If you are married at retirement, you cannot choose this type of annuity without your spouse's consent. No survivor annuity will be paid to your spouse after your death if he or she consents to this election.</p> <p>INITIALS <input type="checkbox"/></p>			
<p>3. I CHOOSE A REDUCED ANNUITY TO PROVIDE A FORMER SPOUSE OR COMBINATION CURRENT/FORMER SPOUSE SURVIVOR ANNUITY. The attached SF 2801-3 gives my election. If you are married and elect this option, you must also attach SF 2801-2 showing your spouse's consent.</p> <p>INITIALS <input type="checkbox"/></p>			
<p>4. I CHOOSE A REDUCED ANNUITY WITH SURVIVOR ANNUITY FOR THE PERSON NAMED BELOW WHO HAS AN INSURABLE INTEREST IN ME. You must be healthy and willing to provide medical evidence if you choose this type of annuity. (Disability annuitants are not eligible to choose this type of annuity.) If you are married and name your spouse, you must attach SF 2801-2 showing your spouse's consent. (See the information page in the instructions.)</p> <p>INITIALS <input type="checkbox"/></p>			
Name of person with insurable interest	Relationship to you	Date of birth	Social Security Number



**APPLICATION FOR IMMEDIATE RETIREMENT
FEDERAL EMPLOYEES RETIREMENT SYSTEM**

See Privacy Act Information
on Instruction Sheet

Section A—Identifying Information

1. Name (Last, first, middle)		2. List All Other Names You Have Used	
3. Address (Number, street, city, state, ZIP code)	4. Telephone Number (including area code)	5. Date of Birth (Month, day, year)	6. Social Security Number
7. Are you a citizen of the United States of America?	Yes No—If "No" give →	7a. Of what country are you a citizen?	
8. Is this application for disability retirement?	Yes (Ask your employing office about other documents you must submit) No		

Section B—Federal Service

1. Department or Agency From Which You Are Retiring (include bureau or division, address and ZIP code)	2. Date of Final Separation (Month, day, year)
3. Title of Position From Which You Are Retiring	
4. Have you performed active honorable service in the Armed Services or other uniformed services of the United States? (See instructions for definition)	<input type="checkbox"/> Yes (Complete Schedule A and attach to this form) <input type="checkbox"/> No
5. Are you receiving or have you applied for military retired pay? (Note: If you later become entitled to military retired pay you must notify OPM.)	<input type="checkbox"/> Yes (Complete Schedule B and attach to this form) <input type="checkbox"/> No

Section C—Marital Information

1. Are you married now? (A marriage exists until ended by death, divorce, or annulment)	<input type="checkbox"/> Yes (Also complete items 1a-f below) <input type="checkbox"/> No	
1a. Spouse's Name (Last, first, middle)	1b. Spouse's Date of Birth (Month, day, year)	1c. Spouse's Social Security Number
1d. Place of Marriage (City, state)	1e. Date of Marriage (Month, day, year)	1f. Marriage performed by: <input type="checkbox"/> Clergyman or Justice of the Peace <input type="checkbox"/> Other (Explain):
2. Do you have a living former spouse(s) to whom a court order gives a survivor annuity? <input type="checkbox"/> Yes → Attach a copy of the court order(s) and any amendments <input type="checkbox"/> No		

Section D—Annuity Election

Make your election by initialing the box beside the type of annuity you want to receive and give any other information requested. Read the information pages of the instructions and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained in the instructions.

If you are married at retirement, the law provides an annuity with full survivor benefits for your spouse unless your spouse consents to your election not to provide maximum survivor benefits. You must attach Standard Form 3107-2 to this form if your spouse consents to your election.

<p>1. I CHOOSE A REDUCED ANNUITY WITH MAXIMUM SURVIVOR ANNUITY FOR MY SPOUSE.</p> <p><input type="checkbox"/> INITIALS: If you are married at retirement, you will automatically receive this type of annuity unless your spouse consents to your election not to provide maximum survivor benefits. If you receive this annuity, your annuity will be reduced by 10%. Your spouse's annuity upon your death will be 50% of your annuity.</p>				
<p>2. I CHOOSE A REDUCED ANNUITY WITH A PARTIAL SURVIVOR ANNUITY FOR MY SPOUSE. (Attach SF 3107-2 showing your spouse's consent.)</p> <p><input type="checkbox"/> INITIALS: If you choose this option, your annuity will be reduced by 5%. Upon your death, your spouse's annuity will be 25% of your unreduced annuity. You MUST have your spouse's consent to choose this option.</p>				
<p>3. I CHOOSE AN ANNUITY PAYABLE ONLY DURING MY LIFETIME. (If you are married and elect this, attach Standard Form 3107-2 showing your spouse's consent.)</p> <p><input type="checkbox"/> INITIALS: If you are married at retirement, you CANNOT choose this type of annuity without your spouse's consent. No survivor annuity will be paid to your spouse after your death if he or she consents to this election.</p>				
<p>4. I CHOOSE A REDUCED ANNUITY WITH SURVIVOR ANNUITY FOR THE PERSON NAMED BELOW WHO HAS AN INSURABLE INTEREST IN ME.</p> <p><input type="checkbox"/> INITIALS: You must be healthy and willing to provide medical evidence if you choose this type of annuity. (Disability annuitants are not eligible to choose this type of annuity.)</p>				
<table border="1"> <tr> <td>Name of Person With Insurable Interest</td> <td>Relationship to You</td> <td>Date of Birth</td> <td>Social Security Number</td> </tr> </table>	Name of Person With Insurable Interest	Relationship to You	Date of Birth	Social Security Number
Name of Person With Insurable Interest	Relationship to You	Date of Birth	Social Security Number	



SOCIAL SECURITY

Qualifying for Social Security

To qualify for benefits, you must have credit for a certain number of quarters of coverage. The maximum number of quarters creditable for one year is four. The following table shows the dollar amount of earnings required for one quarter of coverage:

<u>Year</u>	<u>Earnings</u>	<u>Year</u>	<u>Earnings</u>	
1978	\$ 250	1988	\$470	1999 \$ 740
1979	260	1989	500	2000 \$ 780
1980	290	1990	520	2001 \$ 830
1981	310	1991	540	2002 \$ 870
1982	340	1992	570	2003 \$ 890
1983	370	1993	590	
1984	390	1994	620	
1985	410	1995	630	
1986	440	1996	640	
1987	460	1997	670	
		1998	700	

The dollar figure is raised each year to reflect the increase in average wages.

Before 1978, a quarter of coverage was any calendar quarter after 1936 in which you were paid at least \$50 in wages for work covered by Social Security.

Fully Insured

Fully insured means that you or your dependents are eligible for Social Security benefits. It does not, however, govern the amount of your benefits. To be fully insured, those people born in 1929 or later must have 40 quarters of coverage. To determine the number of quarters needed for those born before 1929, add 11 to the year of birth. Example:

Born in 1920 - $20 + 11 = 31$ quarters of coverage needed.

Currently Insured

Currently insured is a special coverage that insures that widowed mothers and fathers and their children can get benefits if a worker should die before becoming fully insured. You must have at least 6 quarters of coverage during the 13 quarter period ending with the quarter of your death to be currently insured.

Determination of Benefit Amount

Having the required coverage and age gives a right to a benefit, but has nothing to do with the amount received. The amount of the benefit is based on a worker's Primary Insurance Amount (PIA). The PIA is determined by using the worker's Average Indexed Monthly Earnings (AIME). The maximum number of years used in the computation is 35. If the year of birth is prior to 1929, a lesser number of years will be used. To determine the number of years, add 6 to the year of birth, i.e., year of birth = 1920 + 6 = 26 years will be used in the computation

The total earnings (not to exceed the maximum subject to Social Security) for the number of years required to be used in the computation will be indexed to bring the earnings in earlier years up to current levels. The indexed earnings are then totaled and divided by the required number of years to arrive at the Average Indexed Yearly Earnings (AIYE). This is divided by 12 to arrive at the AIME.

Example:

Total indexed covered earnings	<u>\$648,000</u>	= \$18,514
Total years used in computation	35	
\$18,514 divided by 12 = \$1,543 AIME		

INDEXING FACTOR TABLE - AGE 62 IN 1996

<u>Year</u>	<u>Max Tax Amount</u>	<u>Your SS Earnings</u>	<u>Index Factor</u>	<u>Indexd Erngs</u>
1951	\$ 3600		8.52	
1952	3600		7.99	
1953	3600		7.57	
1954	3600		7.53	
1955	4200		7.19	
1956	4200		6.72	
1957	4200		6.52	
1958	4200		6.47	
1959	4800		6.16	
1960	4800		5.93	
1961	4800		5.81	
1962	4800		5.54	
1963	4800		5.40	
1964	4800		5.19	
1965	4800		5.10	
1966	6600		4.81	
1967	6600		4.56	
1968	7800		4.26	
1969	7800		4.03	
1970	7800		3.84	
1971	7800		3.66	
1972	9000		3.33	
1973	10,800		3.13	
1974	13,200		2.96	
1975	14,100		2.75	
1976	15,300		2.57	
1977	16,500		2.43	
1978	17,700		2.25	
1979	22,900		2.07	
1980	25,900		1.90	
1981	29,700		1.72	
1982	32,400		1.63	
1983	35,700		1.56	
1984	37,800		1.47	
1985	39,600		1.41	
1986	42,000		1.37	
1987	43,800		1.29	

<u>Year</u>	<u>Max Tax Amount</u>	<u>Your SS Earnings</u>	<u>Index Factor</u>	<u>Indexed Earnings</u>
1988	45,000		1.23	
1989	48,000		1.18	
1990	51,300		1.13	
1991	53,400		1.09	
1992	55,500		1.04	
1993	57,600		1.03	
1994	60,600		1.00	
1995	61,200		1.00	
1996	62,700		1.00	
1997	65,400		1.00	
1998	68,400			
1999	72,600			
2000	76,200			
2001	80,400			
2002	84,900			
2003	87,000			

COMPUTATION OF SOCIAL SECURITY BENEFITS

Average Indexed Yearly Earnings (AIYE)

Compute your total indexed earnings using the Indexing Factor Table. Enter 0 for any year for which there were no earnings.

For those who need forty quarters, 35 years will be used in your benefit computation. Total the indexed earnings, and divide by 35 years.

Average Indexed Monthly Earnings (AIME)

Divide the average indexed yearly earnings by 12 to determine the average indexed monthly earnings.

Primary Insurance Amount (PIA)

The figures used in the following formula are 2002 figures. These amounts change each year, as the wages rise. The AIME formula is as follows:

Your AIME _____

90% of the first \$592 of the AIME _____ plus

32% of the AIME between \$592 and \$3,567 _____ plus

15% of the AIME over \$3,567 _____ equals

PRIMARY INSURANCE AMOUNT _____

Example:

Your AIME \$3,400

90% x 1st \$592 = \$532.80

32% x next \$2,808 = 898.56

15% x amt over _____
0.00

PIA _____
\$1,431.36

This is a computation for full benefits at age 65, and is a simple computation. The steps for computing a Social Security benefit must be followed carefully. For most Federal employees retiring now, the estimate would not be meaningful due to the number of years in which their wages were not covered by Social Security. Additionally, many Federal employees will be affected by a provision called the Windfall Elimination Provision.

WINDFALL ELIMINATION PROVISION

The Social Security Amendments of 1983 included a provision that eliminates "windfall" Social Security benefits for retired and disabled workers receiving pensions from employment not covered by Social Security. This provision did not affect anyone until January 1, 1986. It does not affect the Social Security benefits payable to survivors of workers who also receive survivors pensions based on non-covered employment.

Under Social Security, a weighted benefit formula is used so that individuals with low earnings over their lifetime receive a higher level of replacement of pre-retirement earnings than individuals with high earnings over their lifetime. The weighting in the formula was intended to benefit workers with low earnings over their entire work lifetime. Prior to the Social Security Amendments of 1983, workers who had low average earnings under Social Security because they had spent most of their career in employment not covered by Social Security, also benefited from the weighted formula.

Beginning in 1986, for persons who first became eligible after 1985 to receive both a pension based on non-covered employment and either a retirement or disability Social Security benefit, a different benefit computation formula with a lower weighting factor applied. The windfall elimination provision will never completely wipe out an individual's earned right to a Social Security benefit. It will, however, usually result in a lower benefit for both the worker and the spouse.

Example:

Your AIME \$3,400

40% x 1st \$592 = \$236.80

32% x next \$2,808 898.56

15% x amt over

Primary Insurance Amount \$1,135.36

Example:

Your AIME \$800

90% x 1st	\$592	\$532.80	40% x 1st	=	\$236.80
32% x	208	<u>66.56</u>	32% x	208	<u>66.56</u>
		\$599.36			\$303.36

Excluded from Windfall Elimination Provision:

1. People who reached age 62 or became disabled before 1986, or who were first eligible to receive a pension based on non-covered employment before 1986, are not affected.
2. Federal workers who were mandatorily covered under Social Security on January 1, 1984.
3. Workers who have 30 or more years of substantial earnings under Social Security.
4. People whose only pension is based solely on railroad employment.
5. People whose only employment not covered by Social Security that resulted in a pension was before 1957. Since military service was not covered by Social Security until 1957, this exclusion applies to people who receive a military pension based in part on military service before 1957. The exclusion applies, however, only if this is the only pension the person receives that is based on service not covered by Social Security.

The new formula was phased in through 1990 for workers who became eligible for both a SS and a CS retirement or disability benefit during the following years.

<u>Year</u>	<u>Replacement Factor</u>
1985	90%
1986	80%
1987	70%
1988	60%
1989	50%
1990	40%

Additionally, if you have a number of years of substantial employment covered under Social Security, the Windfall Elimination Provision may not fully apply.

<u>If You Have</u>	<u>Replacement Factor</u>
30 years	90%
29 years	85%
28 years	80%
27 years	75%
26 years	70%
25 years	65%
24 years	60%
23 years	55%
22 years	50%
21 years	45%
20 years	40%

SUBSTANTIAL EARNINGS

<u>YEAR</u>	<u>WAGES NEEDED</u>
1937 - 50	\$ 900
1951	900
1952	900
1953	900
1954	900
1955	1,050
1956	1,050
1957	1,050
1958	1,050
1959	1,200
1960	1,200
1961	1,200
1962	1,200
1963	1,200
1964	1,200
1965	1,200
1966	1,650
1967	1,650
1968	1,950
1969	1,950
1970	1,950
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	5,500
1982	6,075
1983	6,675
1984	7,050
1985	7,425
1986	7,875
1987	8,175
1988	8,400

<u>YEAR</u>	<u>WAGES NEEDED</u>
1989	8,925
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	12,625
1999	13,425
2000	14,175
2001	14,925
2002	15,750
2003	16,125

GOVERNMENT PENSION OFFSET (GPO)

The GPO was incorporated into the Social Security law in 1977. It may reduce the amount of an individual's unearned Social Security spouses or surviving spouses benefit by two-thirds of the non-covered pension.

Under the GPO, a spouse's unearned Social Security benefit was originally reduced dollar-for-dollar if the spouse also received a pension based on his or her own work in non-covered employment. In 1983, the reduction was changed to \$2 of the SS spouse's benefit for every \$3 of a non-covered pension for those first eligible to receive a Government pension after December 1982.

As a result of a late legislative change, signed into law December 22, 1987, any person who transferred into FERS prior to January 1, 1988, is completely exempt from the GPO. Other exemptions are:

1. If a worker began to receive or was eligible to receive a Federal, State or local Government pension before December 1982. This means that all requirements must be met (age and length of service) for the pension before December 1982.
2. Further, all requirements for SS spouse's or surviving spouse's benefits in effect in January 1977 must be met. At that time, a divorced woman's marriage must have lasted at least 20 years rather than 10 years as required today, and a spouse must have received at least one-half support from his/her spouse.

The GPO does not affect a person's eligibility for Medicare based on his or her spouse's work under SS. Therefore, people age 65 or older should not delay applying for their spouse's benefit even though the offset may apply.

Example computation of GPO:

Spouse's SS benefit = \$800 per month

Your spousal benefit = \$400 per month

Your Civil Service annuity = \$1,500 per month

$\$1,500 \times 2/3 = \$1,000$

\$1,000 will offset the SS spousal benefit of \$400 and there will be no spousal benefit payable.