



BUREAU OF THE  
**Fiscal Service**  
U.S. DEPARTMENT OF THE TREASURY

# Preparing for Retirement

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# Topics for Discussion

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- Available retirement plans and the types of retirement
- When you are eligible to retire
- What is used to compute an annuity
- Ways to enhance your retirement
- Steps to be taken during the planning process
- Whether to continue health/life insurance or other benefits
- What the impact is of electing a survivor benefit and other reductions and deductions on the net annuity
- How Medicare will coordinate with your health insurance coverage
- Steps to be taken to apply for retirement

# Retirement: Plans and Codes

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- Civil Service Ret. System (CSRS) – 1
- CSRS Offset – C
- Federal Employees Retirement System (FERS) – K
- Federal Employees Retirement System Revised Annuity Employee – (FERS-RAE) – KR
- Federal Employees Retirement System Further Revised Annuity Employee – (FERS-FRAE) - KF
- FICA (Social Security) – 2

***\*This code can be found in block 30 on your SF-50.***

# Retirement Service Computation Date (SCD)

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- The retirement SCD is used to determine the date you are first eligible for retirement.
- The retirement SCD can be your entrance on duty date or it can be a constructed date adjusted to reflect deposits paid, breaks in service, etc.
- The retirement SCD can include other types of service (military, Peace Corps, FICA, etc.).

# Types of Retirement

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- Voluntary – Unreduced
- Voluntary – Reduced: MRA (Minimum Retirement Age) +10 (FERS Only)
- Discontinued Service
- Disability
- Deferred
- Early Out (VERA)
- Phased Retirement
- Special Retirement Provisions

# Retirement: Eligibility CSRS/CSRS Offset

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Regular	
Minimum age:	Minimum yrs of service:
55	30
60	20
62	5

# Retirement: Eligibility - FERS

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Regular	
Minimum age:	Minimum yrs of service:
MRA	30
60	20
62	5
MRA	10*
* with reduced annuity	

# Types of Retirement

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# Retirement: FERS MRA

<i>If year of birth is...</i>	<i>Minimum Retirement Age (MRA) is...</i>
Before 1948	55
1948	55 and 2 months
1949	55 and 4 months
1950	55 and 6 months
1951	55 and 8 months
1952	55 and 10 months
1953 – 1964	56
1965	56 and 2 months
1966	56 and 4 months
1967	56 and 6 months
1968	56 and 8 months
1969	56 and 10 months
1970 and after	57

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# Discontinued Service

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- A Discontinued Service or Involuntary Retirement provides an immediate, possibly reduced, annuity for employees who are separated against their will.
- Employees who are separated for cause on charges of misconduct or delinquency are not eligible.
- Must be at least age 50 with 20 years of creditable service or any age with at least 25 years of service.
- If the CSRS retiree is under age 55, the annuity rate is reduced; there is no reduction to the FERS annuity if the retiree is under age 55.

# Discontinued Service continued

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- Employees who decline reasonable offers of other positions are not eligible. A job offer which meets all of the following conditions is a “reasonable offer.”
  - ✓ Agency offer of position must be in writing.
  - ✓ Employee must meet established qualification requirements for the position.
  - ✓ Offered position must be in the employee’s agency, including an agency to which the employee with his/her function is transferred in a transfer of function between agencies.
  - ✓ Offered position must be within the employee’s commuting area, unless the employee is under a geographic mobility agreement.
  - ✓ Offered position must be of the same tenure, with the same expectations of continued employment: same service (competitive, excepted, Senior Executive Service, etc.); same type (career, permanent, indefinite, etc.); same work schedule.
  - ✓ Position must not be lower than the equivalent of 2 grade/pay levels below the employee’s current grade or pay level.

# Disability Retirement

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- Employee should consider applying for Disability Retirement only after providing 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.
- You must meet all conditions of eligibility and must have become disabled while employed in a position subject to a retirement system.
- The disability must be expected to last at least one year.

# Deferred Retirement

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- A former Federal employee who was covered by a federal retirement system may be eligible for a deferred annuity at age 62.
- The minimum requirement is that the employee must have completed at least 5 years of creditable civilian service.
- Retirees receiving a deferred annuity are not eligible to continue any health or life insurance benefits.

# Types of Retirement

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- Voluntary – Unreduced
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- Special Retirement provisions

# Retirement: Eligibility CSRS/FERS

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- Voluntary Early Retirement Authority (VERA)
- It allows agencies that are undergoing substantial restructuring, reshaping, downsizing, transfer of function, or reorganization to temporarily lower the age and service requirements in order to increase the number of employees who are eligible for retirement. The authority encourages more voluntary separations and helps the agency complete the needed organizational change with minimal disruption to the work force. By offering these short term opportunities, an agency can make it possible for employees to receive an immediate annuity years before they would otherwise be eligible.



# Retirement: Eligibility CSRS/FERS

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Early Out (VERA)	
Minimum age:	Minimum yrs of service:
50	20
Any age	25

# Retirement: Eligibility CSRS/FERS

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- **CSRS**-Annuity is calculated based on the average high-3 salary and years and months of creditable service. Unused sick leave can be used for additional service credit. If the employee is under age 55, this calculation is reduced by one-sixth of one percent for each full month he/she is under age 55 (i.e. 2% per year).
- **FERS**- Annuity is calculated based on the average high-3 salary and years and months of creditable service. Unused sick leave can be used for additional service credit. Employees under FERS with a CSRS component should contact their human resources offices for additional information about using unused sick leave for service credit. There is no annuity reduction for employees who retire on an early voluntary retirement under age 55.
  - A FERS Annuity Supplement is payable to an employee who has completed at least one calendar year of FERS service when he/she reaches Minimum Retirement Age (MRA).

# Phased Retirement

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- Human resources tool to allow full-time employees to transition into retirement by working part-time while drawing retirement benefits
- The main purpose is to enhance mentoring and training of employees who will be filling the positions or taking on the duties of retiring employees
- Provides unique opportunities while accessing decades of knowledge and experience
- Not all agencies participate and this option is not an employee right. Electing to opt into or out of Phased Retirement status requires the mutual consent of both the employing agency and the employee.

# Phased Retirement

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- **CSRS** employees must have at least 30 years of service and have attained at least age 55 or have at least 20 years of service and have attained at least age 60.
- **FERS** employees must have at least 30 years of service and have attained at least their Minimum Retirement Age (MRA), between ages 55-57, or have at least 20 years of service and have attained at least age 60.
- Not all employees who meet these requirements are eligible to participate in phased retirement. Some positions are excluded by regulations. And, some agencies have additional eligibility requirements.

# Phased Retirement

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## Phased Retirement Annuity Component

- The phased retirement monthly annuity is the estimated amount the employee will receive from the Office of Personnel Management (OPM) while working as a part-time employee with their agency. The employee's income will consist of:
  - 50% of their retirement annuity (minus reductions and deductions) paid monthly by OPM and
  - Approximately 50% of their normal annual gross salary (minus deductions) paid biweekly by their agency.
- Benefits deductions include:
  - Full Health Care (FEHB) premium, if applicable,
  - Life Insurance (FEGLI) premiums based on employee full basic salary rounded to the nearest \$1,000 + \$2,000, if applicable,
  - Full Dental and Vision (FEDVIP) premium, if applicable,
  - Full Long Term Care Insurance (FLTCIP) premium, if applicable,
  - Full TSP election based on earned gross biweekly pay, if applicable, and
  - Full Flexible Spending (FSAFED) election, if applicable.

# Phased Retirement

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## Phased Retirement Formula – Unreduced Annuity

- **CSRS** employees will draw 50% of their annuity using the CSRS retirement formula.
  - **TSP** – employees in phased retirement will not have access to TSP like a separated/retired employee. Phased retirement employees are eligible to take loans, financial hardship withdrawals, and age service withdrawals.
- **FERS** employees will draw 50% of their annuity using the FERS retirement formula.
  - **FERS Annuity Supplement** – employees under age 62 will not receive their FERS annuity supplement while in phased retirement.
  - **TSP** – employees in phased retirement will not have access to TSP like a separated/retired employee. Phased retirement employees are eligible to take loans, financial hardship withdrawals, and age service withdrawals.

# Special Retirement Provisions

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- There are special retirement provisions for Law Enforcement Officers, Firefighters, Air Traffic Controllers, and Military Reserve Technicians.
- Minimum age and service requirement for voluntary retirement is at least age 50 with at least 20 years of service.
- Subject to mandatory separation at age 57 (with certain exceptions).

# Special Retirement Provisions continued

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- Employees covered under the special provisions must contribute one-half percent higher than regular retirement contributions and the formula for computing their basic annuity is enhanced (2.5% of the High 3 Average Salary x total years of service not to exceed 20 years + 2% of the High 3 Average Salary x any years exceeding 20 years.)



# Retirement Annuity

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An **annuity** is a fixed sum of money paid to a person (or to the person's survivor) at regular intervals, typically for life; commonly referred to as a pension.

**Your annuity computation consists of:**

- **Years of Service** - Service that is creditable toward your retirement annuity; and
- **High 3 Average Salary** - The average of your three highest-paid consecutive years of service.

# Maximizing Your Years of Service

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Your annuity increases at these intervals:

- CSRS multiplier is 1.5% for first 5 years; 1.75% for next 5 years, and 2% beyond.
- FERS multiplier is 1% per year until age 62 and 1.1% at age 62 with 20 or more years of service.

Computation of total years of service can be affected by:

- Temporary service;
- Break in service if you took a refund of your retirement contributions; or
- Active duty military service.

# Thrift Savings Plan

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- The Thrift Savings Plan (TSP) is a retirement savings and investment plan for federal employees under both CSRS and FERS.
- Purpose is to provide additional retirement income
- Offers federal civilian employees the same type of savings and tax benefits offered by many private companies under 401(k) plans
- Can contribute to Traditional TSP (pre-tax), Roth TSP (after-tax), or a combination of both
- FERS employees are **strongly encouraged** to contribute.

# TSP continued

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- FERS employees receive agency automatic and matching contributions. This is a **very** important part of the retirement package for FERS employees.
- Matching contributions apply to the first 5% of pay contributed each pay period and are made to your Traditional TSP account. To maximize matching contributions, employees need to contribute at least 5%.
- The agency automatic contribution is 1% regardless of whether the FERS employee is contributing. Employee contributions are matched dollar for dollar on the first 3%; 50¢ on the dollar for contributions between 3% and 5%.
- CSRS employees do not receive agency contributions or matching, but TSP is still a great retirement enhancement tool.

# Social Security Benefits

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- Social Security income is considered to be a vital part of retirement income for FERS participants.
- Benefits are based on lifetime covered earnings under Social Security. Employees covered under CSRS may be eligible to receive Social Security if they ever were employed outside of the Federal Government.
- To be fully insured you need 40 credits (the minimum wages covered by social security).

# Social Security Benefits continued

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- The age requirements for Social Security Retirement Benefits are:
  - Early – apply as early as age 62 with a permanent reduction based on number of months receiving benefits before Full Retirement Age
  - Full Retirement Age (FRA) – unreduced benefit
  - Delayed – additional credit for each month after Full Retirement Age and before age 70
- Obtain an estimate of benefits and your lifetime earnings record at [www.ssa.gov](http://www.ssa.gov).
- Contact Social Security in the year before you plan to retire and apply no more than 4 months before you want benefits to begin.

# FERS Annuity Supplement

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The annuity supplement is payable on an immediate, unreduced, non-disability annuity up to age 62.

- A FERS retiree who earns wages from a job or has a net profit from self-employment after retirement may lose part or all of the Annuity Supplement if the amount earned exceeds the Social Security earnings limit.\*
- Earnings are tested (\$15,720/yr. or \$1,310/mo. in 2017);
- \$1 in benefits withheld for every \$2 in earnings;
- Not adjusted for COLA; and
- Stops at age 62, even if you do not apply for Social Security benefits.
- Not entitled to the annuity supplement if you retire under the MRA+10, Disability, or Deferred Retirement Options

***\*Reduction does not apply to employees who retire under the Special Provisions for Law Enforcement Officers, Firefighters, Air Traffic Controllers, and Military Reserve Technicians until they reach their MRA.***

# Requesting a Retirement Estimate

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Benefits and elections to consider for retirement:

- Survivor Benefit:
  - CSRS/CSRS Offset – Maximum (55%)
  - FERS – Maximum (50%) or Partial (25%).

\*If you want your spouse to be eligible to continue health insurance after your death, you must leave a survivor benefit.
- Health Insurance;
- Life Insurance;
- Dental and Vision Insurance;
- Long Term Care Insurance; and
- Federal Tax Withholding.



# Selecting a Financially Advantageous Retirement Date

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- CSRS and CSRS Offset
  - Last day of the month; or
  - First three days of the following month.
  
- FERS
  - Last day of the month.

\*Choosing a retirement date close to the end of a pay period is also ideal.

# Health Insurance (FEHB) in Retirement

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As a retiree, you pay the same cost and have the same election opportunities as an employee:

- Must be covered for 5 years immediately before retirement; or
- For the full period of service during which you were eligible to be insured if less than 5 years;
- Spouse/dependents are not required to be covered for 5 years immediately before retirement.

\*Coverage as a family member under an FEHB plan or under TRICARE counts toward 5 years.

# Health Care Changes

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The current dependent care law covers:

- Children through Age 26
  - Married children;
  - Children not living with parents;
  - Children not financially dependent on parents;
  - Non-students; and
- Spouses of same-sex married couples.

# Federal Employees' Group Life Insurance (FEGLI) in Retirement

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## Eligibility requirements:

- Must be covered for 5 years immediately before retirement; or
- For the full period of service during which you were eligible to be insured if less than 5 years

## FEGLI options at retirement:

- Continue current coverage;
- Continue some coverage; or
- Elect no coverage.

# Federal Employees' Group Life Insurance (FEGLI) in Retirement

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## FEGLI options available at retirement:

- Basic Coverage:
  - No reduction;
  - 50% reduction effective at age 65; or
  - 75% reduction effective at age 65.
- Option A: automatically reduces at age 65
- Options B and C:
  - Full reduction at age 65; or
  - No reduction.

# Reductions from Annuities

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The following are before tax reductions:

- Early Retirement Age;
- Unpaid Deposit;
- Survivor Benefit;
- Unpaid Redeposit; and
- Alternative Annuity.

# Deductions from Annuities

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The following are deductions that will appear on your retirement estimate:

- Health insurance;
- Life insurance;
- Dental Insurance;
- Vision Insurance; and
- Federal Income Taxes.

\*You can set up deductions for your State Income Taxes and Long Term Care Insurance

# Medicare and FEHB

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- Eligible for Medicare at Age 65;
- Medicare A covers hospitalization;
- Medicare B covers out-patient services, doctor visits, lab tests, etc. after a deductible and typically pays only 80%;
- Retirement decision to be made is whether to keep FEHB coverage after becoming covered by Medicare;
- Important to discuss with both Medicare and health insurance carrier.



# How to Apply for Retirement

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- Contact the Benefits Specialist servicing your agency
- Submit a Retirement Action into HR Connect
- Receive and complete retirement package
- Retirement Counseling by phone
- Return packet for processing
- Work your last day/receive your last pay
- Retirement is finalized by the Office of Personnel Management (OPM)

# Contact information

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- [Benefits@fiscal.treasury.gov](mailto:Benefits@fiscal.treasury.gov)
- Benefits Service Center  
(304) 480-8275;  
Toll-Free 1-866-868-4357
- Fax: 304-480-8019