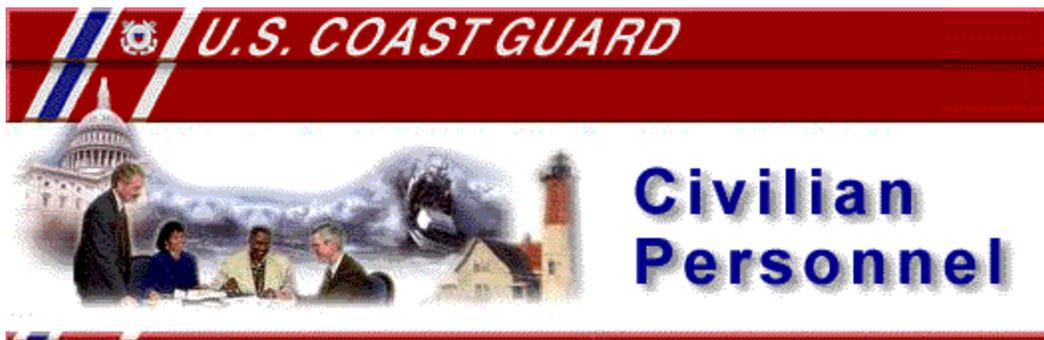


Pre-Retirement Counseling Handbook

FERS

Federal Employees Retirement System



First Edition – 2002

FERS

Federal Employees Retirement System

May 2002

First Edition

Published by
United States Coast Guard
Headquarters

This book belongs to: _____

**This handbook has been developed with you in mind.
We believe the information provided in this handbook, as well as the retirement counseling you are about to receive, will enable you to make informed decisions regarding your retirement and the various benefits programs provided for you by the Federal government.**

Any information in this handbook may be reproduced

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Introduction

Your Federal Employees Retirement System (FERS) was established by Public Law 99-335, effective January 1, 1987. The Social Security Amendments Act of 1983 mandated all employees first hired after December 31, 1983, be covered by Social Security. It further stated that former employees, regardless of length of prior service, who had a break in service of 365 days or more and rehired, after December 31, 1983, would also be covered by Social Security.

FERS is a response to the changing times and Federal workforce needs. Many of its features are “portable” so employees who leave Federal employment may still qualify for the benefits. The system is three-tiered plan consisting of a basic FERS annuity, Social Security (SS), and a Thrift Savings Plan (TSP). Currently you contribute 0.80% of your base pay into the basic FERS annuity fund (1.30% for special category employees--Firefighter, Law Enforcement Officer and Air Traffic Controller). You also pay 6.2% for Old Age, Survivors and Disability Insurance (OASDI) and 1.45% for Medicare Tax.

As a FERS employee, you may contribute up to 12% (effective Jan 2002) of your basic pay into the Thrift Savings Plan (TSP), on a tax-deferred basis. The Government matches 3% of your basic pay dollar for dollar and 50 cents on the dollar for the next 2% of your basic pay that you contribute to the plan. Your TSP account also receives an Agency Automatic Contribution (AAC) equal to 1% of your basic pay each pay period.

If you elected transfer to FERS from the Civil Service Retirement System (CSRS) you will have two components to your annuity. The service creditable under CSRS will be computed under CSRS formula and rules. The service creditable under FERS, which is FERS and CSRS-Offset covered service, will be computed under the FERS formula and rules. Active duty military service performed prior to your FERS election will be credited using the CSRS rules. Active duty military service performed after your FERS election will be credited using the FERS rules.

You may also wish to seek the advice of a legal, tax and/or financial planning expert to assist you with your pre-retirement planning.

FERS Retirement Considerations

- **Determine when you are eligible to retire.**
- **Does being eligible to retire mean immediate retirement?**
- **Determine the factors that affect your annuity computation.**
- **If appropriate, decide whether to make a deposit/redeposit for civilian service or to make a “military deposit” for military service performed on/after 1-1-57. Determine the effect on your annuity. How do you make the deposit?**
- **Decide about survivor benefits. What are the benefits to your spouse? What are your options? How much will your annuity be reduced to provide the benefit? What are the consequences of not electing survivor benefits?**
- **Make decisions regarding health and life insurance. What are the eligibility requirements to continue these benefits? Costs? How does Medicare fit in?**
- **Be aware of the most advantageous time to begin the application for retirement benefits. What is the expectation for the receipt of annuity? How do you make changes after retirement?**
- **Determine your eligibility for Social Security benefits. How do you apply? Does your Federal annuity affect your Social Security?**
- **If enrolled, decide when and how to receive your Thrift Savings Plan monies. How do you withdraw the money in your TSP account? What are your options? What are the tax consequences?**

NOTIFICATION OF PERSONNEL ACTION

1. Name (Last, First, Middle)					2. Social Security Number					3. Date of Birth					4. Effective Date																								
FIRST ACTION										SECOND ACTION																													
5-A. Code					5-B. Nature of Action					5-A. Code					5-B. Nature of Action																								
5-C. Code					5-D. Legal Authority					5-C. Code					5-D. Legal Authority																								
5-E. Code					5-F. Legal Authority					5-E. Code					5-F. Legal Authority																								
7. FROM: Position Title and Number										15. TO: Position Title and Number																													
8. Pay Plan		9. Occ. Code		10. Grade or Level		11. Step or Rate		12. Total Salary		13. Pay Basis		16. Pay Plan		17. Occ. Code		18. Grade or Level		19. Step or Rate		20. Total Salary/Award		21. Pay Basis																	
12A. Basic Pay		12B. Locality Adj.		12C. Adj. Basic Pay		12D. Other Pay		\$0.00				20A. Basic Pay		20B. Locality Adj.		20C. Adj. Basic Pay		20D. Other Pay		\$0.00																			
14. Name and Location of Position's Organization										22. Name and Location of Position's Organization																													
GENERAL INFORMATION										AGENCY USE																													
23. Veterans Preference					24. Termination					25. Agency Use					26. Veterans Pref for HIP																								
1 - None		3 - 10-Point/Disability		6 - 10-Point/Other		0 - None		3 - Conditional								<input type="checkbox"/> YES <input type="checkbox"/> NO																							
2 - 5-Point		4 - 10-Point/Compensable		8 - 10-Point/Compensable/30M		1 - Permanent		3 - Indefinite																															
27. FEGLI										28. Annuitant Indicator										29. Pay Rate Determinant																			
30. Retirement Plan										31. Service Comp. Date Received										32. Work Schedule										33. Part-Time Hours Per Weekly Pay Period									
POSITION DATA										FLSA										AGREEMENT																			
34. Position Occupied					35. FLSA Category					36. Appropriation Code					37. Bargaining Unit Status																								
1 - Competitive Service		3 - SES General		E - Exempt		1 - Permanent		3 - Indefinite																															
2 - Excepted Service		4 - SES Career		N - Nonexempt																																			
38. Duty Station Code										39. Duty Station (City - County - State or Overseas Location)																													
40. AGENCY DATA		41.		42.		43.		44.																															
45. Remarks																																							

46. Employing Department or Agency Department of Health and Human Services										50. Signature/Authentication and Title of Approving Official											
47. Agency Code		48. Personnel Office ID		49. Approval Date																	

TURN OVER FOR IMPORTANT INFORMATION 1 - Employee Copy - Keep for Future Reference Editions Prior to 7/81 Are Not Usable After 6/30/83
 5-Part

NOTIFICATION OF PERSONNEL ACTION

1. Name (Last, First, Middle)				2. Social Security Number		3. Date of Birth		4. Effective Date			
FIRST ACTION					SECOND ACTION						
5-A. Code		5-B. Nature of Action			5-A. Code		5-B. Nature of Action				
5-C. Code		5-D. Legal Authority			5-C. Code		5-D. Legal Authority				
5-E. Code		5-F. Legal Authority			5-E. Code		5-F. Legal Authority				
7. FROM: Position Title and Number					15. TO: Position Title and Number						
8. Pay Plan	9. Occ. Code	10. Grade or Level	11. Step or Rate	12. Total Salary	13. Pay Basis	16. Pay Plan	17. Occ. Code	18. Grade or Level	19. Step or Rate	20. Total Salary/Award	21. Pay Basis
12A. Basic Pay	12B. Locality Adj.	12C. Adj. Basic Pay		12D. Other Pay		20A. Basic Pay	20B. Locality Adj.	20C. Adj. Basic Pay		20D. Other Pay	
				\$0.00						\$0.00	
14. Name and Location of Position's Organization					22. Name and Location of Position's Organization						
GENERAL INFORMATION					AGENCY USE						
23. Veterans Preference				24. Termination		25. Agency Use		26. Veterans Pref for HIP			
1 - None		3 - 10-Point/Disability		6 - 10-Point/Other		0 - None		2 - Conditional		<input type="checkbox"/> YES <input type="checkbox"/> NO	
2 - 5-Point		4 - 10-Point/Compensable		8 - 10-Point/Compensable/30M		1 - Permanent		3 - Indefinite			
27. FEGLI					28. Annuitant Indicator			29. Pay Rate Determinant			
30. Retirement Plan				31. Service Comp. Date (leave)		32. Work Schedule		33. Part-Time Hours Per Semiweekly Pay Period			
POSITION DATA					FLSA INFORMATION						
34. Position Occupied			35. FLSA Category		36. Appropriation Code		37. Bargaining Unit Status				
1 - Competitive Service		3 - SES General		E - Exempt							
2 - Excepted Service		4 - SES Career		N - Nonexempt							
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TURN OVER FOR IMPORTANT INFORMATION 1 - Employee Copy - Keep for Future Reference Editions Prior to 7/81 Are Not Usable After 6/30/83
 5-Part

If You Elected FERS ...

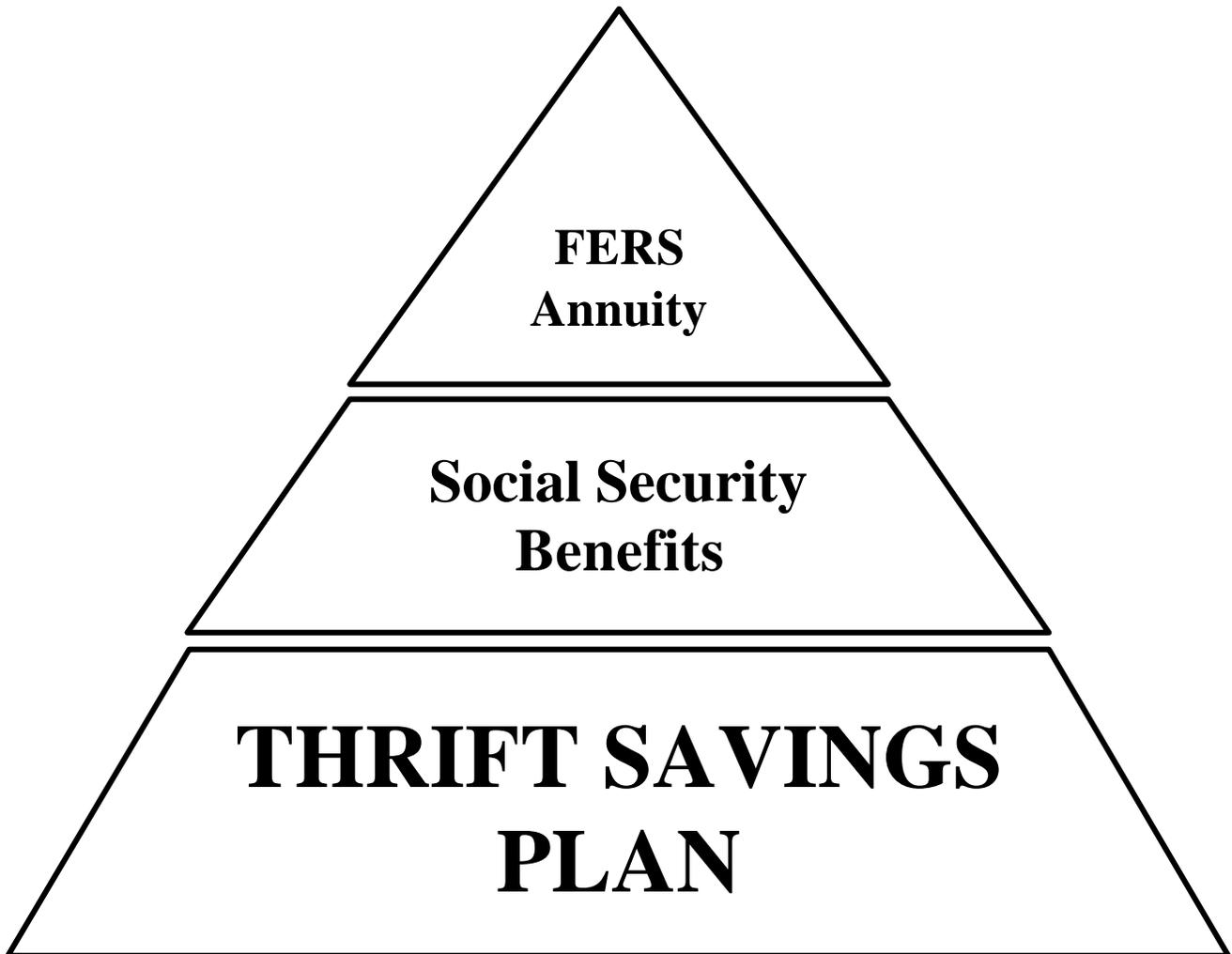
As of the effective date of your election of FERS, you may have a CSRS component. You must have at least five years of full CSRS covered service and/or temporary service (FICA) before your election of FERS in order to have a component. CSRS Offset service moves under the FERS rules and cannot be counted in the CSRS component. Contact your personnel office for this determination. If you have a component, this time will follow CSRS rules for creditable service, annuity, etc. However, other factors, such as eligibility, survivor elections, disability, etc., will follow FERS rules. For your reference, the chart below provides a comparison of the two systems.

	CSRS	FERS	Elected FERS
Eligibility	Age 55 with 30 years; 60 with 20 years; or 62 with 5 years civilian service.	MRA with 30 years of service; age 60 with 20; or 62 with 5 years civilian service. May receive immediate annuity with MRA plus 10 years of service with reduction of 5% each year under age 62. May postpone the start date of annuity to reduce reduction. May resume health and life insurance when annuity payments begin.	Follow FERS rules.
Creditable Service	All civilian service credited for eligibility. Nondeduction service on or after 10/1/82, and refunded service on or after 10/1/90, must be covered by deposit/redeposit or the service will not be creditable for computation.	All service must be covered by a deposit before 1/1/89. Nondeduction service on or after 1/1/89 is not creditable. Refunded FERS service cannot be repaid and is not creditable.	Service before the election of FERS will follow CSRS rules if there is a CSRS component (at least 5 years of full CSRS or nondeduction service); after the election of FERS, follow FERS rules.
Sick Leave	Sick leave used in length of service for computation of annuity	Sick leave is not used	Use lesser amount, balance at time of switch or retirement

	CSRS	FERS	Elected FERS
Survivor Benefits	Can elect any amount up to 55% of basic annuity Cost: 2 ½% x first \$3600 plus 10% or remainder	Can elect 50% or 25% Cost: 10% of basic annuity for the 50%; 5% for the 25%	Follow FERS rules
Thrift Savings Plan	Participate up to 7% of basic pay. No agency matching contributions.	Automatically receive 1% of basic pay; may participate up to 12%, with agency matching 4%	Follow FERS rules
Annuity	1.5% x average salary x 5 years 1.75% x average salary x 5 years 2% x average salary x remaining service	1% x average salary x years 1.1% if 62 and have at least 20 years of service	Full CSRS service prior to election use CSRS rules; CSRS Offset and FERS use the FERS formula; add together for annuity.
Disability	Eligible for benefits if have 5 years of civilian service Benefits are based on the higher of: 1) Earned annuity, or 2) the lesser of 40% of high-3 or annuity computed by increasing length of service as if the employee had worked to age 60.	Eligible for benefits if have 18 months of civilian service Benefits based on the following: 1) First year, 60% of high-3 minus 100% of Social Security 2) Second year up to age 62, receive 40% of high-3 minus 60% of Social Security 3) Age 62, recomputed earned annuity using all years in receipt of disability annuity	Follow FERS rules.
Deferred Retirement	Only if you do not meet immediate retirement eligibility; no health and life insurance. Apply at age 62 if have minimum of 5 years civilian service, and have not taken a refund of contributions.	Same: Only if you do not meet immediate retirement eligibility criteria. Apply at age 62 if you have 5 years of civilian service and have not taken a refund.	Follow FERS rules.
COLA	Full COLA * Paid annually to all annuitants beginning the year of retirement	COLA reduced: 2-3% = 2% 3% or more = minus 1% match if 2% or less * Paid annually to retirees over 62 years of age	CSRS component receives CSRS COLA; FERS, the FERS COLA
Social Security	Not a part of CSRS plan. If eligible for Social Security benefits, benefits will be reduced by the Windfall Provision and the Government Pension Offset (as appropriate). If CSRS Offset, Social Security benefits earned as a Federal employee will offset CSRS annuity. Exempt from Government Pension Offset.	A part of the FERS plan. Will receive full benefits based on the Social Security program.	Annuity affected by the Windfall provision. If work for 5 years as a FERS employee, exempt from the Government Pension Offset.

ELIGIBILITY

**Federal Employees
Retirement System (FERS)
A Three-Tiered System**



Eligibility For Retirement Federal Employees Retirement (FERS)

General Eligibility Requirements

Under FERS, you must have at least 5 years of creditable civilian service to be eligible for an annuity and be covered by the retirement system on the day of separation.

Exception: The service requirement for disability retirement is 18 months.

Immediate Retirement

<u>AGE</u>	<u>YEAR OF SERVICE</u>
Minimum Retirement Age (MRA)	30
60	20
62	5

If you retire voluntarily, your annuity will commence on the first day of the following month following your retirement separation. Refer to the “Minimum Retirement Age (MRA) Schedule” found on the following page.

MRA + 10

You can retire as early as age 55 with as little as 10 years of creditable service (see attached MRA chart). This allows you to retire at your MRA with 10 to 29 years of service with a possible reduction in annuity. An MRA + 10 retirement is effective the first day of the month following separation from service. However, your annuity will be reduced by 5% for every year under 62. A separating employee can reduce or eliminate the age reduction by postponing the commencing date of the MRA + 10 annuity. A postponed MRA + 10 annuity becomes effective the first day of the month the individual elects to receive payments. (MRA + 10 optional retirement means that you have met the age before separating.)

Early Retirement

Major RIF (VERA) - Voluntary	
50	20
ANY AGE	25
Discontinued Service - Involuntary	
50	20
ANY AGE	25

Annuity commences the day after the date of the involuntary separation.

Eligibility For Retirement (FERS)

Deferred Retirement

62	5
MRA	10
60	20*
MRA	30*

If you have taken a refund of your retirement contributions, you have no annuity right. If you have not taken a refund, you should apply not more than 3 months before eligibility. When you apply, there is no credit for unused sick leave, nor will life and health insurance be reinstated. The annuity is effective the first day of the month after your 62nd birthday or the first day of the month after you meet the MRA + 10 requirement. **(MRA + 10 deferred means that you have 10 years of service at separation but not your MRA. When you reach your MRA, you can apply for the annuity.)**

* No age reduction because service requirement was met at separation

Disability Retirement

Any Age	18 months
---------	-----------

Annuity will commence the first day in a non-pay status and meet first eligibility (18 months).

Law Enforcement Officer(LEO)/Firefighters (FF)

50	20
Any Age	25

Note: You must have 3 years primary coverage first, followed by secondary coverage with no break.

Air Traffic Controllers (ATC)

50	20
Any Age	25

Military Technicians (*who lose their military status*)

50	25
----	----

Mandatory Retirement Age For Special Groups

LEO	57	20
ATC	56	20
FF	57	20

NOTE 1: As a FERS LEO/FF/ATC, who reaches mandatory retirement age and have not yet completed the required 20 years of service under the special provisions, you must be separated on the last day of the month in which you complete the 20 years of service.

NOTE 2: If you are eligible for retirement under the special provisions but are not currently occupying a law enforcement officer or firefighter position, you are not required to retire and are not subject to mandatory separation. Annuity commencement dates are the same as for Immediate Retirement. For retirement purposes, you are considered to reach the age requirement on the day before your birthday. For example, you reach age 56 on the day before your 56th birthday.

Minimum Retirement Age (MRA) Schedule

<i>If You Were Born In</i>	<i>Your MRA Is.....</i>
Before 1948.....	55 years
1948.....	55 years, 2 months
1949.....	55 years, 4 months
1950.....	55 years, 6 months
1951.....	55 years, 8 months
1952.....	55 years, 10 months
1953 - 1964.....	56 years
1965.....	56 years, 2 months
1966.....	56 years, 4 months
1967.....	56 years, 6 months
1968.....	56 years, 8 months
1969.....	56 years, 10 months
After 1969.....	57 years

CREDITABLE SERVICE

Creditable Civilian Service

Generally, to be creditable for eligibility and computation, all service before 1-1-89 must be covered by a deposit. Nondeduction service on or after 1-1-89 is not creditable. Refunded FERS service cannot be repaid and is not creditable.

1. Full Time

Retirement covered appointments give full time credit for all time elapsing between the date of appointment and date of separation.

2. Part-Time Work Schedule

Full-Time credit for eligibility. (Service performed on/after 4-7-86 is prorated only for computation purposes.)

3. Intermittent Work Schedule (When Actually Employed—WAE)

Intermittent (WAE) time is credited only for actual days worked, based on 260 day year.

4. Deposit (Nondeduction) Service

Fully creditable if performed prior to 1-1-89 and deposit has been made. No credit if performed on or after 1-1-89.

5. Leave Without Pay

Credit is given for all Leave Without Pay (LWOP) up to six months in a calendar year. *(No deposit required).*

6. Office Of Workers' Compensation Program (OWCP)

All time while receiving OWCP benefits is fully creditable as long as the employee is eventually restored to Federal employment. *(No deposit required).*

7. Interim Or CSRS Offset Service

CSRS Interim is a version of CSRS established pending creation of FERS. Fully creditable as FERS service.

8. CSRS Service That Is Not Part Of A CSRS Component

Fully creditable if covered by deductions or a deposit has been made.

9. CSRS Component

When an employee has 5 years of creditable CSRS civilian service and elected to transfer to FERS. Service is calculated using the CSRS rules.

Deposit/Redeposit Service

What is deposit service? Deposit service is the period of service during which retirement contributions were not withheld from your salary (for example: temporary service).

Cost of the deposit is 1.3% of basic pay earned during the nondeduction service plus interest. For FERS employees, you can only make the deposit for service prior to 1-1-89. Deposit time after this date is not creditable and payment cannot be made to receive credit. If you have nondeduction service that is used in the CSRS portion of your annuity, the amount owed would be 7% plus interest. Since 1985, variable rates of interest are charged which the Secretary of Treasury determines.

What is redeposit? It is service in which you contributed to the retirement fund and later received a refund of those contributions. If you have received a refund of contributions for prior CSRS service; became FERS automatically; and received the refund based on an application filed before FERS coverage began, you must make a deposit to receive credit under FERS for the prior CSRS service. The deposit must be made under FERS rules. If you do not make the required deposit, then the service will not be creditable for eligibility or computation purposes under FERS. If you received a refund of CSRS Offset service and elected FERS, you must make a redeposit to receive credit. If you have a CSRS component, variable rates do not apply to deposit service prior to 10/1/82 or to refunds received before 10/1/82. The interest rate would be 3% (since 1948 to payment date).

Cost of the redeposit is the refund paid to you plus interest. (Only applies to CSRS refunded money)

Interest Charged

CSRS deposit service and redeposit service is subject to interest based on when the service was performed (for deposit service) or when the employee made application for the refund. The rates are as follows:

- Rate of 4% through 12-31-1947
- Rate of 3% from 1-1-1948 through 12-31-1984
- A variable interest rate thereafter, compounded annually.

FERS deposit service from 1-1-1983 to 12-31-1984 are charged at a rate of 3% and a variable interest rate thereafter.

Variable Interest Rates

1985	-	13.000%	1994	-	6.25%
1986	-	11.125%	1995	-	7.00%
1987	-	9.000%	1996	-	6.875%
1988	-	8.375%	1997	-	6.875%
1989	-	9.125%	1998	-	6.750%
1990	-	8.750%	1999	-	5.750%
1991	-	8.625%	2000	-	5.875%
1992	-	8.125%	2001	-	6.375%
1993	-	7.125%	2002	-	5.500%

Note: Variable rates do not apply to deposit service prior to 10-1-82, or to refunds received prior to 10-01-82. The 3% rate continues if the service will be credited in the CSRS component.

How To Compute The Actuarial Reduction for Unpaid CSRS Redeposits

Actuarial, or reduction factors are assigned based on the age of the retiree at the time of retirement. The amount of the redeposit due (which includes interest), on the date of retirement is divided by the actuarial factor. The remainder is rounded up and equals the monthly reduction in the annuity.

$$\frac{\text{Redeposit Owed}}{\text{Actuarial Factor}} = \text{Monthly Reduction}$$

When a FERS transferee with a CSRS component chooses not to make a redeposit of CSRS refunded service that ended before October 1, 1990, the CSRS component will be actuarially reduced by using the CSRS factor. You will use the amount owed divided by the CSRS factor.

Example: An employee retires in 2002, age 56, who owes \$8,500 redeposit. The employee would have \$41.66 (rounded to \$42) in a monthly reduction.

$$\frac{\$8500}{204.0} = \$41.66 \text{ or } \$42$$

Actuarial Factors			
CSRS			
<u>AGE AT RETIREMENT</u>	<u>REDUCTION FACTOR</u>	<u>AGE AT RETIREMENT</u>	<u>REDUCTION FACTOR</u>
40	271.2	66	156.8
41	267.1	67	152.0
42	263.3	68	147.1
43	259.9	69	142.3
44	256.5	70	137.1
45	252.5	71	131.9
46	248.4	72	126.7
47	244.4	73	121.5
48	240.2	74	116.2
49	235.8	75	111.0
50	230.9	76	105.9
51	226.7	77	100.8
52	222.6	78	95.8
53	218.2	79	90.9
54	213.5	80	86.2
55	208.5	81	81.6
56	204.0	82	77.1
57	199.4	83	72.8
58	194.7	84	68.7
59	190.2	85	64.7
60	186.1	86	61.0
61	181.2	87	57.4
62	176.0	88	54.1
63	171.3	89	50.9
64	166.4	90	47.9
65	161.5		

Refund Fact Sheet

Eligibility Requirements

In order to receive a refund you must meet **all** of the following criteria:

- Be separated from the Federal government for at least 31 consecutive days OR be transferred to a position not subject to retirement deductions for at least 31 consecutive days;
- File a refund application (FERS – SF 3106, dated March 1996 only, and SF 3106A, if applicable) with the Office of Personnel Management;
- Not be reemployed in a position subject to retirement deductions at the time you file your application;
- Not be eligible to receive an immediate annuity within 31 days of separation;
- Not be prohibited from receiving a refund due to a court order; **AND**
- Notify your current and/or former spouse(s) of the refund request, if applicable.

It is recommended that you discuss all of the relevant facts with your servicing personnel office before making a final decision on applying for a refund. You are not required to withdraw your retirement contributions and may leave the money in the fund until you are eligible for a deferred retirement. In the event of your death, all money in the fund will be payable to your survivor as a lump sum benefit. The following topics may assist you in making your decision.

Refunds May Be An Advantage

- If you have less than 5 years of civilian service (you must have 5 years to receive an annuity), and you do not intend to return to Federal employment; **or**
- If you have 5 or more years of civilian service, you do not intend to return to Federal employment, and you believe you can invest the funds so that the final value of such investments exceeds the value of the deferred annuity. (At age 62 when applying for a deferred annuity, you may provide a survivor annuity for your spouse.)

CAUTION: Obtaining a refund of FERS contributions permanently voids entitlement to a future annuity for the entire period of service covered by the refund. Refunds of FERS deductions cannot be redeposited.

Refunds May Be A Disadvantage

- If you have at least 5 years of civilian service and your deferred annuity exceeds the value of the lump sum refund.
- If you are reemployed by the Federal government and wish to receive credit for the refunded service, you may find that regaining the credit may be difficult. For CSRS, a redeposit plus interest will be required; for FERS, you cannot make a redeposit. The cost of the redeposit is equaled to the refund received plus interest.
- A refund of all deductions voids any retirement options, including survivor benefits until the refund is redeposited (only for CSRS).

Specific to FERS:

- If you receive a refund, you irrevocably lose all future credit for the refunded service.
- The lump sum credit continues to accrue interest at the market interest rate if a refund is not taken.

Reached A Refund Decision?

If you decide to apply for a refund within 30 days after your date of separation **AND** you did not receive notice from your payroll office that your retirement records were forwarded to the Office of Personnel Management (OPM) in Boyers, PA, mail your application to your servicing personnel office.

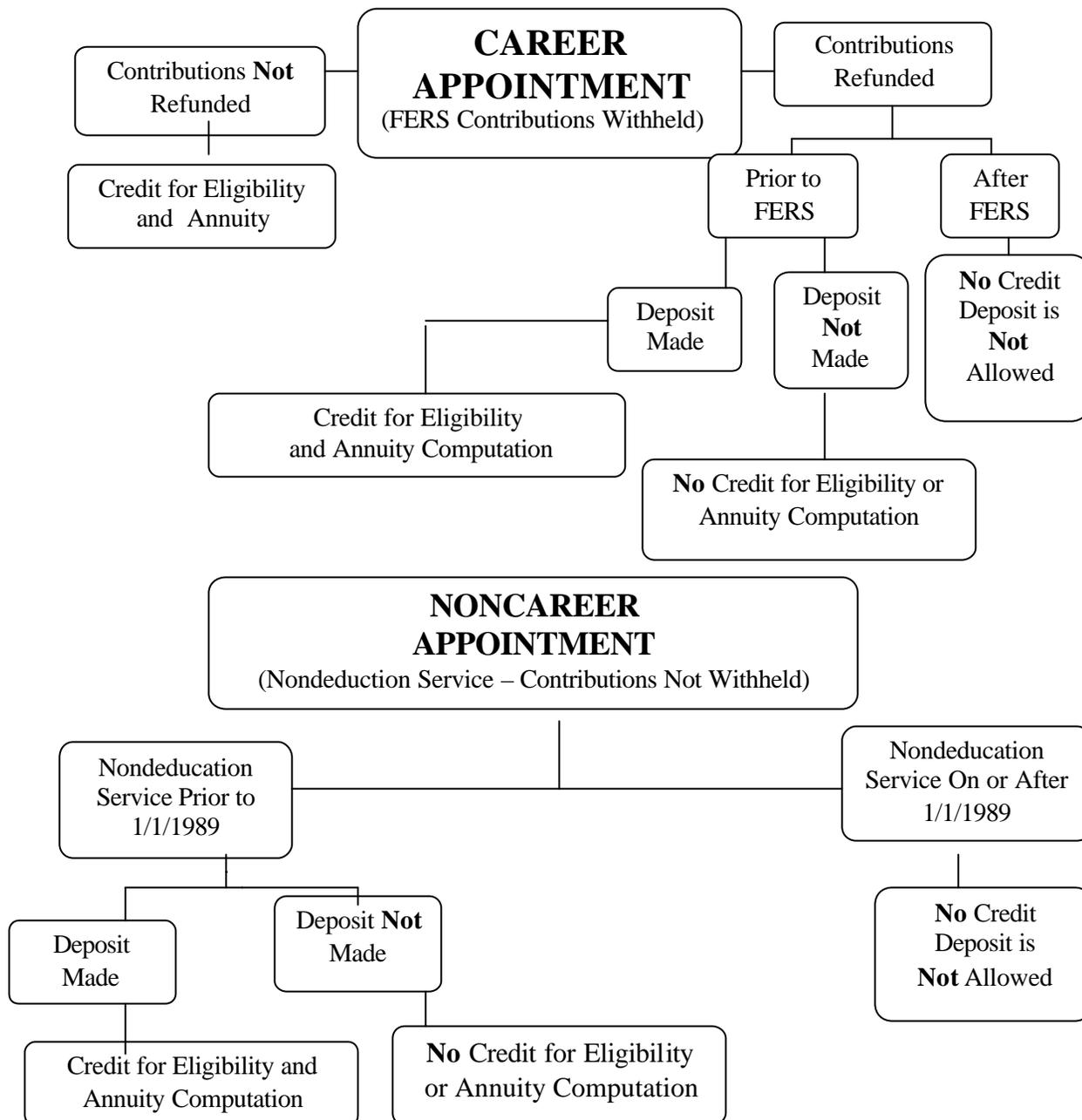
If you decide to apply for a refund more than 30 days after your date of separation **OR** you have received notice from your payroll office that your retirement records were sent to OPM, you must forward your application directly to the appropriate OPM address listed below:

Office of Personnel Management
Federal Employees Retirement System (FERS)
Retirement Operations Center
ATTN: Refunds
Boyers, PA 16017-0200

Procedures for Making a Civilian Service Deposit Or Redeposit

- STEP 1** Obtain a SF 3108, Application to Make Service Credit Payment for Civilian Service, from your personnel office.
- STEP 2** Complete the front of the SF 3108 and return the application to your personnel office.
- STEP 3** Your agency will complete the back of the SF 3108 and certify the application. Your agency will also complete the “Agency Checklist for a FERS Service Credit Application” (RI 95-1). Checklist and Application will be forwarded to OPM, Retirement Operations Center, Boyers, PA 16017.
- STEP 4** You may submit payments directly to OPM after receiving the official bill. The deposit may be made in a single lump sum or in installments no smaller than \$50. You may also choose to have OPM debit your checking or savings account monthly.
- STEP 5** When you make a full or partial payment, OPM will send you a receipt showing the new balance due (including updated interest or payment in full, as appropriate).
- Notes:** Payments to OPM cannot be paid through payroll deduction. Interest is applied to unpaid balance on Jan 1 of each year. OPM will accept payment in full after separation, but prior to final adjudication of retirement application. Keep copies of all your paperwork.

FERS Creditable Civilian Service



Note: *Deposit may be made before or after retirement, but before final adjudication of the retirement claim. Payment must be made to the Office of Personnel Management (OPM). Do not apply to make payment if within six months of retirement. Application may be included in the retirement application package.*

Computation of Military Deposit

Your FERS deposit will equal 3% of your base pay (not allowances) earned during the post-56 military service. The earliest that interest begins to accrue is 1-1-89 or 2 years from the date you were first subject to FERS. Interest is compounded annually based on the variable interest rates. No interest is charged if you make the deposit, paid in full, before the first interest accrual date. If you transferred to FERS and have a CSRS component, you continue to be under the CSRS military deposit rules for service performed before the transfer. Under the CSRS rules, the deposit equals 7% of base pay and the earliest interest begins to accrue is 10-1-86 or your 3rd anniversary of entry into a CSRS position (if no CSRS component, interest begins to accrue 2 years from the date of transfer to FERS; posted on the 3rd year).

NOTE: There are special rules if you fall under Uniformed Services Employment and Reemployment Rights Act (USERRA); that is, restoration under chapter 43, Title 38.

FERS Employees With A CSRS Component:

If you were first hired prior to 10-1-82 and your military service is in a CSRS component, the military service will be credited for eligibility and annuity computation. However, you must consider the potential reduction based on Catch-62. If you are not eligible for Social Security at age 62 or at retirement if later, Catch-62 will not impact your annuity.

If you were first hired on or after 10-1-82, a deposit is required for the service to be creditable, regardless of eligibility for Social Security.

Note: OPM will only check with Social Security for eligibility the year that you turn age 62 or at retirement, if later.

Catch-62 Example:

If you do not make a deposit of 7% of basic military pay for your post-56 service subject to CSRS rules, your annuity will be computed:

- Age at retirement - 55
- Years of service - 30 (military and civilian)
- Years of military service - 10 (post-56)

At age 62, **if eligible for Social Security**, annuity will be recomputed eliminating the 10 years of post-56 service.

With over 10 years of service, the annuity formula uses 2% for each year over 10; therefore, the annuity will lose 2% X 10 (military service) or 20%.

Deciding Whether To Waive Military Retired Pay

With few exceptions, receipt of military retired pay means that no military service can be credited toward retirement eligibility or used for the computation of annuity unless military retired pay is waived.

Type of Military Retired Pay	Choices	Effect on Annuity
<p>Awarded on account of service-connected disability which was:</p> <ol style="list-style-type: none"> 1. Incurred in combat with an enemy of the United States; or 2. Caused by an instrumentality of war and incurred in the line of duty during a period of war. 		<p>The years of military service will be used in computing the FERS annuity if deposit is paid. A waiver of military retired pay is not required.</p>
<p>Awarded under provisions of sections 12731 through 12739 of chapter 1223, title 10, U.S. Code which grants retired pay to members of reserve components who meet age and service requirements.</p>		<p>The years of military service will be used in computing the FERS annuity if deposit is paid. A waiver of military retired pay is not required.</p>
<p>Other types of military retired pay.</p>	<p>Waiving military retired pay</p>	<p>All creditable military service will be used in computing FERS annuity if deposit is paid.</p>
	<p>Not waiving military retired pay</p>	<p>Any military service used to compute military retired pay will not be used to compute the FERS annuity.</p>

ESTIMATED EARNINGS DURING MILITARY SERVICE

INSTRUCTIONS: Use a separate RI 20-97 for each branch of service. Attach DD214 or equivalent and any available records of pay or promotions. If you do not have a DD214 or equivalent, obtain a SF 180 from your personnel office and have your service verified before forwarding this form to the pay center. The pay center cannot provide estimated earnings unless verification of service is attached.

To:

Employee name (Last, First, Middle)	
Other names used	
Social Security Number	Date of birth
All military service numbers	
Branch of Service	

The uniformed services must provide estimated basic pay by Federal employees for military service after December 31, 1956, for the purpose of making a deposit to the Civil Service Retirement and Disability Fund for retirement credit. Please provide the estimated basic pay earned by the above named employee.

Signature of requester		Relationship to employee <input type="checkbox"/> Employee is requester <input type="checkbox"/> Other (Specify) <input type="checkbox"/> Survivor		Date		
Active military service after December 31, 1956 (Dates indicated below must be based on DD 214 or equivalent certification)				TO BE COMPLETED BY AUTHORIZED OFFICIAL Estimated Earnings (Base Pay) (Do not provide estimated earnings for any period of service prior to January 1, 1957.)		
From (Mo,Dy,Yr)	To (Mo,Dy,Yr)	From (Mo,Dy,Yr)	To (Mo,Dy,Yr)	Rate of Basic Pay	Earnings	Type of Discharge
1. If period of service began before and ended after December 31, 1956, enter date service actually began. (Mo,Dy,Yr)		1. Lost time <input type="checkbox"/> None <input type="checkbox"/> Number of days _____ <input type="checkbox"/> Inclusive dates				
		From(Mo,Dy,Yr)	To(Mo,Dy,Yr)	From(Mo,Dy,Yr)	To(Mo,Dy,Yr)	
Signature of authorized official furnishing estimate		Date(Mo,Dy,Yr)		Telephone number (Including Area Code)		
Typed name of authorized official		Title of authorized official				

Requester's name and address

Return Complete Form to

RI 20-97

Request For Earnings During Military Service

Attach a DD 214 or equivalent and any available records of pay or promotions to the Request for Earnings during Military Service form. If you do not have a DD 214 or equivalent, get an SF 180 from your personnel office and have your service verified before forwarding the request form to the pay center. The pay center cannot provide estimated earnings unless verification of service is attached. Send or FAX the Request for Earnings during Military Service to the appropriate address/FAX number shown below:

ARMY

**DFAS-IN
ATTN: DFAS-IN/TJMA
8899 East 56th Street
Indianapolis, IN 46249-0875
Phone: (317) 510-2800 or 1-888-729-2769
FAX: (317) 510 5575**

NAVY

**DFAS-Cleveland Center
ATTN: PMMACB
1240 East 9th Street
Cleveland, OH 44199-2055
Phone: (216) 522-6545
FAX: (216) 522-6924**

AIR FORCE

**DFAS-PMJYB -DE
6760 East Irvington Place
Denver, CO 80279-3000
Phone: (303) 676-7408
FAX: (303) 676-6218**

MARINE CORPS

**DFAS-KC
Code - PMCRAF
1500 E. 95th Street
Kansas City, MO 64197-0001
Phone: (816) 926-7652
FAX: (816) 926-3129**

COAST GUARD

**Commanding Officer (SES)
Coast Guard Human Resource Services Information Center
444 S.E. Quincy Street
Topeka, KS 66683-3591
Phone: (785) 339-3552
FAX: (785) 339-3784**

PUBLIC HEALTH SERVICE

**Public Health Service
Division of Commissioned Personnel
Compensation Branch
Parklawn Building, Room 4-50
5600 Fisher's Lane
Rockville, MD 20857
Phone: (301) 443-0064
FAX: (301) 594-2711**

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

**National Oceanic and Atmospheric Adm.
Department of Commerce,
Commissioned Personnel Office
11400 Rockville Pike, Room 105
Rockville, MD 20852**

Procedures for Making a Military Service Deposit

- STEP 1** Obtain a RI 20-97, Estimated Earnings During Military Service, from your personnel office or use a copy from this handbook.
- STEP 2** Complete the RI 20-97, attach your DD 214(s) and send to the appropriate military finance center. Address/phone/fax numbers are also included in this handbook.
- STEP 3** When you have received your estimated military earnings, complete an SF 3108, Application to Make Service Credit Payments. You should complete the front of the form and submit it to your personnel office.
- STEP 4** Your agency will complete the back of the SF 3108 and certify the application. The SF 3108 and RI 20-97 will be forwarded to your servicing payroll office. Your civilian personnel office will calculate the amount of your military deposit and inform you of the amount you owe.
- STEP 5** Make your payments directly to payroll, either by check/money order, or through payroll deductions. The deposit may be made in a single lump sum payment or through installments. Your deposit account balance and each payment will be reflected on your Leave & Earnings Statement.
- STEP 6** When you have completed your military deposit, payroll will send you a letter stating that the deposit has been paid in full. You should forward a copy of this letter to your personnel office to be placed in your Official Personnel Folder.

Notes: **Military deposits must be paid prior to separation from Federal service. Be aware of your interest accrual date. Official documentation that you completed your military deposit will be annotated on the Individual Retirement Record (SF 3100), which will be forwarded from payroll to OPM upon your separation. Keep copies of all your paperwork.**

Effect Of Military Service After January 1, 1957 On FERS

**Employee with
Military Service
On or After
1 January 1957**

**Must Pay
Post-56
to
Receive Credit
at
Time of Retirement**

SURVIVOR ELECTIONS

Questions to Consider for Survivor Elections

- **Who is eligible to receive survivor benefits when I die?**
- **What is the monthly cost to provide survivor benefits?**
- **Will my spouse consent to an election of less than the maximum survivor annuity?**
- **Does my spouse have an independent source of income?**
- **Is there a court order awarding survivor benefits to my former spouse? How much of a benefit is awarded?**
- **Would receiving a survivor annuity affect other pensions or benefits my spouse is receiving or would be entitled to receive?**
- **If I elect no survivor benefit for my spouse, will my spouse's FEHB be terminated?**
- **If a lump sum will be payable in lieu of a survivor benefit, have I designated a beneficiary? If so, is my beneficiary form current and up to date?**

Survivor Elections

Current Spouse

***Married employees may elect at retirement:**

- Full survivor annuity for current spouse (maximum -- 50% of full annuity as base)
- Less than full (partial--25% of annuity base) with consent of spouse
- 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

*Survivors are eligible to receive an annuity if they have been married at least 9 months, are the natural parent of your child, or death was accidental.

Example Of Full Annuity

Assume the retiring employee’s basic annuity is \$12,000
(Full survivor annuity elected - 50% of \$12,000)

Reduction = 10% of \$12,000 = \$1,200

Annuity after reduction = \$12,000 - \$1,200 = \$10,800 annual or \$900 a month
Survivor’s Benefit = 50% of \$12,000 = \$6,000 annual or \$500 a month

Example Of A Partial Election

Assume the retiring employee’s basic annuity is \$12,000
(Partial survivor benefits elected - 25% of basic annuity as base)

Reduction = 5% of \$12,000 = \$600

Annuity after reduction = \$12,000 - \$600 = \$11,400 annual or \$950 a month
Survivor’s Benefit = 25% of \$12,000 = \$3,000 annual or \$250 a month

Former Spouse

To provide a former spouse survivor annuity, you must have been ordered by the Court or elected by you and:

- Have been married at least 9 months,
- Have performed at least 18 months of creditable service in a position covered by retirement deductions.

The annuity is computed in the same way as a current spouse survivor annuity (described above). The OPM must receive a certified copy of your court order, showing original seal or stamp of the court, to: U.S. Office of Personnel Management, Court Ordered Benefits Branch, P.O. Box 17, Washington, DC 20044.

Survivor Elections Available To Unmarried Employees

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

Note: If you marry after retirement, you may elect, within 2 years after the marriage, a reduced annuity to provide a current spouse survivor benefit. The reduction in your annuity is effective no earlier than the first of the month beginning 9 months after the date of marriage. This deposit is paid by a permanent actuarial reduction.

Reduction For Insurable Interest

An insurable interest is defined as a person who has a reasonable expectancy of financial benefit in the continuation of your life. If you are in good health at the time of your retirement, you may fund a continuing benefit, paid after your death, to an individual with an insurable interest. This benefit is more costly and less generous in comparison to a survivor benefit. The benefit amounts to 55% of your reduced annuity. For example, you may choose to elect this benefit if your current spouse will not be receiving survivor benefits because of a former spouse's courted order benefit.

Age Of Insurable Interest Reduction

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%

Example

If insurable interest is 23 years younger, a monthly annuity of \$1,000 would be reduced by 30% -- the monthly reduced annuity would then be \$700.

Information on Death Benefits

FERS Death-In-Service Survivor Benefits

Beneficiary Forms: Lump sum benefits are paid in accordance with your designated beneficiary forms. There are four possible forms that may affect you: TSP-3 for the Thrift Savings Plan; SF-3102 for the FERS Retirement System, SF-2823 for Federal Employees' Group Life Insurance; and SF-1152 for Unpaid Compensation. If there are no designations on file, benefits will be paid in order of precedence according to Federal statute.

Order of Precedence Established Under Federal Statute:

1. Designated beneficiary or beneficiaries.
2. Widow or widower.
3. Child or children in equal shares, with share of any deceased child distributed among that child's descendants.
4. Parents in equal shares, or entire amount to the only surviving parent.
5. Executor or administrator of the estate.
6. Next of kin as determined under the laws of the State in which the deceased lived.

Note 1: *This statutorily defined order is not superseded by the deceased employee's will.*

Note 2: *This order of precedence does not include step-children*

Annual Leave: Unused hours accrued as of date of death are liquidated in a lump sum payment to the employee's beneficiary.

Sick Leave: No payment is made for unused Sick Leave.

Health Insurance: If employee dies with at least 18 months of service but less than 10 years, the surviving spouse can continue the health benefits enrollment even though there is no survivor annuity payable. The spouse will be required to make direct payment to OPM for the health insurance premium.

Life Insurance: Any life insurance benefits payable will be paid in the order of precedence established by Federal statute. The order of precedence is NOT used if there is a qualifying court decree, order or applicable property settlement that names someone to receive the FEGLI life insurance proceeds.

Survivor Benefits: For survivor benefits to be payable in a death-in-service case, the employee must have 18 months of creditable civilian service and be covered by FERS at date of death. The surviving spouse must have been married to the employee for at least 9 months at time of death or be a parent of a child of the marriage. The length of marriage requirement is deemed satisfied in cases involving accidental death. Children must be unmarried, under the age of 18 (or 22 if attending school) or any age if disabled before age 18. If the employee has less than 18 months of civilian service or no eligible survivor annuitant at date of death, a lump-sum payment of his/her retirement contributions is payable. The contributions will be paid to the employee's designated beneficiary or, in the absence of a designated beneficiary, in the order of precedence established under Federal statute.

Survivor Benefits Payable: If the employee has at least 18 months of civilian service, the surviving spouse will receive:

1. Lump Sum of \$15,000, indexed to CPI (2002 = \$ 24,018.48) plus
2. Lump Sum of the higher of 50% of a full-time employee's final salary, using the basic pay as of date of death. or 50% of high-3 average salary, plus
3. Any Social Security benefits payable, plus

In addition, if the employee has more than 10 years of service and died while subject to FERS deductions, the surviving spouse will receive an annuity equal to 50% of the employee's earned basic annuity as of date of death. This earned annuity is computed in the same manner as if the employee retired, but without any reduction for age.

Death Gratuity Payment: Section 651 of P.L. 104-208, the Omnibus Consolidated Appropriations Act, 1997, authorized payment of a death gratuity to the personal representative of an employee whose death results from an injury sustained in the line of duty on or after August 2, 1990. The amount payable is \$10,000 minus the amount payable by Office of Workers' Compensation (OWCP) under 5 U.S.C. 8331(f), and 8134(a).

Children's Benefits: For 2002, the children's rate for a single orphan is \$378 per month per eligible child or \$1,134 per month divided by the number of eligible children (4 or more). The double orphan rate is \$453 per month per eligible child or \$1,359 per month divided by the number of eligible children.

- *Single Orphan Rate* is the benefit payable to a child when the child has a living parent who was married to the employee or retiree.
- *Double Orphan Rate* is the benefit payable to a child when the child has no living parent who was married to the deceased employee or retiree.

Thrift Savings Plan: All money in the employee's TSP account is payable to the designated beneficiary, if none, payable in the Order of Precedence established by Federal statute.

FERS Annuitant Survivor Benefits

Retired Annuitant - To report a death: Retirement Operations Center, Death Reporting & Inquiries 412-794-5216, Employee Service & Records Center, P.O. Box 200, Boyers, PA 16017; or OPM, 888-767-6738. (Numbers are subject to change).

Survivor Annuity: The full FERS survivor annuity is 50% of the annuitant's annuity before it is reduced by the cost of the survivor benefits. The survivor annuity may be 25% if elected by the annuitant and the spouse consented to the election. If no survivor annuity is payable, any remaining portion of the lump sum credit that has not been paid to the retiree as an annuitant is payable to the person(s) entitled under the order of precedence.

The spousal annuity supplement is designed to approximate the Social Security benefit that would be payable using a special formula. To be eligible for the spousal annuity supplement, the surviving spouse must be: 1) entitled to a current spouse survivor annuity, 2) under age 60, 3) entitled to Social Security survivor benefits at age 60, and 4) not presently eligible for Social Security mother, father, or disability benefits based on the deceased's account.

A **reemployed annuitant's death benefit** is figured as if they are an annuitant. For the FERS annuitant, this means there would be **no** lump sum death benefit that is due a FERS employee.

Note: *If retirement eligibility requirements are not met at the time of separation, then only a lump sum is payable.*

Children's Benefits: For 2002, the children's rate for a single orphan is \$378 per month per eligible child or \$1,134 per month divided by the number of eligible children (4 or more). The double orphan rate is \$453 per month per eligible child or \$1,359 per month divided by the number of eligible children.

- **Single Orphan Rate** is the benefit payable to a child when the child has a living parent who was married to the employee or retiree.

- **Double Orphan Rate** is the benefit payable to a child when the child has no living parent who was married to the deceased employee or retiree.

Note: If there is a child(ren) eligible for Social Security benefit, the FERS benefit may be reduced or eliminated.

Former Employee Survivor Benefits: The eligible surviving spouse of a former employee is entitled to an annuity if the former employee was eligible for a deferred annuity and had at least 10 years of service. In this case, the surviving spouse is entitled to 50% of the employee's annuity. If the spouse elects to receive the survivor benefit before the employee would have been eligible to receive a deferred annuity, then the survivor benefit is reduced. The eligible surviving spouse has a choice of either the monthly annuity or a lump sum credit of the unexpended balance.

FERS Death Benefits Summary

Employee	Former Employee	Annuitant
<p>1) Basic Employee Death Benefit: \$24,018.48 for 2002, PLUS the greater of: 2) 50% of final salary or high-3 (18 month service requirement) <u>AND</u> 3) Survivor annuity* to spouse - 50% of annuity (10 year total service requirement which can include military service if deposit is paid; but must have 5 years civilian service)</p> <p>4) Children's survivor annuity *Death Benefit not payable if elect OWCP death benefits.</p> <p>If Surviving Spouse Is Not Eligible: Lump sum payable as designated on the beneficiary form (if not on file, by order of precedence)</p>	<p>May elect either 1) A monthly survivor annuity* or 2) Lump sum. Eligibility: deceased employee had at least 5 years of covered service and at least 10 years of total service</p> <p>* Survivor annuity is equal to 50% of annuity if survivor elects to receive the annuity on the date former employee would have met age and service requirements or will be reduced if the survivor elects to receive the annuity immediately.</p>	<p>(AS ELECTED)</p> <p>1) 50% of <u>unreduced</u> annuity,* or 2) 25% of <u>unreduced</u> annuity with spouse's consent or 3) <u>No benefit</u> 4) Insurable interest 5) Spousal annuity supplement (if eligible) 6) Children's survivor annuity</p> <p>If Surviving Spouse Is Not Eligible: Lump sum payable</p>

“Peace of Mind” Checklist

Are you prepared to handle a death in the family? Do you know the location of the important documents that your or your family will need in the event of a death?

YES	NO	
		Would you know if the deceased had a valid will and where to find an original copy?
		Would you know the names, addresses, and phone numbers of the deceased next-of-kin?
		Would you know the name, address and phone number of the attorney who prepared the deceased’s will? Would you know if that will was ever filed?
		Would you know if the deceased had life insurance and where to find a copy of the insurance policies and/or policy number(s)?
		Would you know the deceased’s Social Security number or the location of his/her Social Security Card?
		Would you know where to locate the deceased’s birth certificate?
		Would you know where to locate the deceased’s marriage certificate?
		Would you know where to locate the deceased’s bank and checking account books?
		Would you know whether or not those bank and checking accounts are joint accounts?
		Would you know if the deceased had given a durable power of attorney to anyone? Would you know that person’s name and identity?
		Would you know if the deceased had a living trust or an irrevocable trust and who administers the trust?

“Peace of Mind” Checklist (Continued)

YES	NO	
		Would you know if the deceased served in the military and where to locate their military discharge papers (DD-214)?
		Would you know if the deceased had a safety deposit box? Do you know the location of the key to the box?
		Would you know where to find a ready source of cash the survivors can use to live on until the will is settled and to make a down payment on the funeral and non-funeral expenses?
		Would you know the location of the deceased’s credit cards and the card identification numbers?
		Would you know if the deceased had purchased a prearranged (pre-need) funeral?
		Are you aware of the deceased’s final wishes regarding a funeral and burial?
		Would you know the name and location of the funeral director?
		Would you know the amount payable and the type of funeral that had been arranged?
		Would you know where to find the pre-need funeral contract?
		If no prior arrangements have been made, would you know approximately what the average traditional funeral costs today?
		Would you know if the deceased had purchased a cemetery/burial space and where the space and deed are located?
		Would you know where to find a resume or record of the deceased’s current and past employment?

**FEDERAL EMPLOYEES’
HEALTH BENEFITS
PROGRAM
(FEHB)**

AND

**FEDERAL EMPLOYEES’
GROUP LIFE
INSURANCE
(FEGLI)**

Questions To Consider

- **What health insurance coverage do I currently have?**
- **What are the requirements to continue my Federal Employees Health Benefits (FEHB) coverage into retirement?**
- **What is the cost of FEHB as an annuitant?**
- **Can I make changes to the FEHB plan once I retire?**
- **What Federal Employees' Group Life Insurance (FEGLI) coverage do I currently have?**
- **Am I eligible to continue my FEGLI into retirement?**
- **How much life insurance coverage will I have as an annuitant and what will it cost me?**
- **Do I have other life insurance and should I reduce my FEGLI?**
- **Are my beneficiary forms up-to-date?**
- **Do I need to make changes to my FEGLI coverage or FEHB coverage because of a life event?**

Federal Employees Health Benefits (FEHB)

The Federal Employees Health Benefits Program is paid for through employee and employer contributions and is intended to assist you and your eligible family members with expenses of illness and accident. It is a voluntary program. However, if you do not enroll during your first opportunity, you will not be able to enroll until open season or until another event occurs permitting enrollment. Events permitting enrollment changes are listed in the “Table of Permissible Events,” found on the form SF 2809. Contact your personnel office for more information.

Who is Eligible to Enroll?

- All CSRS and FERS covered employees.
- Employees serving on Term Appointments with regularly scheduled tours of duty.
- Temporary employees (only after completing one year of employment and beginning a second consecutive appointment).
- Part-Time employees.

What the Program Offers You

- An annual opportunity, during open season, to enroll in a health benefits plan or change enrollment selection, if already enrolled.
- A choice of plans and options with group-rated premiums and benefits.
- Guaranteed protection that cannot be canceled by the insurance carrier.
- Coverage without medical examination or restrictions because of age, current health or pre-existing medical condition.
- Coverage without waiting periods after the effective date of enrollment.
- A government contribution toward the cost of your plan.
- A payroll deduction method of making premium payments.
- A tax savings by allowing you to use pre-tax dollars to pay premiums.
- Temporary protection for 31 days without cost after coverage ends.
- Continued enrollment after retirement.
- Continued enrollment for eligible family members after the death of the employee or annuitant.

Types of Plans Available

Managed Fee-for-service Plans

These plans provide reimbursement (full or partial) to you or your health care provider for covered services. Reimbursement is subject to copayments and deductibles. If enrolled in such a plan, you may choose your own physician, hospital, and other health care providers. These plans are considered “managed” because they all contain features such as precertification of hospital admissions and utilization review of on-going care. Most of the fee-for-service plans have preferred provider arrangements in many parts of the country. By using preferred providers, you can reduce out-of-pocket expenses and, in some cases, receive enhanced benefits. Fee-for-service plans include the Service Benefit Plan sponsored by Blue Cross and Blue Shield and plans sponsored by unions and other employee organizations. Several employee organization plans are open to all eligible employees who are full or associate members of the organizations that sponsor the plans; other employee organization plans are restricted to employee organization groups and/or agencies.

Health Maintenance Organization Plans (HMOs)

Prepaid plans are also referred to as comprehensive medical plans/health maintenance organizations. They provide or arrange for health care by designated physicians, hospitals, and other providers in particular locations. Most services under a prepaid plan must be performed by the plan's participating providers. Each prepaid plan is open to you within the plan's enrollment area.

Plans Offering a Point of Service (POS) Product

Some FEHB plans have begun to blend their features. A number of fee-for-service and HMO plans now offer both forms of health care delivery, known as "in network" and "out of network." In an HMO that offers a POS product, the POS product acts like a fee-for-service plan: The HMO's enrollees may use non-affiliated (out of network) providers if they wish, but the services will cost them more, in terms of deductibles and coinsurance, than if they used plan providers.

In a fee-for-service plan with a POS product, the POS product acts like an HMO: If they agree to let their medical care be managed by a plan-affiliated gatekeeper physician (in network), plan enrollees will get a better benefit, usually in the form of richer benefits and lower copays or coinsurance.

Types of Enrollment

Self Only Enrollment provides benefits only for you.

Self and Family enrollment provides benefits for you and your eligible family members.

Family Members Eligible for Coverage

In determining whether or not a person is a family member, it is that person's relationship to the insured which is controlling. A Self and Family enrollment covers all eligible family members.

- The employee's current spouse,
- The employee's unmarried dependent children under age 22, including legally adopted children and recognized natural (born out of wedlock) children,
- Stepchildren, foster children (which may include grandchildren) if they live with the employee in a regular parent-child relationship, and
- Unmarried dependent children age 22 or over who are incapable of self-support because of a mental or physical incapacity which existed before age 22.

Premium Conversion

Premium conversion is a method of reducing your taxable income by using pre-tax dollars to pay your health insurance premium. Under premium conversion, you do not pay Federal income tax and FICA taxes (Social Security and Medicare taxes) on that part of your salary that is used to pay your health insurance premium. In most cases, you also save on State and local income taxes. Premium conversion is automatic unless you waive it.

Change to Self Only or Cancellation of Enrollment

If you participate in premium conversion, you may change from self and family to self only or cancel your enrollment:

- During the annual Open Season; or
- Within 60 days after you have a qualifying life event. Your change to self only or cancellation must be consistent with and correspond to your qualifying life event.

If you do not participate in premium conversion, you may change to self only or cancel your enrollment at any time.

Qualifying Life Event

Qualifying life event is a term used to describe events that may permit premium conversion election changes as described in IRS regulations and include the following:

- (1) Addition of a dependent;
- (2) Birth or adoption of a child;
- (3) Changes in entitlement to Medicare or Medicaid for you, your spouse, or dependent;
- (4) Change in work site;
- (5) Change in your employment status or that of your spouse or dependent from either full-time to part-time, or the reverse;
- (6) Death of your spouse or dependent;
- (7) Divorce or annulment;
- (8) Loss of a dependent;
- (9) Marriage;
- (10) Significant change in the health coverage of you or your spouse related to your spouse's employment;
- (11) Start or end of an unpaid leave of absence by you or your spouse; or
- (12) Start or end of your spouse's employment.

Federal Employees Health Benefits Children's Equity Act of 2000

Public Law 106-394 requires mandatory self and family coverage if you are eligible for FEHB coverage and you do not comply with a court or administrative order to provide health benefits for your children. If you are subject to such an order, you must enroll in self and family coverage in a plan that provides full benefits to your children in the area where they live or provide documentation that you have other health coverage for the children. If you do not enroll in an appropriate health plan or provide documentation of other coverage for the children, your agency must enroll you for self and family coverage in the standard option of the Blue Cross and Blue Shield Service Benefit Plan (enrollment code 105).

Health Insurance While in Non-Pay Status

If you are enrolled in the FEHB Program, you are responsible for payment of your regular premium for each pay period you are enrolled. When you enter nonpay status, or when your pay is insufficient to cover the cost of the premium, the employing office must provide you written notification of the following options:

- Continuing your enrollment and agreeing to pay the premium or incur a debt; or
- Terminating your enrollment. (If you are subject to a court or administrative order to provide health benefits for your children, you do not have the option of terminating coverage. You must continue the coverage and either make direct premium payments or incur a debt to the Government.)

If you choose to continue your enrollment, payment of the premiums may be made either on a current basis, or when you return to work. If you choose to terminate your enrollment and avoid the indebtedness for the premium:

- The termination is subject to the 31-day temporary extension of coverage;
- You and any covered family members may convert to a nongroup contract; and
- You may re-enroll in any FEHB plan upon returning to pay and duty status, without having to wait for an open season or other enrollment event.

If you fail to make an election within the 31-day time frame (45 days if you are overseas), your FEHB enrollment will automatically terminate.

A termination is not considered a break in the continuous coverage necessary for continuing health insurance into retirement. However, the period during which the termination is in effect does not count toward satisfying the required 5 years of continuous coverage.

Temporary Continuation of Coverage (TCC)

TCC is a feature of the FEHBP. You and members of your family members who lose their FEHB coverage because of a qualifying event may be eligible for TCC. For **you as an employee**, the only qualifying event is separation from the Federal service. However, you are not entitled to TCC if the separation is involuntary due to gross misconduct. The personnel office is responsible for deciding whether conduct that leads to an involuntary separation is “gross misconduct.” The TCC family enrollment covers the same family members as were covered under the regular family enrollment. The family members must continue to meet the same requirements as under a regular family enrollment.

For **children**, the qualifying events are as follows: marriage; reaching age 22; no longer meeting coverage requirements as a stepchild, foster child, or recognized natural child; in the case of children whose coverage has continued beyond age 22 because of their disability, marriage, recovering from the disability or becoming self-supporting; losing FEHB coverage upon the death of an employee or annuitant because he/she does not qualify for a survivor annuity; and losing FEHB coverage because his/her survivor annuity as a dependent of the deceased stops for any reason, including because he/she is no longer a full-time student. For children who have a TCC family enrollment, the enrollee’s (child’s) spouse and children are covered family members.

Former Spouses may have entitlement to TCC if the marriage ends other than by death. The qualifying events are divorce and annulment of the marriage. For a former spouse, family members are limited to those individuals who are children of both you and the former spouse. The new husband or wife of a remarried former spouse is not covered as a family member.

Separating employees can continue TCC for up to 18 months after the date of separation. **Children** and **former spouses** can continue TCC for up to 36 months after the date of the qualifying event. The effective date of the TCC enrollment for separating employees is the 32nd day after the end of the pay period in which you separate. For children and former spouses, the effective date is the 32nd day after the event. If the enrollment is delayed, coverage is retroactive to the effective date and a lump sum premium payment must be made retroactively.

TCC enrollees must pay the full premium for the plan they select (that is, both the employee and Government share of the premium) plus a 2 percent administrative charge. Administration of the TCC premium payments is maintained by the National Finance Center (NFC) in New Orleans, Louisiana. When TCC expires, you will be given the opportunity for a 31-day temporary extension of coverage and conversion to a private policy.

Thirty-one-day Temporary Extension of Coverage and Conversion to a Nongroup Contract

If you lose FEHB coverage other than by cancellation, you have a 31-day temporary extension of coverage at no cost and can convert to a nongroup policy. This also applies to any family member who loses coverage other than by your voluntary cancellation. Generally, fewer benefits are provided under

a conversion contract and premium rates are more expensive. The effective date of a conversion contract is the day after the 31-day temporary extension of FEHB coverage ends.

Disputed Claims Review - Plan and Participant Responsibilities

If a claim for payment or services is denied by a Plan, you must ask the Plan, in writing, within six months of the denial, to reevaluate its denial before you request a review by OPM. The written request to the Plan should state all pertinent information regarding the claim for payment or service that should have been provided. Refer to specific benefit provisions where possible. Within 30 days after receipt of the request for reconsideration, the Plan must affirm the denial in writing to you, pay the claim, provide the service or request additional information reasonable necessary to make a determination. If the Plan asks a provider for information it will send you a copy of this request at the same time. The Plan has 30 days after receiving the information to give its decision. If this information is not supplied within 60 days, the Plan will base its decision on the information it has on hand.

If the Plan affirms its denial, you have the right to request a review by OPM to determine whether the Plan's actions are in accordance with the terms of its contract. You must request the review within 90 days after the date of the Plan's letter affirming its initial denial. You may also ask OPM for a review if the Plan fails to respond within 30 days of the written request for reconsideration or 30 days after additional information was supplied to the Plan. The written request for an OPM review should state why you believe the Plan should have paid the denied claim. The request packet should include all correspondence to and from the carrier. Refer to specific benefit provisions in the Plan's brochure. If the Plan has reconsidered and denied more than one unrelated claim, the documents for each claim should be clearly identified.

A request for an OPM review must be submitted within 90 days after the date of the carrier's notice that the denial is affirmed; or 120 days after the date of the individual's request, if the carrier fails to respond to an individual's timely request for reconsideration. Requests for review must be to OPM at the address in your plan's brochure, under "disputed claims."

FEHB Changes for Employees

There are certain events which permit enrollment changes for employees. For any change, contact your personnel office for information. There is a table of permissible events located on the back of the SF 2809, Employee Health Benefits Election Form. The following are examples of these events:

Table of Permissible Changes in Enrollment for SF 2809

<i>Events That Permit Enrollment or Change</i>		<i>Changes Permitted</i>			<i>Time Limits</i>
<i>Code</i>	<i>Event</i>	<i>From Not Enrolled To Enrolled</i>	<i>From Self Only to Self and Family</i>	<i>From One Plan or Option to Another</i>	<i>When You Must file Health Benefits Election Form With Your Employing Office</i>
1	Employee				
1A	Initial opportunity to enroll	Yes	N/A	N/A	Within 60 days after becoming eligible.
1B	Open Season	Yes	Yes	Yes	As announced by OPM.
1C	Change in family status; for example: marriage, birth or death of family member, adoption, legal separation, or divorce.	Yes	Yes	Yes	From 31 days before through 60 days after event.
1D	Change in employment status; for example <ul style="list-style-type: none"> • Reemployment after a break in service of more than three days; • Return to pay status following loss of coverage due to expiration of 365 days of LWOP status or termination of coverage during LWOP; • Return to pay sufficient to make withholdings after termination of coverage during a period of insufficient pay; • Restoration to civilian position after servicing in uniformed services; • Change from temporary appointment to appointment that entitles employee receipt of Government contributions; • Change to or from part-time career employment 	Yes	Yes	Yes	Within 60 days of employment status change.

These examples show only a sampling of events that allow an employee to make a change in their health benefits.

Requirements For Continuing Enrollment Into Retirement

You may continue health benefits coverage into retirement, with no reduction in benefits, if you:

- Retire on an immediate annuity (one which commences within 30 days of separation from service - Not a Deferred Annuity), and
- Have been enrolled (or covered as a family member) under the FEHB program for:
 - The 5 years of service immediately preceding retirement, or
 - All service since first opportunity to enroll.

Coverage under the Uniformed Service Health Benefits Program, which includes CHAMPUS, TRICARE, etc., can be included to meet the 5 year requirement. Also coverage as a family member under FEHB or CHAMPUS/TRICARE counts for the 5-year requirement. You must be enrolled and coverage must be effective prior to retirement.

Note: A survivor annuity must be elected if a surviving spouse is to be eligible to continue enrollment under the FEHB. A surviving spouse who is a Federal employee/annuitant and was covered as a family member of the deceased annuitant's plan, can enroll even though no survivor annuity was elected because of his/her own eligibility. A current spouse, who is affected by a court ordered former spouse maximum survivor annuity, can continue FEHB coverage in the event of the annuitant's death if a contingency survivor annuity or insurable interest election was made.

If you do not meet the eligibility requirements to continue FEHB coverage into retirement, your benefits will terminate upon separation (coverage will continue for 31 days). You can convert to a nongroup health benefits contract or elect Temporary Continuation of Coverage (TCC) which is an 18-month extension of coverage in which you pay 102% of the premium (annuitant's share, government share and administrative fee).

FEHB Changes for Annuitants

There are certain events which permit enrollment changes for annuitants. For any change, contact the Office of Personnel Management for information. There is a table of permissible events located on the back of the SF 2809-1, Annuitant/OWCP Health Benefits Election Form. The following are examples of these events:

**Table of Permissible Changes in Enrollment for SF 2809-1
Enrollment May Be Cancelled or Changed From Family to Self Only at Any Time**

<i>Events That Permit Enrollment or Change</i>		<i>Changes Permitted</i>			<i>Time Limits</i>
<i>Code</i>	<i>Event</i>	<i>From Not Enrolled To Enrolled</i>	<i>From Self Only to Self and Family</i>	<i>From One Plan or Option to Another</i>	<i>When You Must file Health Benefits Election Form With Your Employing Office</i>
2	Annuitant (Includes Compensationers)				
2A	Open Season	No	Yes	Yes	As announced by OPM.
2B	Change in Family Status; for example: marriage birth or death of family member, adoption, legal separation, or divorce. (Enrolled survivor annuitant: a change in family status based on additional family members can only occur if the additional eligible family members are family members of the deceased employee or annuitant.	No	Yes	Yes	From 31 days before through 60 days after the event
2C	Reenrollment of annuitant who cancelled FEHB enrollment to enroll in a Medicare-sponsored Coordinated Care Plan (Medicare HMO), Medicaid, or similar State-sponsored program and who later was involuntarily disenrolled from the Medicare HMO, Medicaid, or similar State-sponsored program	May Reenroll	N/A	N/A	From 31 days before through 60 days after disenrollment.
2D	Reenrollment of annuitant who cancelled FEHB enrollment to enroll in a Medicare-sponsored Coordinated Care Plan (Medicare HMO), Medicaid, or similar State-sponsored program and who later voluntarily disenrolls from the Medicare-sponsored Coordinated Care Plan (Medicare HMO), Medicaid, or similar State-sponsored program.	May Reenroll	N/A	N/A	During open season.

These examples show only a sampling of events that allow annuitants to make a change in their health benefits.

Medicare

Basic Information and Considerations

Medicare is our country's health insurance program for people age 65 or older, certain people with disabilities who are under 65, and people of any age who have permanent kidney failure. It provides basic protection against the cost of health care, but it doesn't cover all medical or the cost of most long-term care.

Medicare Part A And Part B

Medicare consists of two parts. **Hospital Insurance**, "Part A"; **Medical Insurance**, "Part B".

PART A includes:

- Hospitalization
 - Post Hospital Skilled Nursing Facility Care
 - Home Health Care
 - HOSPICE Care
 - Blood
-
- Part A **does not** cover 100% of these expenses. A graduated payment by number of days the care is required is applied. You would be responsible for the remainder. FEHB will cover some of the expenses, but you should ensure that you understand what is and isn't paid by Medicare and/or FEHB, by checking with local Medicare representatives and consulting your FEHB plan brochure or carrier representative.
 - Part A has been paid for through Federal Insurance Contributions Act (FICA) taxes on wages while you were/are employed; therefore, there is no premium. You should sign up as soon as you are eligible if you are not already receiving Social Security benefits. If you are already receiving Social Security benefits before age 65, you are automatically enrolled in Medicare.

PART B provides the following coverage:

- Doctor's Services
- Ambulance Services
- Outpatient Hospital Treatment
- X-rays

You are automatically eligible to enroll in Part B when you are eligible for Part A. However, Part B has a monthly premium (for example, 2002 rate is \$54.00 per month per person), which changes each January. If you fail to enroll in Part B at your first opportunity, there is a 10% penalty applied for each year following the year in which you become eligible. However, if you are a Federal employee covered by FEHB and continue to work past Medicare eligibility you will not be affected by the 10% increase.

How To Enroll

You have from 3 months before your 65th birthday and through the end of the 3rd month following the month in which you reach 65 to sign up for Medicare Part B. If you do not enroll during this 7-month period there is a general enrollment period from January 1 through March 31 each year. Coverage begins the following July. **Don't forget about the penalty for the delay!**

FEHB & Medicare

While FEHB and Medicare generally compliment each other in coverage, often a gap in coverage occurs for custodial nursing home care. If you are eligible for FEHB, and Medicare, and are contemplating retirement, you should check with your FEHB carrier representative to identify how these two programs work together. Medicare is the primary coverage for annuitants (and spouses who are covered under a self and family enrollment) who are age 65 or older; FEHB becomes the secondary insurance. Federal employees who continue to work beyond age 65 or older, and are enrolled in FEHB, FEHB continues as their primary coverage and Medicare as the secondary. More information on Medicare may be obtained by contacting the local Social Security office or by calling **1-800-772-1213**.

Medicare & FEHB Primary Payer Chart

When Either You or Your Covered Spouse are Age 65 or over, Have Medicare and FEHB, and You are:	The Primary Payer is:
An active employee with Federal government (including when you or a family member are eligible for Medicare solely because of a disability)	FEHB
An annuitant	Medicare
A reemployed annuitant with Federal government	FEHB, if position not excluded from FEHB (ask your employing office)
A Federal judge who retired under title 28, U.S.C., or a Tax Court judge who retired under Section 7447 of title 26, U.S.C. (Or your covered spouse is this type of judge)	Medicare
Enrolled in Part B only, regardless of your employment status	Medicare, for Part B services
A former Federal employee receiving Workers' Compensation and the Office of Workers' Compensation has determined that you are unable to return to duty	Medicare, except for claims related to the Workers' Compensation injury or illness
When You or a Covered Family Member Have Medicare Based on End Stage Renal Disease (ESRD) and FEHB, and:	The Primary Payer is:
Are within the first 30 months of eligibility to receive Part A benefits solely because of ESRD	FEHB
Have completed the 30-month ESRD coordination period and are still eligible for Medicare due to ESRD	Medicare
Become eligible for Medicare due to ESRD after Medicare became primary for you under another provision	Medicare
When You or a Covered Family Member have FEHB and:	The Primary Payer is:
Are eligible for Medicare based on disability	Medicare, if you are an annuitant. FEHB, if you are an active employee

Federal Employees' Group Life Insurance (FEGLI)

Your Life Insurance at a Glance

Basic Life

- Extra benefit ... Double life insurance benefits until age 36, decreasing at 10% per year until age 45, at which time the extra coverage will end.
- Life insurance coverage is equal to your actual rate of annual basic pay rounded up to the next \$1,000, plus \$2,000, or \$10,000, whichever is greater.
- Accidental Death and Dismemberment (AD&D) coverage; Extra Benefit shown above does not apply to AD&D.

You must elect Basic Life to be eligible for the Options.

PLUS

Option A - Standard

- Life insurance coverage of \$10,000
- AD&D coverage up to the face amount of your Option A coverage.

Option B - Additional

- You may elect coverage equal to one, two, three, four, or five times your actual rate of annual basic pay (after basic pay is rounded up to the next \$1,000).

Option C - Family

- Spouse – \$5,000 life insurance coverage. You may choose from one to five multiples of coverage
- Each eligible dependent child – \$2,500 life insurance coverage. You may choose from one to five multiples of coverage

Federal Employees' Group Life Insurance **(FEGLI)**

You as an eligible employee may enroll in the FEGLI Program. Participation is voluntary. You are automatically covered for Basic Life unless you waive coverage. FEGLI is a group insurance plan that provides term life insurance with no cash or loan value.

There are three components to FEGLI Basic Life insurance. The first component is life insurance coverage equal to your annual basic pay plus \$2,000, or \$10,000, whichever is greater (this is known as the Basic Insurance Amount (BIA)). The second component is an extra benefit equal to double life insurance benefits until age 36, decreasing by 10% per year until age 45 when the extra benefit ends. The third component is Accidental Death and Dismemberment (AD&D) coverage equal to your BIA.

The Office of Federal Employees' Group Life Insurance (OFEGLI) will not pay AD&D benefits if your death or loss in any way results from, is caused by, or is contributed to by:

- physical or mental illness;
- the diagnosis of or treatment of physical or mental illness;
- ptomaine or bacterial infection. (However, OFEGLI will pay AD&D benefits if the loss is caused by an accidentally sustained external wound.);
- hernia, no matter how or when sustained;
- a war (declared or undeclared), any act of war, or any armed aggression against the United States, in which nuclear weapons are actually being used;
- a war (declared or undeclared), any act of war, or any armed aggression or insurrection in which you are in actual combat at the time bodily injuries are sustained;
- suicide or attempted suicide;
- injuring yourself on purpose;
- illegal or illegally obtained drugs that you administer to yourself;
- driving a vehicle while intoxicated, as defined by the laws of the jurisdiction in which you were operating the vehicle.

Premiums for FEGLI are deducted from your wages. Though the Federal government pays one-third of the cost of the FEGLI's Basic Life premium, optional insurance (i.e., Option A - Standard; Option B - Additional; Option C - Family) is paid by you according to a formula (see Life Insurance Worksheet). For the various FEGLI options, the premium costs increase as you become older, receive a salary increase or increase your level of coverage.

The amount of insurance you need should be based on your personal and family situation, savings and investment portfolio, and long and short-term plans. You may cancel Basic Life at any time, but doing so will also cancel all optional coverage.

The latest valid designation of beneficiary form (SF 2823) on file with your personnel office will determine who receives benefits in the event of your death. However, effective July 22, 1998, Public Law 105-205 established an exception to using the statutory order of precedence regarding who is entitled to receive life insurance proceeds under FEGLI upon the death of an enrollee. Pursuant to that law, the order of precedence is not used to pay life insurance if there is anyone expressly provided to receive the benefits in a court decree of divorce, annulment, or legal separation or the terms of any court order or court-approved property settlement agreement. The certified agreement must be received before the insurer's death by his/her personnel office, but received no earlier than July 22, 1998.

If no SF 2823 is on file, the benefit will be paid in the normal order of precedence (i.e., widow/widower, children, parents, executor/administrator of estate, and next of kin, in that order). If you do not want the benefit to be paid in the normal order of precedence, or if you wish to change your current designation, you must submit a new SF 2823. Designation of beneficiary forms can be obtained from your personnel office or OPM's web site (www.opm.gov) and may be submitted at any time.

Requirements For Continuing Enrollment Into Retirement

You may continue life insurance into retirement if you:

- Retire on an immediate annuity,
- Are insured on date of retirement, and
- Have been covered for the 5 years of service immediately preceding retirement, or since the first opportunity to enroll.

The accidental death and dismemberment feature ceases at retirement.

In the Basic Coverage, the reduction in post-retirement basic life insurance coverage after age 65 depends upon election at the time of retirement. The election is made on an SF-2818, Election of Post-Retirement Basic Life Insurance Coverage.

- **75% Reduction** - Reduced 2% per month down to 25% of basic amount in force at the time of retirement.
- **50% Reduction** - Reduced at 1% per month down to 50% of basic amount in force at the time of retirement.
- **No Reduction** - Remains at full value -- does not reduce.

Coverage Election	Regular Premium to Age 65 (per \$1,000)	After Age 65 (per \$1,000)
75% Reduction	\$0.3358	\$0.00
50% Reduction	\$0.9258	\$0.59
No Reduction	\$2.3758	\$2.04

For those employees who continue to work after reaching age 65, the insurance coverage remains the same as for all other employees.

Option A coverage after retirement: Cost continues up to age 65 at the same employee rate. There is no cost after age 65 and the amount of optional insurance begins to reduce 2% per month of face value until the insurance reduces to \$2,500.

Option B coverage after retirement: Upon retirement the employees may choose the number of multiples (for which they are eligible) to continue. The retiring employee who has more than one multiple must elect either full reduction or no reduction for all multiples.

(1) **Full Reduction:** Cost continues up to age 65 at the same rate as active employees. There is no cost after age 65 and the amount begins to reduce 2% per month until the amount has been reduced 100%. Insurance stops at 12:00 noon on the day before the 50th reduction; after that no benefits are payable upon the employee's death. The annuitant may not change to *no reduction* more than 30

days after he/she receives the first annuity check. An individual who does not make an election will automatically get *full reduction*.

- (2) **No Reduction:** Annuitant will continue to pay at the same rate as active employees. Coverage will not reduce when annuitant reaches age 65 and premiums will continue to be withheld from the annuity after age 65. The annuitant may change to *full reduction* at any time.

Option C coverage after retirement: Employees who are eligible to continue Option C have two choices of Option C reduction upon retirement. The employee must elect either full reduction or no reduction for all multiples if he/she has more than one multiple.

- (1) **Full Reduction:** Cost continues up to age 65 at the same rate as active employees. There is no cost after age 65 and the amount begins to reduce 2% per month until the amount has been reduced 100%. The insurance stops at 12:00 noon on the day before 50th reduction; after that no benefits are payable upon the death of an eligible family member. The annuitant may not change to *no reduction* more than 30 days after he/she receives the first annuity check. An individual who does not make an election will automatically get *full reduction*.
- (2) **No Reduction:** Coverage will not reduce. Premiums will continue to be withheld from the annuity after age 65 and cost will be at the same rate as active employees. The annuitant may change to *full reduction* at any time.

Example

Employee, age 57, has a salary of \$26,745, and has elected FEGLI coverage of Standard, 2 x pay, and family coverage.

Coverage	Insurance Value	Cost Biweekly
Basic	\$29,000	\$4.50
Standard	10,000	2.70
Additional 2X	54,000	16.74
*Family	0	1.45
Total	\$93,000	\$25.39

At retirement (age 57), the employee elected the **75%** reduction for Basic, kept all the options and elected the *Full Reduction* for Options B and C. The costs in retirement until age 65 are (premiums are withheld from annuities on a monthly basis).

Coverage	Value	Monthly Cost	After 65	Final Value
Basic	\$29,000	\$9.74	No Charge	\$7,250
Standard	10,000	5.85	No Charge	2,500
Additional 2X	54,000	36.29	No Charge	0
*Family	0	3.14	No Charge	0
Total	\$93,000	\$55.02		\$9,750

At retirement at age 57, the employee elected the 75% reduction for Basic, kept all the options and elected *No Reduction* for Options B and C after age 65.

Coverage	Value	Monthly Cost	After 65	Final Value
Basic	\$29,000	\$9.74	No Charge	\$7,250
Standard	10,000	5.85	No Charge	2,500
Additional 2X	54,000	36.29	\$81.92	54,000
*Family	0	3.14	6.50**	0
Total	\$93,000	\$55.02	\$88.42	\$63,750

*Minimum Family coverage insures your eligible family members, \$5,000 for your spouse and \$2,500 for eligible children.

**Premium rate will increase at age 70 to \$7.37

Note: Premiums for Option B and C will increase as annuitant reaches the next age band (See Table of Withholding Rates).



Continuation of Life Insurance Coverage
As an Annuitant or Compensation
Federal Employees' Group Life Insurance (FGLI) Program

Important:
 Read instructions on pages 1 - 4
 before completing this form.

Identifying Information

1. Employee's name (last, first, middle)	2. Date of birth (mm/dd/yyyy)	3. Social Security number
4. Employing department/agency	5. Work location (city, state, ZIP code)	6. Compensation claim number (if applicable)

Basic Life Insurance

7. Do you want to have Basic Life insurance in retirement/compensation if you are eligible?

Yes (If yes, complete item 8.) No I received a full Living Benefit (skip to item 9)

8. What level of Basic do you want in retirement/compensation? Check only one box. If you received a partial Living Benefit, you must check No Reduction.

75% Reduction 50% Reduction No Reduction

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)

Option A - Standard Optional Insurance

9. Do you want to have Option A in retirement/compensation if you are eligible? To continue Option A, you must also continue Basic.

Yes No I don't have Option A

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)

Option B - Additional Optional Insurance

10. Do you want to have Option B in retirement/compensation if you are eligible? To continue Option B, you must also continue Basic.

Yes (If yes, complete items 11-12.) No I don't have Option B

11. How many multiples of Option B do you want to have in retirement/compensation? You can have up to the number of multiples you are eligible to have. See the instructions.

(number of multiples)

12. What coverage level do you want for Option B? Check only one box.

Full Reduction or No Reduction

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)

Option C - Family Optional Insurance

13. Do you want to have Option C in retirement/compensation if you are eligible? To continue Option C, you must also continue Basic.

Yes (If yes, complete items 14-15.) No I don't have Option C

14. How many multiples of Option C do you want to have in retirement/compensation? You can have up to the number of multiples you are eligible to have. See the instructions.

(number of multiples)

15. What coverage level do you want for Option C? Check only one box.

Full Reduction or No Reduction

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)

LIFE INSURANCE WORKSHEET

Instructions	How much insurance you have	Instructions	How much it costs																								
BASIC																											
1. Enter your current actual rate of annual basic pay.*	\$	7a. Divide the amount in line 5 by \$1,000.																									
2. If not an even thousand, round up to the next thousand.	\$	7b. If you are paid biweekly, multiply line 7a by \$0.1550. If you are paid monthly, multiply line 7a by \$0.3358. This is how much you pay for Basic (the Extra Benefit based on your age at death is provided at no additional cost to you).	\$																								
3. Add \$2,000.	+\$2,000																										
4. Add the amounts in lines 2 and 3.	\$	<table border="1"> <thead> <tr> <th>Your Age</th> <th>Age Multiplication Factor</th> </tr> </thead> <tbody> <tr><td>35 or under</td><td>2.0</td></tr> <tr><td>36</td><td>1.9</td></tr> <tr><td>37</td><td>1.8</td></tr> <tr><td>38</td><td>1.7</td></tr> <tr><td>39</td><td>1.6</td></tr> <tr><td>40</td><td>1.5</td></tr> <tr><td>41</td><td>1.4</td></tr> <tr><td>42</td><td>1.3</td></tr> <tr><td>43</td><td>1.2</td></tr> <tr><td>44</td><td>1.1</td></tr> <tr><td>45 and over</td><td>1.0</td></tr> </tbody> </table>		Your Age	Age Multiplication Factor	35 or under	2.0	36	1.9	37	1.8	38	1.7	39	1.6	40	1.5	41	1.4	42	1.3	43	1.2	44	1.1	45 and over	1.0
Your Age	Age Multiplication Factor																										
35 or under	2.0																										
36	1.9																										
37	1.8																										
38	1.7																										
39	1.6																										
40	1.5																										
41	1.4																										
42	1.3																										
43	1.2																										
44	1.1																										
45 and over	1.0																										
5. Enter the amount in line 4, or \$10,000, whichever is greater.	\$	There is no additional cost to you for the Extra Benefit.																									
6. Enter the Age Multiplication Factor* (from the table at the right).																											
7. Multiply the amount in line 5 times the amount in line 6. This is the total amount of Basic you have at your present age.*	\$																										
OPTION A - STANDARD																											
8. Enter \$10,000.	\$	8a. Enter the Option A cost for your age group from the table below. This is how much you pay for Option A.	\$																								
OPTION B - ADDITIONAL																											
9. Enter the amount in line 2.	\$	11a. Divide the amount in line 11 by \$1,000.																									
10. Enter the number of multiples you elect (1, 2, 3, 4, or 5).		11b. Enter the Option B cost for your age group from the table below.	\$																								
11. Multiply the amount in line 9 times the amount in line 10. This is the amount of your Option B coverage.	\$	11c. Multiply the amount in line 11a times the amount in line 11b. This is how much you pay for Option B.	\$																								
OPTION C - FAMILY																											
12. You may choose from 1 to 5 multiples of Family Coverage. Each multiple is equal to \$5,000 for your spouse and \$2,500 for each of your eligible children.		12a. Enter the Option C cost for your age group from the table below: \$ _____ Enter the number of multiples you want (from 1 to 5): x _____ Multiply the cost by the number of multiples and enter that amount in the box at right.	\$																								
13. Add the amounts in lines 7, 8, and 11. This is the total amount of insurance on your life.	\$	13a. Add the amounts in lines 7b, 8a, 11c, and 12a. This is the total withholding for the life insurance you have on your life and your family.	\$																								

* The age multiplication factor that is used to calculate death benefits corresponds to your age at the time of your death. You are calculating the amount of insurance that you have at your present age.

TABLE OF WITHHOLDING RATES

Year Age	Basic		Option A - Standard		Option B - Additional ¹		Option C - Family	
	Withholding per \$1,000 Insurance Biweekly	Monthly	Withholding for \$10,000 Insurance Biweekly	Monthly	Withholding per \$1,000 Insurance Biweekly	Monthly	Withholding per Multiple Biweekly	Monthly
Under age 35	\$0.1550	\$0.3358	\$0.30	\$0.65	\$0.03	\$0.65	\$0.27	\$0.58
35 through 39			0.42	0.87	0.04	0.67	0.34	0.74
40 through 44			0.50	1.00	0.05	0.72	0.48	1.00
45 through 49			0.50	1.00	0.10	0.72	0.60	1.30
50 through 54			0.70	1.40	0.15	0.72	0.90	1.60
55 through 59			0.70	1.40	0.21	0.72	1.40	3.14
60 through 64			0.70	1.40	0.20	0.72	2.00	5.83
65 through 69			0.70	1.40	0.20	0.72	2.60 (3.00 ²)	5.83 (6.50 ²)
70 and over			0.70	1.40	0.20	0.72	2.60 (3.00 ²)	5.83 (7.37 ²)

¹ Rates change, your human resources office will tell you.

² These are the 1999 rates. They may change in future years.

³ Effective on your first pay period that starts on or after April 24, 2000.

Comparison Chart Vertical Settlement & FEGLI Living Benefit

	Viatical Settlement Agreement	FEGLI Living Benefit
Earliest Date Available	October 3, 1994 (for all enrollees)	July 25, 1995
Life Expectancy Requirement	24 months or less (generally)	9 months or less
Insurance Involved	100% of Basic, Option A and Option B (if held) (100% must be assigned, although not necessarily all to the same person or firm)	100% of Basic (employees and annuitants) Part of Basic (employees only—must be a multiple of \$1,000)
Percentage of Face Value Paid to Employee/Annuitant	60 to 85 percent The percentage varies, and is negotiated with the Viatical Settlement Firm (VSF)	94 percent (approximately)
Source of Payment	VSF to whom benefits are assigned (sold)	FEGLI Program
Residual Life Insurance Benefit	None, unless the VSF agrees to accept only a percentage of the assignment or to designate a portion to a survivor	Option A and Option B, if held, and remaining Basic if partial living benefit elected. This residual life insurance may be assigned.
Payment of Premiums Payments received after December 31, 1996, will not be subject to Federal income tax.	Employee or annuitant continues to pay full premiums and cannot cancel the premiums. VSF may agree to reimburse the employee/annuitant directly for premiums paid	Premium payments for Basic end for annuitant and employees who elect a full living benefit. For employees who elect partial living benefits, premiums are prorated depending on the amount of Basic remaining.

Assignment of FEGLI Coverage

An assignment is an irrevocable transfer of ownership of the employee's FEGLI coverage (except dismemberment insurance and Option C—Family) on an RI 76-10 to one or more individual(s), corporation(s), or trustee under the following circumstances:

- To comply with a court order
- For inheritance tax purposes
- To obtain cash before death (Viatical settlement—an exchange of life insurance case of terminally ill patients who are within 24 months of their anticipated death)
- To pay off debts.

Rights of the Employee after Assignment:

- Continue Option C-Family coverage (if previously elected) elect more insurance (i.e., marriage, birth of child, etc.)
- Elect a reduction schedule for Basic Life that is less than 75% standard deduction at the time of retirement. If the retiring employee elects a lesser reduction (no reduction or 50% reduction), he/she may not later cancel the election.

After Assignment of Life Insurance:

- Employee continues to be the insured person
- Employee cannot cancel or reduce the assignment
- Designation of beneficiary on file at the time of assignment is void
- Employee may not convert the insurance to a private policy when it terminates
- May not elect a Living Benefit

Rights of the Assignee(s):

- Cancel the insurance coverage
- Cancel a retired employee's election of a lesser reduction (50% or no reduction) of Basic Life
- Designate and change beneficiaries
- Convert to a private policy when the coverage terminates (but not when the assignee voluntarily cancels it)
- Reassign the insurance

The Assignee may not:

- Increase the amount of insurance as a result of any event
- Elect a Living Benefit
- Make the original election of a reduction schedule for Basic Life when the employee retires

Termination of Assignment:

- 31-days after the life insurance terminates unless the insured person is reemployed during the 31-day period in a position in which the insurance resumes
- Once terminated the assignment does not resume if the person is later reemployed in a position in which he or she has again FEGLI coverage. Employee must make a new assignment if he or she wants someone else to have ownership of the life insurance.
- There is no 31-day temporary extension of coverage. The assignment terminates permanently at the same time the life insurance terminates.

**THRIFT
SAVINGS
PLAN
(TSP)**

Starting sooner will take you farther.

If you earn \$26,000 a year and save 5% of your pay each year in the TSP until age 65, assuming you earn 7% interest, your money will grow to:

*And finish with this
much at age 65:*

Start at Age 20		\$819,339
Start at Age 30		\$389,093
Start at Age 40		\$190,333

The amounts in these examples are the result of an employee saving \$50 per biweekly pay period (5% of \$26,000 annual salary divided by 26 pay periods) and assume a 7% annual rate of return.

FERS was designed as a three tiered retirement system. The FERS Basic Annuity when combined with Social Security will not provide adequate retirement income for most retirees. However, when the TSP is included in this package, FERS retirees can receive amounts comparable to CSRS retirees, and retirees from the private sector. Contribution limits have been increased for FERS employees. In 2002, FERS employees can contribute up to 12% of their base gross pay. Each January, until 2006, the limit will increase by 1%. In 2006, the limit will be eliminated, and FERS employee contributions will only be limited by the IRS annual deferral limit. The deferral limit for 2002 is \$11,000. The limit will be \$15,000 in 2006.

Thrift Savings Plan (TSP)

TSP Web Site: www.tsp.gov **Thrift Line:** (504) 255-8777

TSP is a defined contribution retirement savings and investment plan for Federal employees. Participation is voluntary. The TSP gives you the opportunity to invest pre-tax contributions, and gives you five investment funds to choose from. There are two open seasons each year. The open seasons run from May 15 – July 31, and from November 15 – January 31. During these open seasons, you can make an election to start or change the amount of your TSP contributions. Beginning in May 2002, you can change the way your current contributions are allocated at any time directly with the TSP by using the TSP Web site, the TSP ThriftLine, or Form TSP-50 (Investment Allocation). You can make an interfund transfer at any time during the year if you wish to reallocate the way your prior contributions are invested.

As long as the money remains in the TSP, it accumulates earnings on a tax-deferred basis. However, when an employee receives the monetary distribution, it is subject to Federal income tax. In addition to the ordinary income tax you pay on withdrawals, in certain situations, the Internal Revenue Code imposes a penalty that is 10% of the total amount you receive from the TSP. This will occur if you separate or retire for reasons other than disability retirement before the year in which you reach age 55, and you withdraw your account balance in a single payment or a series of equal payments. In this case, you will be subject to the penalty on all amounts that you receive before age 59 1/2. However, if you separate or retire during or after the year in which you reach age 55, you will not be subject to the penalty on a withdrawal.

Withdrawal Options

Upon separation from Federal employment, you have several withdrawal options.

- Leave money in TSP.
- Transfer TSP account money to an IRA or other eligible retirement plan.
- Receive TSP account balance in a lump sum payment.
- Receive TSP account balance in equal monthly installments.
- Purchase a Life annuity through TSP (must have \$3,500 in account).

IRS requires that you begin to receive payments from your account by April 1 of the year following the year that you become age 70 1/2. (This does not apply if you are still employed.) Your minimum distribution will be calculated based on your account balance and life expectancy.

TSP Web site and ThriftLine

The TSP Web site and ThriftLine provide general plan information, and allow participants to:

- Make, change, or cancel interfund transfers
- Change or request a PIN
- Check the status of loan or withdrawal requests
- Determine current account balance
- Determine amount available for a loan
- Change the allocation of current contributions

On the Web site, you can also download TSP forms and materials, and use interactive calculators to project future account balance or estimate annuity payments.

TSP Annuities

An annuity is one of several options that you have for withdrawing your TSP account. If you choose an annuity, it provides you a monthly income for life. However, you should not confuse a TSP annuity with your retirement annuity that is paid upon meeting CSRS or FERS eligibility requirements.

Factors that Affect Amount of Annuity --

- Your selected annuity option
- Your age when your annuity is purchased (and the age of your joint annuitant)
- The balance of your TSP account used to purchase your annuity
- Market interest rate levels when your annuity is purchased

Caution: Because you cannot change your election or terminate your annuity after it is purchased, be sure you understand your options before you make your choice.

Types of TSP Annuities:

You can choose from five types of TSP annuities. In addition, there are other features that you must consider.

Single life annuity:

1. with level payments or
2. with increasing payments

Joint life annuity with your spouse:

3. with level payments or
4. with increasing payments

Joint life annuity with someone other than your spouse:

5. with level payments

Single Life and Joint Life Annuities:

Single Life Annuity - An annuity that provides monthly payments only to you as long as you live.

Joint Life Annuity - An annuity that provides monthly payments to you while you and the person you name as your joint annuitant are alive. When either of you dies, monthly payments are made to the survivor for his/her lifetime. The amount of the payment while you and your joint annuitant are alive and the amount of the payment to the survivor depend on whether you choose a 50% or 100% survivor annuity.

50% survivor annuity - The monthly payment to the survivor, whether the survivor is you or your joint annuitant, is half (50%) of the annuity payment made while both you and your joint annuitant were alive.

100% survivor annuity - The monthly payment to the survivor is the same amount as the annuity payment made while both you and your joint annuitant were alive. However, the monthly payment while you are both alive is generally less than if you select the 50% survivor annuity.

Level and Increasing Payment Annuities –

Level Payments - The amount of the monthly payment remains the same from year to year. Also, the survivor annuity (50%, or 100%) remains the same as long as the survivor is alive.

Increasing Payments - The monthly payment can change each year on the anniversary of the first annuity payment. The change is based on the change in the consumer price index (CPI). When annuity payments start, they are smaller than they would be if you had selected level payments, but usually there is an annual increase in monthly payments. Increases cannot exceed 3% per year, but monthly payments cannot decrease, even if the CPI decreases. ***Increasing payments cannot be combined with a joint life annuity when the joint annuitant is someone other than your spouse.***

Two Additional Annuity Features --

If you choose one of the following features, certain minimum amounts will be paid to the beneficiary that you name if you (and your joint annuitant, if applicable) die before the minimum amounts have been paid out. If you choose one of these features, your monthly payments will be less than they would have been if you had not chosen one.

Cash Refund - If you (and your joint annuitant, if applicable) die before an amount equal to the balance used to purchase your annuity has been paid out, the difference between the balance used to purchase your annuity and the sum of the monthly payments already made will be paid to your beneficiary in a lump sum.

Ten-year Certain - If you die before receiving annuity payments for a 10-year period, payments will continue to your beneficiary for the rest of the 10-year period. If you live beyond the 10-year period, you continue to receive payments, but with no further provision for payments to a beneficiary upon your death. ***This feature cannot be combined with a joint life annuity.***

Federal Income Tax

Withholding On TSP Payments

(Extracted from TSP-536 (7/98),
Important Tax Information About Payments From Your TSP Account)

TSP payments made directly to you are taxable income for Federal income tax purposes and are subject to withholding in the year in which payment is made. (NOTE: TSP does not withhold state, city, county, or other local income tax.) For withholding purposes, there are three types of payments: (1) **eligible rollover distributions**; (2) **periodic payments**; and (3) **non-periodic payments**. Withholding differs for each type of payment.

Type Of Payment	Payment Includes	Tax Treatment	Notes
ELIGIBLE ROLLOVER DISTRIBUTION	<ul style="list-style-type: none"> • One single payment • Automatic cashouts (currently \$200 or less) • Equal monthly payments lasting less than 10 years and not computed by TSP according to IRS life expectancy tables • A single payment after a series of monthly payments • Late contributions paid to your account after a complete withdrawal • Death benefits paid to a spouse • Payments to a spouse/former spouse under a court order or alimony order 	<p>Payments subject to a mandatory 20% withholding, which cannot be waived.</p> <p>No withholding on payment of less than \$200 to a spouse or former spouse.</p>	<p>There is no withholding on eligible rollover distributions that are less than \$200 within one tax year.</p> <p>Early Withdrawal Penalty: If you separate/retire before the year in which you become age 55, early withdrawal penalty tax of 10% on all amounts received before age 59½. Does not apply to:</p> <ul style="list-style-type: none"> • annuity payments • death benefit payments • payments made in compliance with court orders • payments made to disability retirees • equal payments computed by TSP according to IRS life expectancy tables*

*Note: If you change from such payments to a final single payment, either before you become age 59 ½ or within five years of the date of the first payment, whichever is later, you will be liable for the penalty tax on **all** payments received before age 59 ½.

Type Of Payment	Payment Includes	Tax Treatment	Notes
PERIODIC PAYMENTS	<ul style="list-style-type: none"> • Monthly payments expected to be paid out over 10 years • Equal payments computed by TSP according to IRS life expectancy tables • Payments from an annuity purchased by TSP 	<p>Withholding is based on the assumption you are married claiming three exemptions. You may submit Form W-4P to:</p> <ul style="list-style-type: none"> • elect no Federal income tax withholding • have Federal income tax based on different allowances and marital status • have an additional amount withheld 	<p>Send W-4P, Withholding Certificate for Pension or Annuity Payments, to:</p> <p>National Finance Center TSP Service Office P.O. Box 61500 New Orleans, LA 70161-1500</p> <p>See note regarding early withdrawal penalty on previous page</p>
NON-PERIODIC PAYMENTS	<ul style="list-style-type: none"> • Minimum distribution payments (required at age 70½) • Death benefits paid to someone other than the spouse • Child support payments or court-ordered payments to someone other than the spouse/former spouse 	<p>Federal income tax withholding is 10% on these payments. You may submit W-4P to elect:</p> <ul style="list-style-type: none"> • no Federal income tax withholding • an additional withholding over and above the 10% automatic withholding 	<p>To elect no income tax, or additional withholding, send W-4P to address above.</p> <p>Amounts paid as a minimum distribution on/after age 70½ may not be transferred or rolled over to another IRA or qualified pension plan.</p>

NOTE: Foreign citizens with a foreign address can request to waive tax withholding on any payment. However, if such a request is made, the payment may then be subject to 30% tax withholding under IRS rules concerning income of nonresident aliens.

ANNUITY COMPUTATIONS

Annuity Computation

The amount of an annuity is determined by:

- **Length of service**

Length of service for annuity computation purposes is based on whole months (30 days). To determine the total length of service for annuity computation purposes, add all creditable civilian and military service; then eliminate any fractional part of the month (remaining days).

- **High-3 average basic pay**

The high-3 average pay is the largest annual rate resulting from averaging your rates of basic pay in effect over any period of 3 consecutive years of creditable civilian service, with each rate weighted by the length of time it was in effect. Normally, the highest rate of pay is the last three years prior to retirement. If this is the case, to find the beginning date of the 3-year period, subtract 3 years from the date of your retirement. For example: if your retirement date is November 1, 2002, then your beginning date would be November 2, 1998. (2002/11/01 – 3/00/00 = 98/11/02.)

Basic pay includes locality pay, environmental differential for certain employees, night differential pay for wage grade employees, premium pay for firefighters and law enforcement officers. It does not include bonuses, occasional overtime pay, military pay, cash awards, holiday pay. The basic pay for employees paid at other than an annual rate is determined by multiplying the basic rate of pay by the appropriate unit (for example; hourly rate of pay x 2087 hours).

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.

For part-time service 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.

FERS GENERAL FORMULA **1% X High-3 X Years of Service**

Computation Of Annuity

Example

Years of Service: 30 years Retirement Age: 60 years old
High-3 Average Salary: \$20,000

$$1\% \times \$20,000 \times 30 = \$6,000 \text{ annual or } \$500 \text{ a month}$$

Note: *If you are at least 62 with 20 years of service use the following:*

1.1% X average salary X years of service

Note: *For firefighters and law enforcement officers, for the first 20 years, the formula is 1.7% X high-3 average salary, then 1% for the remaining years.*

Note: *You may use the FERS computation chart to get the factor to use times your hi-3 salary.*

Firefighter Pay for Retirement

Based on the new Federal Firefighter Overtime Pay Reform Act of 1998 (P.L. 105-277)

- For firefighters to be covered, they must be working at least a 53-hour week or 106 biweekly – that is using the 2756 calculation. * If they are **not** on a sustained 40 week with stand-by, the base pay for the grade and step plus locality, will be divided by the firefighter hours, 2756, to determine the “hourly” rate of pay. You will multiply the hours worked bi-weekly, then multiply by 26 pay periods to get the basic pay for retirement, life insurance values. For example, if my schedule is 72 hour week, and my base pay plus locality is \$32,578; I would divide the \$32,578 by 2756, or \$11.82 an hour. To get the basic pay for retirement, I would multiply \$11.82 by 144 (72 + 72 for biweekly) = \$1702.08 X 26 pay periods or \$44,254.08 basic pay.

*If they are working less than a 53 hour week, the hourly rate would be calculated on the hourly rate of 2087 hours.

- **If they are on a sustained 80 hour week**, (such as a fire chief), plus stand by for a regular pay period of 112 hours, the first 80 hours are considered regular hourly rate based on 2087 hours. The remaining hours, (32) are calculated using the 2756 rate. For example: Basic rate plus locality, \$48,650. For the first calculation, you would divide the \$48,650 by 2087 to get the hourly rate, or \$23.32 X 80=\$1864.88 per pay period X 26 = \$48,486.82. The remaining 32 hours are based on the firefighter rate so the base pay (\$48,650) divided by 2756 or \$17.65 per hour X 32 = \$564.80 X 26 = \$14684.80. The annual rate of pay would be \$14,684.80 + \$48,486.82 = \$63,172.62 basic pay for retirement and FEGLI purposes.

Bottom line, the firefighter will get credit for every hour they work in their basic pay.

- Annual leave will now be paid out based on the firefighter pay (basic pay plus the overtime rate of pay). The hours will not be converted to a 40-hour week schedule.
- If a firefighter moves to a non-firefighter position, the hours must be converted to the regular 80-hour week using the old rules.

Sick Leave Calculation: FF sick leave is used in the CSRS Component annuity computation and must be converted using the following formula: number of hours in the last weekly tour of duty divided by sick leave balance X 40 = regular sick leave balance. Use the 2087 hour chart for converting the time to years, months, and days.

Example: SL balance = 1422 and FF works 72 hour weekly tour of duty
 $1422 \times 40 = 56880$ divided by 72 = 790 hours of regular sick leave which converts to 4 months 17 days service.

Annual Leave Computation for Firefighters: (Applies ONLY to firefighters covered by 5 CFR part 550, subpart M). When annual leave is paid out for a firefighter, the firefighter is paid for every hour credited to them. You take the number of hours of annual leave and divide by the schedule of duty - 112, 144, etc., to determine how many full pay weeks will be paid. Then you determine how many hours are left over. The alternate way that can be used is to calculate for every pay period; for

example, if balance is 240 and work 144 hour pay period, then $240 - 144 = 96$ hours remaining. Then you will calculate the amount this way:

- **Remember that anything over 106 hours is considered overtime.**
- **Ask the question, does the firefighter have an embedded tour.**
- **Do NOT convert the leave to the 40 hour equivalent!**

Example 1:

Let's say a person has 240 hours of annual leave and works 144 hours biweekly. 240 divided by 144 = 1 pay period with an additional 96 hours remaining to be paid. (This is NOT a firefighter with an embedded tour.) This firefighter has a basic pay rate of \$35,000.

$\$35,000$ divided by 2756 = \$12.70 per hour So the **first 106 hours X \$12.70 = \$ 1,346.20 PLUS Overtime pay rate is \$12.70 plus ½ of \$12.70 or \$19.05 (144-106 = 38 hours to be paid at the overtime rate).** 38 hours X \$19.05 = **\$723.90**

The total would be $\$1346.20 + \$723.90 =$ **\$2,070.10** for the first pay period.

The second pay period would be 96 hours X \$12.70 (basic rate) = **\$1,219.20**

Total annual leave pay out would be \$2,070.10 + \$1,219.20 = \$3,289.30

Example 2:

For a firefighter that has 240 hours of annual leave and works 112 hour pay period but has an embedded tour of 80 hours. The basic rate for the position is \$38,500. The calculation looks like this:

For the first 80 hours, you divide the \$38,500 by 2087 to get the hourly rate: **\$18.45**

For the second set of hours, divide \$38,500 by 2756 to get the hourly rate: **\$13.97**

Overtime rate (time and 1/2 is $\$13.97 + \$6.99 =$ **\$20.96**

240 divided by 112 = 2 full pay periods

For the two pay periods: $80 \times \$18.45 =$ **\$1,476.00** (based on 2087 rate)

106 (overtime break point) - 80 = 26 x \$13.97 = **\$363.22** (based on 2756 rate)

112 (tour of duty) - 106 = 6 hours at the overtime rate (6 X \$20.96 = **\$ 125.76**)

For total pay for each pay period: \$1,476 + \$3,63.22 + \$125.76 = \$ 1,964.98

Since this FF had two pay periods: \$1,964.98 X 2 = \$3,929.96 (Plus remaining hours)

112 + 112 (two pay periods) = 224 - so, 240 - 224 = 16 left over X \$18.45 = **\$295.20**

Total for annual leave = \$295.20 + \$3,929.96 = \$4,225.16

Cost Of Living Adjustments (FERS)

Cost of Living Adjustments (COLAs) increase the amount of your monthly annuity.

Under the FERS law, a CSRS component will be increased under the rules governing COLAs for retirees of the Civil Service Retirement System. The FERS component will be increased under a different set of rules. The rules governing each component are outlined below.

CSRS COLA RULES (Apply only to a CSRS Component)

- *Effective Date of Increase* - December 1 of each year; payment of COLAs in January.
- *Amount of COLA* - Normally equals the percentage change in the Consumer Price Index (CPI) during the past year. Specified as CSRS COLA.

Initial COLA - Effective on December 1 after annuity begins. Prorated, based on the number of months you were entitled to an annuity prior to effective date of increase (December 1). (Note: Even though the COLA is not actually payable until January 1, the COLA is prorated based on your status as of December 1.)

FERS COLA Rules (*only paid at age 62 or older*)

- *Effective date of Increase* - December 1 of each year.
- *Amount of COLA* - Tied to the increase in the CPI during the year preceding the COLA under the following schedule:

<u>Change in CPI</u>	<u>% of COLA</u>
0%	None
2% or less	Same % as CPI increase
2% to 3%	2%
3% or more	Change in CPI minus 1%

FERS COLA Rules (Continued)

- *Initial COLA* - FERS COLA's apply to retirees who were age 62 as of December 1. By law, a retiree's first COLA must be prorated. For example, retirees will get 1/12 of the applicable cost-of-living increase for each month they were an annuitant before December 1 not to exceed 12 months. To get the full COLA, a retiree's annuity must have commenced no later than December 31. The COLA applies to the Basic FERS annuity only, not the FERS Annuity Supplement.

Exceptions:

1. Initial COLA effective on December 1 after the annuity begins for employees retiring under the special provisions for (applies to annuitants who are under age 62):

Air Traffic Controllers/Law Enforcement Officers/Firefighters

Military Technicians who no longer satisfy the requirements of the position due to disability.

2. Disability Annuity - COLA's are payable to disability annuitants without regard to their age. However, COLA's are not payable on FERS disability annuities during the annuitant's first year if the annuity rate is based on 60% of average salary. COLA's are payable, however, during the first year if the annuitant's rate is based on an earned benefit or the annuity is redetermined because the annuitant has reached age 62.

How Federal Annuities Are Taxed

Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) retirees are not taxed on that part of the annuity that represents their own contribution; the rest is taxable. Federal annuitants who retired after July 1, 1986, determine the amount of their annuity that is tax-free by using the Simplified General Rule. This rule applied to annuities **commencing** on or before December 31, 1997.

A provision added to the Taxpayer Relief Act of 1997, created a new table for computing the tax free amount **if a survivor annuity** has been elected. The table is based on the combined ages of the annuitant and the person for whom the survivor annuity has been provided. This provision is effective with annuity start dates beginning after December 31, 1997. Retirees whose annuity started prior to December 31, 1997, continue to use the one-person table.

When you retire, you will receive a booklet from OPM called “Your Federal Retirement Benefits”. In this booklet you will be provided with the amount of your total retirement contributions and the amount of retirement benefits you may claim as tax free each month (calculated using the Simplified General Rule). Do not use the “cumulative” retirement contributions reflected on your last Leave and Earnings Statement as this is not always a true accounting of all retirement contributions made during your Federal service career. For a more detailed and official explanation of how Federal annuities are taxed, call 1-800-TAX-FORM and ask for **IRS Publication 721, Tax Guide to U.S. Civil Service Retirement Benefits** or you can obtain it from the IRS web site at www.irs.gov.

The following address http://apps.opm.gov/tax_calc/withhold_calc/index.cfm is a link to OPM’s Tax calculator for annuitants to figure their monthly federal withholdings

The following tables should be used based on your individual case:

Annuity <u>without a survivor benefit</u> or annuity commencing on or before December 31, 1997	
Age at Retirement	Number Of Lifetime Payments
55 & under	360
56 to 60	310
61 to 65	260
66 to 70	210
71 and over	160

Information about Federal and State Income Tax Withholdings Savings Bond Purchases and Deductions

Federal Income Tax Withholdings:

Your annuity payments are subject to Federal income tax withholding. Federal income tax is withheld from your initial payment and will continue to be withheld as though you are a married individual claiming three withholding allowances – the rate required by law if you do not file an election to change the deduction. At the time OPM processes your retirement application, they will send you instructions on how to start, change, or stop your Federal income tax withholding using their toll-free automated telephone system. Retirees may now make a withholding election at the time of their retirement by completing a W-4P.

State Income Tax Withholdings:

If you wish to have State tax withholdings from your annuity, you may contact OPM directly if your State participates in the withholding program administered by OPM. OPM is unable to make State tax withholdings for non-participating states.

The following states have State tax and participate with OPM to withhold tax:

Arkansas	Arizona	California	Colorado
Connecticut	Delaware	District of Columbia	Georgia
Idaho	Indiana	Iowa	Louisiana
Maine	Maryland	Michigan	Minnesota
Mississippi	Missouri	Montana	Nebraska
New Jersey	New Mexico	North Carolina	North Dakota
Ohio	Oklahoma	Oregon	Rhode Island
South Carolina	Utah	Vermont	Virginia
West Virginia	Wisconsin		

You must specify the monthly amount of State tax you want withheld. Deduction amounts must be in whole dollars. The minimum monthly amount OPM is able to withhold is \$5. Your State tax deductions will be reflected on notices of annuity adjustment mailed when payments change and will be included in your yearly statement (Form 1099R) used for income tax filing purposes.

As an annuitant, already receiving regular annuity payments, you may call (800) 409-6528 to start, change, or stop savings bond and State tax deductions. You may also contact an OPM Customer Service Specialist by dialing (888) 767-6738. When calling, you will need your civil service annuitant (CSA) number and your Social Security number.

Annuity Reductions & Withholdings

The annuity reductions, if appropriate, must be applied in the following order:

1. Age Reduction:

- MRA +10.

2. Deposit Reduction:

- Unpaid deposit(s) for nondeduction service performed prior to October 1, 1982. The basic annuity is reduced by 10% of the unpaid deposit amount (deposit includes interest).
Reduction applies only if you have a CSRS Component.

3. Survivor Reductions:

- Reduction for survivor annuity, because of a voluntary election, court order, or operation of law; and/or
- Reduction to provide a survivor annuity to a person with an insurable interest.

4. Redeposit Reduction:

- Unpaid redeposit service that ended before October 1, 1990 (actuarial reduction). *This applies only if you have a CSRS Component.*

5. Alternative Annuity Reduction:

- May only elect if not expected to live beyond 2 years.

6. Federal Tax:

- Based as if married with 3 deductions.
- Will receive W-4P-A to change amount.

7. State Tax (Optional):

- Contact OPM.

8. FEHB Premiums:

- Retirees pay the same amount as employees pay (monthly rate).

9. FEGLI Premiums:

- Retirees pay the same amount as employees pay until age 65 (monthly rate).

10. Medicare Part B Premiums (Optional):

- You do not become eligible for Medicare until age 65.
- If receiving Social Security, premium withheld from Social Security benefit.

FERS Computation (MRA + 10 Example)

Date of Retirement: 5-31-2002

Date of Birth: 4-29-44

Active Military Service: 12-30-82 to 3-29-86 - Deposit Paid

Civilian Service: 7-30-87 to 5-31-2000

Last Salary: \$29,400

High-3 Average Salary: \$27,228

Survivor Benefits: Based on Full Annuity

FEGLI Insurance: Basic (75% Option), Standard, 2X Pay and Family)

From	To	Annual Pay	Total Time	Time Factor	Pay Earned
98-06-01	99-01-06	\$23,890	00-07-06	.600000	\$14,334.00
99-01-07	99-04-05	\$25,003	00-02-29	.247222	\$ 6,181.29
99-04-06	00-01-06	\$27,653	00-09-01	.752778	\$20,816.57
00-01-07	00-08-04	\$28,001	00-06-28	.577778	\$16,178.36
00-08-05	02-05-31	\$29,400	00-09-26	.822222	\$24,173.33
			03-00-00		\$81,683.55

(In determining the "time factor earned" refer to the "360 Day Factor Chart.")

\$81,683.55 DIVIDED BY 3 = \$27,227.85 HIGH-3 AVERAGE PAY

<u>Compute Age At Separation</u>		<u>Compute Length Of Service</u>	
Date of Retirement	2002-05-31	Date of Retirement	2002-05-31
Date of Birth	-1944-04-29	SCD	-1984-04-30
	57-01-02		17-01-01

Formula: $\$27,228.85 \times 17.08333 \times 1\% = \$4,651.42$

(To check the formula, see the "FERS 1% Accrual Factor Chart." For example, 16 years, 1 month, located on the chart gives a factor of .170833 X \$27227.85 (high-3) = basic annuity.)

	Unreduced FERS Annuity	\$ 4,651.42
Reductions are made for: Under Age 62	Age 57, Factor .758333	3,527.33
Non-Deposit for service prior to 1-1-89		N/A
Survivor Annuity	.10% X \$3,527.33 = \$352.73	- 352.73
	REDUCED ANNUITY	3,174.60
	Monthly Annuity	264.55
	Federal Tax Withholding	- 48.00
	State Tax Withholding	N/A
	FEHB Reduction	- 97.48
\$29,400 = 30 + 2 or \$32,000	= \$10.75	
Standard \$10,000	= \$ 5.85	
Additional 2X	= \$40.32	
Family	= \$ 3.14	
	FEGLI Reduction (Standard, 2X, Family)	- 60.06
	Total Monthly Annuity Due	\$59.01

FERS Special Retirement Supplement

If you retire as a FERS employee before age 62, you may receive a supplement to your FERS annuity. The general purpose of the supplement is to provide a level of income before age 62 similar to what you will receive at age 62 as part of a Social Security benefit, if eligible for Social Security at that age. The supplement is computed by estimating a full career Social Security benefit and then approximating the portion of that full career benefit that represents your service under FERS. The more years of FERS coverage you have, the greater the supplement will be. The supplement ends at age 62, even if you are not eligible for such benefits.

Eligibility Requirements For The Special Retirement Supplement

1. Must retire on a non-disability, immediate annuity (not deferred).
2. Must be eligible for one of the following retirements:
 - a. Voluntary Retirement without Reduction for Age.
 - b. Involuntary or “Early-Out” Retirement (upon attaining MRA).
 - c. Law Enforcement Officer/Firefighter Retirement.
 - d. Air Traffic Controller Retirement.
 - e. Military Reserve Technician Early Retirement who are age 50 with 25 years service and lose military status.
 - f. SES, Defense Intelligence SES, or Senior Cryptologic Executive Service Early Retirement.
3. Must be under age 62 during time you receive supplement.
4. The service credited under the FERS component must include at least one full calendar year of civilian service beginning January and ending December 31.
5. If you transfer to FERS from CSRS, you must have at least one full calendar year of FERS-covered service to qualify for the supplement.
6. If your earnings from wages or self-employment exceed the Social Security annual exempt amount, your Special Retirement Supplement will be reduced or stopped.

EXCEPTION: Air Traffic Controllers, Law Enforcement Officers, Firefighters and Military Reserve Technicians are not subject to the earnings test until they attain their MRA.

Example: Estimate of a full career Social Security benefit as if the employee were age 62 (may use benefit statement from Social Security). Determine service creditable under FERS and divide by 40. Multiply the estimated Social Security benefit by the percentage.

Social Security estimated benefit: \$625.00
FERS Service of 12 years = 12 divided by 40 or 30%
30% X \$625 = \$187.50 supplemental amount

FERS 1% ACCRUAL FACTOR Years of Service 1 – 20

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	0.010000	0.010833	0.011667	0.012500	0.013333	0.014167	0.015000	0.015833	0.016667	0.017500	0.018333	0.019167
2	0.020000	0.020833	0.021667	0.022500	0.023333	0.024167	0.025000	0.025833	0.026667	0.027500	0.028333	0.029167
3	0.030000	0.030833	0.031667	0.032500	0.033333	0.034167	0.035000	0.035833	0.036667	0.037500	0.038333	0.039167
4	0.040000	0.040833	0.041667	0.042500	0.043333	0.044167	0.045000	0.045833	0.046667	0.047500	0.048333	0.049167
5	0.050000	0.050833	0.051667	0.052500	0.053333	0.054167	0.055000	0.055833	0.056667	0.057500	0.058333	0.059167
6	0.060000	0.060833	0.061667	0.062500	0.063333	0.064167	0.065000	0.065833	0.066667	0.067500	0.068333	0.069167
7	0.070000	0.070833	0.071667	0.072500	0.073333	0.074167	0.075000	0.075833	0.076667	0.077500	0.078333	0.079167
8	0.080000	0.080833	0.081667	0.082500	0.083333	0.084167	0.085000	0.085833	0.086667	0.087500	0.088333	0.089167
9	0.090000	0.090833	0.091667	0.092500	0.093333	0.094167	0.095000	0.095833	0.096667	0.097500	0.098333	0.099167
10	0.100000	0.100833	0.101667	0.102500	0.103333	0.104167	0.105000	0.105833	0.106667	0.107500	0.108333	0.109167
11	0.110000	0.110833	0.111667	0.112500	0.113333	0.114167	0.115000	0.115833	0.116667	0.117500	0.118333	0.119167
12	0.120000	0.120833	0.121667	0.122500	0.123333	0.124167	0.125000	0.125833	0.126667	0.127500	0.128333	0.129167
13	0.130000	0.130833	0.131667	0.132500	0.133333	0.134167	0.135000	0.135833	0.136667	0.137500	0.138333	0.139167
14	0.140000	0.140833	0.141667	0.142500	0.143333	0.144167	0.145000	0.145833	0.146667	0.147500	0.148333	0.149167
15	0.150000	0.150833	0.151667	0.152500	0.153333	0.154167	0.155000	0.155833	0.156667	0.157500	0.158333	0.159167
16	0.160000	0.160833	0.161667	0.162500	0.163333	0.164167	0.165000	0.165833	0.166667	0.167500	0.168333	0.169167
17	0.170000	0.170833	0.171667	0.172500	0.173333	0.174167	0.175000	0.175833	0.176667	0.177500	0.178333	0.179167
18	0.180000	0.180833	0.181667	0.182500	0.183333	0.184167	0.185000	0.185833	0.186667	0.187500	0.188333	0.189167
19	0.190000	0.190833	0.191667	0.192500	0.193333	0.194167	0.195000	0.195833	0.196667	0.197500	0.198333	0.199167
20	0.200000	0.200833	0.201667	0.202500	0.203333	0.204167	0.205000	0.205833	0.206667	0.207500	0.208333	0.209167

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

Example 1: Employee A retires at age 62 after 13 years and 6 months of Federal employment. His high-3 average salary is \$38,000. The 1% accrual factor for 13 years and 6 months is 135 (found in the ‘6 Month’ column, line 13). Multiply .135 by \$38,000 to obtain Employee A’s annual basic annuity of \$5,130.

FERS 1% ACCRUAL FACTOR Years of Service 21 – 40

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
21	0.210000	0.210833	0.211667	0.212500	0.213333	0.214167	0.215000	0.215833	0.216667	0.217500	0.218333	0.219167
22	0.220000	0.220833	0.221667	0.222500	0.223333	0.224167	0.225000	0.225833	0.226667	0.227500	0.228333	0.229167
23	0.230000	0.230833	0.231667	0.232500	0.233333	0.234167	0.235000	0.235833	0.236667	0.237500	0.238333	0.239167
24	0.240000	0.240833	0.241667	0.242500	0.243333	0.244167	0.245000	0.245833	0.246667	0.247500	0.248333	0.249167
25	0.250000	0.250833	0.251667	0.252500	0.253333	0.254167	0.255000	0.255833	0.256667	0.257500	0.258333	0.259167
26	0.260000	0.260833	0.261667	0.262500	0.263333	0.264167	0.265000	0.265833	0.266667	0.267500	0.268333	0.269167
27	0.270000	0.270833	0.271667	0.272500	0.273333	0.274167	0.275000	0.275833	0.276667	0.277500	0.278333	0.279167
28	0.280000	0.280833	0.281667	0.282500	0.283333	0.284167	0.285000	0.285833	0.286667	0.287500	0.288333	0.289167
29	0.290000	0.290833	0.291667	0.292500	0.293333	0.294167	0.295000	0.295833	0.296667	0.297500	0.298333	0.299167
30	0.300000	0.300833	0.301667	0.302500	0.303333	0.304167	0.305000	0.305833	0.306667	0.307500	0.308333	0.309167
31	0.310000	0.310833	0.311667	0.312500	0.313333	0.314167	0.315000	0.315833	0.316667	0.317500	0.318333	0.319167
32	0.320000	0.320833	0.321667	0.322500	0.323333	0.324167	0.325000	0.325833	0.326667	0.327500	0.328333	0.329167
33	0.330000	0.330833	0.331667	0.332500	0.333333	0.334167	0.335000	0.335833	0.336667	0.337500	0.338333	0.339167
34	0.340000	0.340833	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.346667	0.347500	0.348333	0.349167
35	0.350000	0.350833	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357500	0.358333	0.359167
36	0.360000	0.360833	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
37	0.370000	0.370833	0.371667	0.372500	0.373333	0.374167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
38	0.380000	0.380833	0.381667	0.382500	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
39	0.390000	0.390833	0.391667	0.392500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
40	0.400000	0.400833	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167

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

Example 2: Employee B retires at age 57 after 32 years of Federal employment. His high-3 average salary is \$72,000. The 1% accrual factor for 32 years is .32 (found in the "0 Month" column, line 32) Multiply .32 by \$72,000 to obtain Employee B's annual basic annuity of \$23,040.

Note that under FERS, Employee B would also be entitled to a retiree annuity supplement.

FERS 1.1% ACCRUAL FACTOR Years of Service 1-20

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	0.011917	0.012833	0.013750	0.014667	0.015583	0.016500	0.017417	0.018333	0.019250	0.020167	0.021083
2	0.022000	0.022917	0.023833	0.024750	0.025667	0.026583	0.027500	0.028417	0.029333	0.030250	0.031167	0.032083
3	0.033000	0.033917	0.034833	0.035750	0.036667	0.037583	0.038500	0.039417	0.040333	0.041250	0.042167	0.043083
4	0.044000	0.044917	0.045833	0.046750	0.047667	0.048583	0.049500	0.050417	0.051333	0.052250	0.053167	0.054083
5	0.055000	0.055917	0.056833	0.057750	0.058667	0.059583	0.060500	0.061417	0.062333	0.063250	0.064167	0.065083
6	0.066000	0.066917	0.067833	0.068750	0.069667	0.070583	0.071500	0.072417	0.073333	0.074250	0.075167	0.076083
7	0.077000	0.077917	0.078833	0.079750	0.080667	0.081583	0.082500	0.083417	0.084333	0.085250	0.086167	0.087083
8	0.088000	0.088917	0.089833	0.090750	0.091667	0.092583	0.093500	0.094417	0.095333	0.096250	0.097167	0.098083
9	0.099000	0.099917	0.100833	0.101750	0.102667	0.103583	0.104500	0.105417	0.106333	0.107250	0.108167	0.109083
10	0.110000	0.110917	0.111833	0.112750	0.113667	0.114583	0.115500	0.116417	0.117333	0.118250	0.119167	0.120083
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

*Employee must be age 62 or older and have 20 or more years of TOTAL (CSRS and FERS) creditable service.

FERS 1.1% ACCRUAL FACTOR (Years of Service 21 – 40)

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
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

*Employee must be age 62 or older and have 20 or more years of TOTAL (CSRS and FERS) creditable service.

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

Example 3: Employee C retires at age 67 after 32 years of Federal employment. His high-3 average salary is \$72,000. The 1.1% accrual factor for 32 years is .352 (found in “0 Month” column, line 13.)

Multiply .352 by \$72,000 to obtain Employee C’s annual basic annuity of \$25,344.

FERS 5% AGE REDUCTION CHART

Factors for Determining Reductions
in
Basic Annuity for Early Deferred or MRA + 10 Retirement

Multiply unreduced Basic Annuity benefit by applicable factor shown below to calculate reduced retirement benefit.

Note: The election of a survivor benefit will reduce benefits further.

Age at separation and at least 1 day over	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
55 _ _ _ _	0.654167	0.658333	0.662500	0.666667	0.670833	0.675000	0.679167	0.683333	0.687500	0.691667	0.695833	0.700000
56 _ _ _ _	0.704167	0.708333	0.712500	0.716667	0.720833	0.725000	0.729167	0.733333	0.737500	0.741667	0.745833	0.750000
57 _ _ _ _	0.754167	0.758333	0.762500	0.766667	0.770833	0.775000	0.779167	0.783333	0.787500	0.791667	0.795833	0.800000
58 _ _ _ _	0.804167	0.808333	0.812500	0.816667	0.820833	0.825000	0.829167	0.833333	0.837500	0.841667	0.845833	0.850000
59 _ _ _ _	0.854167	0.858333	0.862500	0.866667	0.870833	0.875000	0.879167	0.883333	0.887500	0.891667	0.895833	0.900000
60 _ _ _ _	0.904167	0.908333	0.912500	0.916667	0.920833	0.925000	0.929167	0.933333	0.937500	0.941667	0.945833	0.950000
61 _ _ _ _	0.954167	0.958333	0.962500	0.966667	0.970833	0.975000	0.979167	0.983333	0.987500	0.991667	0.995833	1.000000

360 DAY FACTOR CHART

For Computing Total Amount for Any Period of Time at a Given Annual Rate. To Complete Factor, Place Number of Full Years Ahead of Decimal Point.

Number of Days	1 Day	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
0	----	0.083333	0.166667	0.250000	0.333333	0.416667	0.500000	0.583333	0.666667	0.750000	0.833333	0.916667
1	0.002778	0.086111	0.169444	0.252778	0.336111	0.419444	0.502778	0.586111	0.669444	0.752778	0.836111	0.919444
2	0.005556	0.088889	0.172222	0.255556	0.338889	0.422222	0.505556	0.588889	0.672222	0.755556	0.838889	0.922222
3	0.008333	0.091667	0.175000	0.258333	0.341667	0.425000	0.508333	0.591667	0.675000	0.758333	0.841667	0.925000
4	0.011111	0.094444	0.177778	0.261111	0.344444	0.427778	0.511111	0.594444	0.677778	0.761111	0.844444	0.927778
5	0.013889	0.097222	0.180556	0.263889	0.347222	0.430556	0.513889	0.597222	0.680556	0.763889	0.847222	0.930556
6	0.016667	0.100000	0.183333	0.266667	0.350000	0.433333	0.516667	0.600000	0.683333	0.766667	0.850000	0.933333
7	0.019444	0.102778	0.186111	0.269444	0.352778	0.436111	0.519444	0.602778	0.686111	0.769444	0.852778	0.936111
8	0.022222	0.105556	0.188889	0.272222	0.355556	0.438889	0.522222	0.605556	0.688889	0.772222	0.855556	0.938889
9	0.025000	0.108333	0.191667	0.275000	0.358333	0.441667	0.525000	0.608333	0.691667	0.775000	0.858333	0.941667
10	0.027778	0.111111	0.194444	0.277778	0.361111	0.444444	0.527778	0.611111	0.694444	0.777778	0.861111	0.944444
11	0.030556	0.113889	0.197222	0.280556	0.363889	0.447222	0.530556	0.613889	0.697222	0.780556	0.863889	0.947222
12	0.033333	0.116667	0.200000	0.283333	0.366667	0.450000	0.533333	0.616667	0.700000	0.783333	0.866667	0.950000
13	0.036111	0.119444	0.202778	0.286111	0.369444	0.452778	0.536111	0.619444	0.702778	0.786111	0.869444	0.952778
14	0.038889	0.122222	0.205556	0.288889	0.372222	0.455556	0.538889	0.622222	0.705556	0.788889	0.872222	0.955556
15	0.041667	0.125000	0.208333	0.291667	0.375000	0.458333	0.541667	0.625000	0.708333	0.791667	0.875000	0.958333
16	0.044444	0.127778	0.211111	0.294444	0.377778	0.461111	0.544444	0.627778	0.711111	0.794444	0.877778	0.961111
17	0.047222	0.130556	0.213889	0.297222	0.380556	0.463889	0.547222	0.630556	0.713889	0.797222	0.880556	0.963889
18	0.050000	0.133333	0.216667	0.300000	0.383333	0.466667	0.550000	0.633333	0.716667	0.800000	0.883333	0.966667
19	0.052778	0.136111	0.219444	0.302773	0.386111	0.469444	0.552778	0.636111	0.719444	0.802778	0.886111	0.969444
20	0.055556	0.138889	0.222222	0.305556	0.388889	0.472222	0.555556	0.638889	0.722222	0.805556	0.888889	0.972222
21	0.058333	0.141667	0.225000	0.308333	0.391667	0.475000	0.558333	0.641667	0.725000	0.808333	0.891667	0.975000
22	0.061111	0.144444	0.227778	0.311111	0.394444	0.477778	0.561111	0.644444	0.727778	0.811111	0.894444	0.977778
23	0.063889	0.147222	0.230556	0.313889	0.397222	0.480556	0.563889	0.647222	0.730556	0.813889	0.897222	0.980556
24	0.066667	0.150000	0.233333	0.316667	0.400000	0.483333	0.566667	0.650000	0.733333	0.816667	0.900000	0.983333
25	0.069444	0.152778	0.236111	0.319444	0.402778	0.486111	0.569444	0.652778	0.736111	0.819444	0.902778	0.986111
26	0.072222	0.155556	0.238889	0.322222	0.405556	0.488889	0.572222	0.655556	0.738889	0.822222	0.905556	0.988889
27	0.075000	0.158333	0.241667	0.325000	0.408333	0.491667	0.575000	0.658333	0.741667	0.825000	0.908333	0.991667
28	0.077778	0.161111	0.244444	0.327778	0.411111	0.494444	0.577778	0.661111	0.744444	0.827778	0.911111	0.994444
29	0.080556	0.163889	0.247221	0.330556	0.413889	0.497222	0.580556	0.663889	0.747222	0.830556	0.913889	0.997222

2087 Hours Chart - Used To Determine Sick Leave (CSRS)

CHART FOR OBTAINING NUMBER OF HOURS FOR ANY PERIOD OF TIME WHEN 2087 HOURS CONSTITUTES YEARLY BASIS												
Number of days	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	11 Months and up
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	41	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	70	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	93	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	99	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	122	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	128	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	139	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	145	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	151	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	157	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

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	0.08375	0.085208	0.086667	0.088125	0.089583	0.091042
6	.092500	.093958	.095417	.096875	.098333	.099792	.101250	.102708	.104167	.105625	.107083	.108542
7	.110000	.111458	.112917	.114375	.115833	.117292	.118750	.120208	.121667	.123125	.124583	.126042
8	.127500	.128958	.130417	.131875	.133333	.134792	.136250	.137708	.139167	.140625	.142083	.143542
9	.145000	.146458	.147917	.149375	.150833	.152292	.153750	.155208	.156667	.158125	.159583	.161042
10	.162500	.164167	.165833	.167500	.169167	.170833	.172500	.174167	.175833	.177500	.179167	.180833
11	.182500	.184167	.185833	.187500	.189167	.190833	.192500	.194167	.195833	.197500	.199167	.200833
12	.202500	.204167	.205833	.207500	.209167	.210833	.212500	.214167	.215833	.217500	.219167	.220833
13	.222500	.224167	.225833	.227500	.229167	.230833	.232500	.234167	.235833	.237500	.239167	.240833
14	.242500	.244167	.245833	.247500	.249167	.250833	.252500	.254167	.255833	.257500	.259167	.260833
15	.262500	.264167	.265833	.267500	.269167	.270833	.272500	.274167	.275833	.277500	.279167	.280833
16	.282500	.284167	.285833	.287500	.289167	.290833	.292500	.294167	.295833	.297500	.299167	.300833
17	.302500	.304167	.305833	.307500	.309167	.310833	.312500	.314167	.315833	.317500	.319167	.320833
18	.322500	.324167	.325833	.327500	.329167	.330833	.332500	.334167	.335833	.337500	.339167	.340833
19	.342500	.344167	.345833	.347500	.349167	.350833	.352500	.354167	.355833	.357500	.359167	.360833
20	.362500	.364167	.365833	.367500	.369167	.370833	.372500	.374167	.375833	.377500	.379167	.380833
21	.382500	.384167	.385833	.387500	.389167	.390833	.392500	.394167	.395833	.397500	.399167	.400833
22	.402500	.404167	.405833	.407500	.409167	.410833	.412500	.414167	.415833	.417500	.419167	.420833
23	.422500	.424167	.425833	.427500	.429167	.430833	.432500	.434167	.435833	.437500	.439167	.440833
24	.442500	.444167	.445833	.447500	.449167	.450833	.452500	.454167	.455833	.457500	.459167	.460833
25	.462500	.464167	.465833	.467500	.469167	.470833	.472500	.474167	.475833	.477500	.479167	.480833
26	.482500	.484167	.485833	.487500	.489167	.490833	.492500	.494167	.495833	.497500	.499167	.500833
27	.502500	.504167	.505833	.507500	.509167	.510833	.512500	.514167	.515833	.517500	.519167	.520833
28	.522500	.524167	.525833	.527500	.529167	.530833	.532500	.534167	.535833	.537500	.539167	.540833
29	.542500	.544167	.545833	.547500	.549167	.550833	.552500	.554167	.555833	.557500	.559167	.560833
30	.562500	.564167	.565833	.567500	.569167	.570833	.572500	.574167	.575833	.577500	.579167	.580833
31	.582500	.584167	.585833	.587500	.589167	.590833	.592500	.594167	.595833	.597500	.599167	.600833
32	.602500	.604167	.605833	.607500	.609167	.610833	.612500	.614167	.615833	.617500	.619167	.620833
33	.622500	.624167	.625833	.627500	.629167	.630833	.632500	.634167	.635833	.637500	.639167	.640833
34	.642500	.644167	.645833	.647500	.649167	.650833	.652500	.654167	.655833	.657500	.659167	.660833
35	.662500	.664167	.665833	.667500	.669167	.670833	.672500	.674167	.675833	.677500	.679167	.680833
36	.682500	.684167	.685833	.687500	.689167	.690833	.692500	.694167	.695833	.697500	.699167	.700833
37	.702500	.704167	.705833	.707500	.709167	.710833	.712500	.714167	.715833	.717500	.719167	.720833
38	.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	80% ¹

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

SOCIAL SECURITY

Social Security Overview **(As it Pertains to Federal Employees)**

Social Security Web Site: www.ssa.gov

The basic idea behind Social Security is rather simple. During your working years you pay Social Security and Medicare taxes. These taxes are used to pay Social Security benefits and Medicare coverage. Social Security was never intended to be a worker's sole source of retirement income. It was designed to supplement the primary source of retirement funding and as partial replacement for wages lost upon retirement.

Social Security Taxes

You and your employer pay regular Social Security taxes at the rate of 6.20%. The law that authorizes these payroll deductions is called the Federal Insurance Contributions Acts (FICA). You might see this tax referred to as FICA or OASDI (Old Age, Survivors and Disability Insurance) on your leave and earning statement.

You also pay another tax, Medicare, which may be referred to as the Medical or Hospital Insurance Tax. This tax amounts to 1.45% of your wages, which, when added to your FICA/OASDI taxes, brings your total Social Security tax withholdings to 7.65%.

FERS and CSRS Offset Employees

As previously mentioned, Social Security is a component of FERS and CSRS Offset retirement coverage. Employment under either plan counts toward Social Security retirement benefits.

Eligibility

In order for you to be eligible for Social Security benefits, you must have paid into the system. As you work under Social Security, you earn "credit" toward your eventual eligibility for benefits ("credits" were formerly called "quarters of coverage").

In 2002, a credit is worth \$870 of Social Security covered wages. This value is increased every year. A maximum of four credits can be earned in one year. As soon as the worker earns \$3,480 that worker will have earned all four credits for 2002. Anyone retiring now will need 40 credits to be insured or eligible for Social Security benefits.

The fact that a worker earns these credits does not increase his/her eventual Social Security retirement benefits. It just makes him/her eligible for Social Security benefits. However, the amount of earnings from which deductions were made for Social Security will determine the actual benefit.

"How Much Will I Get?"

The amount of your benefit is based on and influenced by several factors including such things as your age, type of benefit you are applying for, your earnings history, and your former employment history (for example, most CSRS employees are not covered under Social Security).

Your Social Security benefit is computed using a five step formula.

Step 1 - Social Security Earnings since 1951 are listed.

Step 2 - Earnings are adjusted for changes in average wages. This is called "**Indexing**".

Step 3 - Highest 35 years of earnings are selected. Non-covered service, such as CSRS, is reflected as zero earnings and are included in the high-35.

Step 4 - The earnings for these years are totaled and divided by 420 (number of months in 35 years) to get the Average Indexed Monthly Earnings (AIME)

Step 5 - A three level formula is applied to the AIME to the Primary Insurance Amount (PIA):

- Multiply the first \$592 of the AIME rate by 90%
- Multiply the next \$3,567 of the AIME by 32%
- Multiply any remaining amount by 15%

Social Security benefits are based on the worker's average monthly earnings adjusted for inflation. When benefits are computed, your average earnings are separated into three amounts and then multiplied using three factors. For example, for a worker who turns 62 in 2002, **the first \$592 of the average monthly earnings is multiplied by 90%; the next \$3,567 is multiplied by 32%; and the remainder by 15%.**

You can get "Your Social Security Statement" from Social Security simply by asking for it -- and it's FREE! Social Security has recently revised the publication, "Your Social Security Statement". You may know it under its old name, "Personal Earnings and benefit Estimate Statement" (PEBES). To get your statement, all you need to do is stop by your local Social Security office and ask for a Form SSA-7004, or you can call 1-800-772-1213 and ask them to send you the form, or you can request it via the Social Security Web site (www.ssa.gov). Fill it out and mail it in--within a matter of weeks you will receive a complete history of your recorded earnings and estimates of your various benefits. Beginning in 1999 Social Security began mailing benefits statements three months before your birthday. We strongly recommend that you send for your Social Security Statement immediately and then ask for it again at least a year or two before retirement. If you want to be sure that your Social Security earnings are properly credited to your account, this is your way of doing so. It is also a way of finding out about your "estimated" benefits. The statement will not reflect an accurate estimated benefits for CSRS employees as it does not account for the Windfall Elimination Provision (WEP).

"When & How Should I Apply"

Social Security suggests that you apply for benefits approximately 3 months before you want your benefits to start. You can apply for benefits on the SSA web site or through your local Social Security office. You should have your Social Security card, your birth certificate, your marriage certificate, and your most recent W-2's (the last 2 years are usually sufficient). If you don't have all this information, don't delay your appointment with Social Security, they can usually assist or advise you on how to obtain these documents.

"When Can I Start Getting Retirement Benefits?"

You can begin receiving reduced benefits as early as age 62 (age 60 for widows and widowers). The disadvantage is that your benefits are permanently reduced; the advantage is that, depending upon how long you live, you can collect benefits for a longer period of time.

You can choose to begin receiving full benefits at age 65 (or, in some cases, later). Currently the full retirement age is 65, however, that is gradually increasing to age 67 over the next several years.

Your local Social Security office is your best source of information concerning your Social Security benefits, including publications on retirement, disability, Medicare, and Supplemental Security Income. Here's a partial list of publications from Social Security that may prove helpful:

Social Security Publications

- Retirement - a guide to retirement benefits (pub #05-10035)
- Disability - a guide to disability benefits (pub #05-10029)
- Survivors - a guide to survivor benefits (pub #05-10084)
- Medicare - a guide to the Medicare program (pub #05-10043)
- SSI - a guide to Supplemental Security Income (pub #05-11000)

“Fact Sheets”

- How Your Retirement Benefit is Figured (pub #05-10070)
- Government Pension Offset (pub #05-10007)
- A Pension From Work Not Covered By SS (pub #05-10045)
- How Work Affects Your SS Benefit (pub #05-10069)
- Military Service & Social Security (pub #05-10017)

The Windfall Elimination Provision – (WEP)

(Applies Only to Those with a CSRS Component)

The windfall elimination provision goes into effect when a Federal retiree receives a pension from a job where there were no Social Security taxes paid (CSRS) and the retiree also has enough Social Security credits to be eligible for retirement or disability benefits. A modified formula may be used to figure the Social Security benefit amount. This modified formula will give a lower Social Security benefit, but it will not affect the pension from the Federal government (CSRS). This reduction is known as the “windfall elimination provision.”

The modified formula applies to you if you reach 62 or become disabled after 1985 and first become eligible after 1985 for a monthly pension based in whole or in part on work where you did not pay Social Security taxes. You are considered eligible to receive a pension if you meet the requirements of the pension, even if you continue to work. The modified formula is used in figuring your Social Security benefit beginning with the first month you get both a Social Security benefit and the other pension.

Social Security benefits replace a percentage of a worker’s pre-retirement earnings. The formula used to compute benefits includes factors that ensure lower-paid workers receive a higher return than highly paid workers. Before the law was changed in 1983, benefits for persons who spent time in jobs not covered by Social Security were computed as if they were long-term, low-wage workers; therefore receiving the advantage of the higher percentage benefits. The modified formula eliminates this windfall.

The 90% factor is reduced in the modified formula and phased in for workers who reached age 62 or became disabled between 1986 and 1989. For those who reach 62, or become disabled in 1990 or later, the 90% factor may be reduced to 40%. ***There are exceptions to this rule.*** For example, the 90% factor is not reduced if you have 30 or more years of “substantial” earnings in a job where you paid Social Security taxes. The following table lists the amount of earnings considered “substantial” for each year.

Year	Wages Needed for Year of Coverage	Year	Wages Needed for Year of Coverage	Year	Wages Needed for Year of Coverage
1937-50	\$900*	1978	4,425	1991	9,900
1951-54	900	1979-80	4,725	1992	10,350
1955-58	1,050	1981	5,550	1993	10,725
1959-65	1,200	1982	6,075	1994	11,250
1966-67	1,650	1983	6,675	1995	11,325
1968-71	1,950	1984	7,050	1996	11,625
1972	2,250	1985	7,425	1997	12,150
1973	2,700	1986	7,875	1998	12,675
1974	3,300	1987	8,175	1999	13,425
1975	3,525	1988	8,400	2000	14,175
1976	3,825	1989	8,925	2001	14,925
1977	4,125	1990	9,525	2002	15,750

****Total credited earnings from 1937-50 are divided by \$900 to get the number of years of coverage (maximum of 14 years).***

Workers with relatively low pensions are protected because there is a guarantee that provides that the reduction in the Social Security benefit under the modified formula **cannot be more than one-half of that part of the pension** attributable to earnings after 1956 not covered by Social Security.

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

Years Under Social Security	Social Security Factor will be:
30 or more	90%
29	85%
28	80%
27	75%
26	70%
25	65%
24	60%
23	55%
22	50%
21	45%
20 or less	40%

There are some exceptions to this rule. The modified formula does not apply to a survivor’s benefits. It also does not apply to you if:

- You are a federal worker hired after December 31, 1983;
- You were employed on December 31, 1983, by a nonprofit organization that was exempt from Social Security and it became mandatorily covered under Social Security on that date;
- Your only pension is based on railroad employment;
- Your only work where you did not pay Social Security taxes was before 1957; or
- You have 30 or more years of substantial earnings under Social Security.

This information is from the Social Security Administration Publication No. 05-10045

You can get recorded information 24 hours a day, including weekends and holidays, by calling Social Security’s toll-free number, **1-800-772-1213**. You can speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. Whenever you call, have your Social Security number handy.

People who are deaf or hard of hearing may call Social Security’s toll-free TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

Social Security Retirement Age (Adjustment For Early Or Late Retirement)

YR. OF BIRTH	NORMAL RETIREMENT AGE (YR/MO)	AGE 62	AGE 63	AGE 64	AGE 65	AGE 66	AGE 67	AGE 68	AGE 69	AGE 70
1924	65/0	.800	.867	.933	1.000	1.030	1.060	1.090	1.120	1.150
1925-26	65/0	.800	.867	.933	1.000	1.035	1.070	1.105	1.140	1.175
1927-28	65/0	.800	.867	.933	1.000	1.040	1.080	1.120	1.160	1.200
1929-30	65/0	.800	.867	.933	1.000	1.045	1.090	1.135	1.180	1.225
1931-32	65/0	.800	.867	.933	1.000	1.050	1.100	1.150	1.200	1.250
1933-34	65/0	.800	.867	.933	1.000	1.055	1.110	1.165	1.220	1.275
1935-36	65/0	.800	.867	.933	1.000	1.060	1.120	1.180	1.240	1.300
1937	65/0	.800	.867	.933	1.000	1.065	1.130	1.195	1.260	1.325
1938	65/2	.792	.856	.922	.989	1.054	1.119	1.184	1.249	1.314
1939	65/4	.783	.844	.911	.978	1.047	1.117	1.187	1.257	1.327
1940	65/6	.775	.833	.900	.967	1.035	1.105	1.175	1.245	1.315
1941	65/8	.767	.822	.889	.956	1.025	1.100	1.175	1.250	1.325
1942	65/10	.758	.811	.878	.944	1.012	1.087	1.162	1.237	1.312
1943-54	66/0	.750	.800	.867	.933	1.000	1.080	1.160	1.240	1.320
1955	66/2	.742	.792	.856	.922	.989	1.067	1.147	1.227	1.307
1956	66/4	.733	.783	.844	.911	.978	1.053	1.133	1.213	1.293
1957	66/6	.725	.775	.833	.900	.967	1.040	1.120	1.200	1.280
1958	66/8	.717	.767	.822	.889	.956	1.027	1.107	1.187	1.267
1959	66/10	.708	.758	.811	.878	.944	1.013	1.093	1.173	1.253
1960 & later	67/0	.700	.750	.800	.867	.933	1.000	1.080	1.160	1.240
EXAMPLE:	Born 1943:									
	w/\$500 PIA	\$375	\$400	\$433	\$466	\$500	\$540	\$580	\$620	\$660
	w/\$692 PIA	\$519	\$554	\$600	\$646	\$692	\$747	\$803	\$858	\$913

The Social Security Amendments of 1983 increased the retirement age when unreduced benefits are available. The 1983 amendments do not change the availability of reduced benefits at age 62.

A fully insured worker may begin receiving retirement benefits the month after he or she reaches age 62 (or the month he or she reaches age 62 if his or her birthday is on the first day of the month). If the worker elects to begin receipt of benefits before Normal Retirement Age, the benefit is permanently reduced.

In making the reduction, the worker's unreduced benefit (PIA) must first be determined. The PIA is then reduced by 5/9 of 1% (1/180) for each of the first 36 months that the worker is under Normal Retirement Age when the benefits commence and by 5/12 of 1% (1/240) for each month in excess of 36.

Earnings Can Affect Your Benefits

If you receive Social Security retirement or survivors benefits and you're still working, you can earn a substantial amount of money while receiving some benefits. However, your benefits will be reduced if you earn over certain limits.

If you are under age 65, you can earn up to \$10,680 with no reduction in your Social Security benefits. If you earn more than that, \$1 in benefits is withheld for every \$2 you earn over \$10,680

If you're age 65 or older, the earnings limits no longer apply.

Whether or not you want to work and how much you want to earn are your decisions. But you shouldn't necessarily keep your earnings under Social Security's limits because you think you'll lose too much money. These examples explain why:

Ted Green is 63 years old and receives a monthly Social Security benefit of \$600 - or \$7,200 per year. In 2002, he takes a part-time job but decides to stop working when his earnings reach \$9,500 - just so he's safely under Social Security's \$10,680 earnings limit. His total income is \$16,700

\$ 7,200 in Social Security
\$ 9,500 in earnings
\$16,700 total earnings

His 63 year old neighbor, Maria Gomez, also receives \$600 in Social Security benefits - or \$7,200 per year. However, she takes a job that will pay her \$20,000 in 2002. That's \$9,320 over the limit. Social Security withholds \$1 from her Social Security benefit for every \$2 over the limit, or \$4,660 of her Social Security benefits ($\$9,320 \div 2 = \$4,660$). That means she'll still receive \$2,540 from Social Security ($\$7,200 - \$4,660 = \$2,540$). Her total income is \$22,540:

\$ 2,540 in Social Security
\$20,000 in earnings
\$22,540 total earnings

Although Mr. Green receives all his Social Security benefits while Ms. Gomez has \$4,660 in benefits withheld, Ms. Gomez comes out substantially ahead in overall income because of her higher earnings. There's another way Ms. Gomez may come out ahead.

When you work, you pay Social Security taxes. And because you pay these taxes, Social Security refigures your benefits to take into account your extra earnings. If the worker's earnings for the year are higher than the annual earnings test that were used in the original benefit computation, Social Security substitutes the new year of earnings. The higher your earnings, the more your refigured benefit might be. Because Ms. Gomez's earnings are higher, she will probably get a greater increase in her Social Security benefits than Mr. Green. Ms. Gomez also earns a 4.5 percent delayed retirement credit for each year she works until she reaches age 70.

If you work for someone else, only your wages count toward Social Security's earnings limits. If you're self-employed, only your net earnings from self-employment count. In either case, non-work income such as investment earnings, interest, pensions, annuities, capital gains and other government benefits do not count.

Frequently Asked Questions Regarding Social Security Benefits

1. What documents will I need when I apply for Social Security benefits?

To prove your eligibility for Social Security and assist the agency in processing your claim will depend on the circumstances of your claim. Here is a list of some of the documents you can use:

- Your Social Security card (or a record of your number)
- Your birth certificate
- Children's birth certificate (if they are applying)
- Marriage certificate
- Your most recent W-2 form
- Your military discharge papers if you have military service

You must bring or mail the original documents, or certified copies, to the local Social Security office, where they will be photocopied and returned to you.

2. I will be 62 on August 2 of this year and that is when I plan on retiring. Will my first benefit check be for the month of August or September?

Since you were born on the first or second day of the month, you will be eligible the month you were born. In this case, August. But, in most cases, Social Security retirement benefits do not begin the month the person reaches 62; benefits usually begin the following month. To receive retirement benefits, you must be at least age 62 for the entire month.

3. What Social Security benefits are available for retired or disabled workers and their families?

- a) A monthly Retirement benefit for a retired, insured worker.
- b) A monthly Disability benefit for a disabled worker.
- c) A monthly Spouse's benefit for a retired or disabled worker's spouse if: he or she is at least 62 years old, 50 years old if disabled or any age if caring for at least one child (under age 16, or over age 16 and disabled) of the retired or disabled worker.
- d) A monthly Child's benefit for a retired or disabled worker's child if the child is under age 18 or age 18 and a full-time high school or elementary school student, or age 18 or over and disabled.

4. What are the requirements for a worker to be insured for Social Security retirement benefits?

A person is fully insured if he/she has **40 credits or quarters**. This usually translates to 10 years of Social Security covered employment. When this is achieved the worker is fully insured for life.

Additionally, a worker may be insured if he/she has at least 6 quarters of coverage, and he/she has acquired at least as many credits as there are years elapsing after 1950 (or, if later, after the year in which the worker reaches age 21) and before the year in which the worker dies, becomes disabled or reaches age 62, whichever occurs first.

5. In general, what requirements must be met to qualify for Social Security disability benefits?

A worker is entitled to disability benefits if he or she:

- a) is insured for disability benefits
- b) is under age 65
- c) has been disabled for 12 months, or is expected to be disabled for at least 12 months, or has a disability which is expected to result in death
- d) has filed an application for disability benefits
- e) has completed a 5-month waiting period or is exempted from this requirement

6. What are the criteria to be insured for disability benefits under Social Security?

A person is insured for disability benefits if he/she is fully insured and has earned at least **20 credits out of the last 40** calendar quarter period ending with the quarter in which the person is determined to be disabled. Typically, if the employee worked under Social Security for at least five of the last 10 years before becoming disabled, this requirement will be satisfied.

Special rules apply if the disability begins between the ages of 24 and 31. If the disability begins between the ages of 24 and 31 the employee must have earned at least one-half (but not less than six) of the possible quarters after reaching age 21 and before becoming disabled. Thus if a person becomes disabled in the quarter in which he attains age 25, he/she must have 8 credits earned within the 16 quarter period ending with the quarter in which the disability began.

7. When do Disability Benefits Start?

If Social Security decides you are disabled, in most cases your monthly benefits will begin with the sixth full month of your disability. Here's a simple example of how this works:

John has a severe heart attack on March 15. He files for disability on March 29, and his claim is approved on March 30. September is the sixth full month that he is disabled, so his benefits begin on that month. Social Security checks are usually paid the following month, so John's first check will arrive in October.

8. Is the spouse of a retired or disabled worker entitled to benefits?

An individual is entitled to spouse's benefits on a worker's Social Security record if:

- a) The worker is entitled to retirement or disability benefits, and
- b) The individual has filed an application for spouse's benefits, and
- c) The spouse is not entitled to a retirement or disability benefit based on a primary insurance amount equal to or larger than one-half of the worker's primary insurance amount, and
- d) The spouse is either age 62 or over, or has "in care" a child under age 16 or disabled, who is entitled to benefits on the worker's Social Security record.

The spouse must have been married to the worker for at least one year just before filing an application for benefits, or the spouse must be the natural parent of the worker's biological child.

9. If the spouse of a retired worker starts receiving a spouse's benefit before Normal Retirement Age, how is the benefit reduced?

The spouse's full benefit is determined. This is one-half of the retired worker's full (unreduced) benefit, sometimes called the Primary Insurance Amount. The spouse's full benefit is then reduced by 25/36 of 1 percent (1/144) for each of the first 36 months that the spouse is under Normal Retirement Age when benefits commence and by 5/12 of 1 percent (1/240) for each month in excess of 36. This same reduction applies to benefits payable to former spouses.

10. What does having a child "in care" mean?

Having a child in care is a basic requirement for spouse's benefits when the spouse is under age 62 or if that spouse is applying for mothers and fathers benefits on the deceased worker's record. "In care" means that the parent exercises parental control and responsibility for the welfare and care of a child under age 16 or a child older than age 16, who is disabled or mentally incompetent.

11. I am a divorced spouse of a retired worker. Could I be entitled to any benefits?

You may be if you were married to the retiree for 10 years before the divorce, you are age 62 or over and you are not married. Additionally, your former spouse must be eligible for retirement or disability benefits. A divorced spouse who is age 62 or over and who has been divorced for at least two years is able to receive benefits based on the earnings of a former spouse who is eligible for retirement benefits. The two-year waiting period is waived if the worker was entitled to benefits prior to the divorce. You should contact your local Social Security office to get more details and to file an application for divorced spouse's benefits.

The amount of a divorced spouse's benefit is calculated in the same manner as that of a spouse. Typically that amount will equal 1/2 of the beneficiary's former spouse's unreduced benefit. A divorced spouse's benefit is paid independently of other family benefits.

12. I have two children at home and I plan to retire next fall. Will my children be eligible for monthly Social Security checks after I retire?

Monthly Social Security payments may be made to unmarried children under age 18 or age 19 if still in high school, or children age 18 or over who were severely disabled before age 22 and who continue to be disabled.

13. My two children and I have been receiving survivor benefits since my spouse died. Will these benefits continue if I remarry? I would be age 42 when I remarry.

The remarriage would have no effect on the benefits being paid to your children. If you are receiving benefits only because you are caring for your children, your benefits would end at the time of your remarriage unless you marry someone who is receiving Social Security benefits.

The remarriage of a widow or surviving divorced spouse after age 60, or the remarriage of a disabled widow(er) or disabled surviving divorced spouse after age 50 and after the onset of the disability, will not prevent that individual from becoming entitled to benefits on his or her prior deceased spouse's Social Security record.

14. My mother, a widow, died in January. Must I return her January benefit (paid in February) even though she was alive most of the month?

To be entitled to a Social Security benefit check for a given month, the person must be alive the entire month. No benefit is payable for the month of death.

15. What is the Social Security lump sum death payment?

A lump sum death benefit of \$255 is paid upon the death of an insured worker, provided he is survived by a spouse who was living in the same household as the deceased at the time of death, or a spouse or dependent child eligible to receive Social Security benefits for the month of death based on his earnings record.

An application need not be made by the widow(er) if he or she was receiving a spouse's benefit when the worker died. Otherwise, an application must be filed within two years after the insured person's death unless good cause can be shown why the application was not filed timely.

Military Service And Social Security

The earnings for active duty military service or active duty training have been covered under Social Security since 1957. Social Security has covered inactive duty service in the armed forces reserves (such as weekend drills) since 1988. However, people who served in the military before 1957 did not pay into Social Security directly, but their records are credited with special earnings for Social Security purposes that count toward any benefits that might be due them. Additional earnings credits are given to military personnel depending on when they served. This factsheet explains how and when these special earnings are credited and provides other information military personnel need to know about the benefits available from Social Security.

Social Security And Medicare Taxes

While you're in military service (from 1957 on), you pay Social Security taxes like civilian employees do. Those taxes are deducted from your pay and the U.S. government as your employer pays an equal amount. In 2002, the tax rate is 7.65 percent up to a maximum of \$84,900. If you earn more, you continue to pay the Medicare portion of the tax (1.45 percent) on the rest of your earnings. Remember, the contributions you and your employer make go to pay for Social Security and Medicare benefits.

How You Earn "Credits"

To qualify for benefits, you earn "credits" through your work—up to four each year. This year, for example, you earn one credit for each \$870 of wages. When you've earned \$3,480, you've earned four credits for the year. The amount needed for each credit goes up each year to reflect increases in average wages. The number of credits you need to qualify for Social Security depends on your age and the type of benefit you might be eligible to receive. No one needs more than 40 credits (10 years of work or military service) to be eligible for Social Security.

Extra Earnings And Credits

Your Social Security benefit depends on your earnings averaged over your working lifetime. Generally, the higher your earnings, the higher your Social Security benefit.

Under certain circumstances, special earnings can be credited to your military pay record for Social Security purposes. The extra earnings credits are granted for periods of active duty or active duty for training. These extra earnings may help you qualify for Social Security or increase the amount of your Social Security benefit. (No additional earnings are granted for inactive duty training, and Social Security cannot add extra earnings credits to your earnings record until you file for Social Security benefits.)

Additional earnings are granted for:

Service In 1978 And Later

For every \$300 in active duty basic pay, you are credited with an additional \$100 in earnings up to a maximum of \$1,200 a year. If you enlisted after Sept. 7, 1980, and didn't complete at least 24 months of active duty or your full tour, you may not be able to receive the additional earnings. Check with Social Security for details.

Service In 1957 Through 1977

You are credited with \$300 in additional earnings for each calendar quarter in which you received active duty basic pay.

Service In 1940 Through 1956

If you were in the military during this period, including attendance at a service academy, you did not pay Social Security taxes. However, your Social Security record may be credited with \$160 a month in earnings for military service from Sept. 16, 1940, through Dec. 31, 1956, under the following circumstances:

- you were honorably discharged after 90 or more days of service, or you were released because of a disability or injury received in the line of duty; or
- you are still on active duty; or
- you are applying for survivors benefits and the veteran died while on active duty.

You cannot receive these special earnings credits if you're receiving a federal benefit based on the same years of service. There is one exception to this rule: if you were on active duty after 1956, you can still get the special earnings for 1951 through 1956, even if you're receiving a military retirement based on service during that period.

Your Benefits

Did you know that Social Security is more than retirement? If you die, your spouse and dependent children may be eligible for benefits. It also can supply much needed financial help to you and your family if you become disabled. If you're a young person who has worked and paid Social Security taxes for as few as 18 months, it's possible that you may be eligible for disability benefits for you and your family.

Your Social Security benefit amount depends on how much you earned, and it goes up automatically with the cost of living. For more information about these benefits ask us for this booklet, **Understanding The Benefits** (Publication No. 05-10024).

When you apply for Social Security benefits, you'll be asked for proof of your military service (DD Form 214) or information regarding your reserves or National Guard service.

If You Get Both Social Security And Military Retirement

Generally, you'll get your full Social Security benefit based on your earnings. However, your Social Security benefit may be reduced if you also receive a government pension based on a job in which you didn't pay Social Security taxes. Contact us for the factsheet, **The Windfall Elimination Provision** (Publication No. 05-10045).

Social Security survivors benefits may affect benefits payable under the optional Department of Defense Survivors Benefit Plan. Check with the Department of Defense or your military retirement advisor for more information.

If Your Child Gets SSI

SSI pays monthly benefits to people with low incomes and limited assets who are age 65 or older or blind or disabled. If you have a child who gets SSI, those payments may continue if you're stationed outside the United States (including Puerto Rico and U.S. territories and possessions) while in military service and the child lives with you. Your child must have received SSI the month before you reported for duty.

When You're Eligible For Medicare

If you have health care protection from the Department of Veterans Affairs (VA) or under the CHAMPUS or CHAMPVA program, your health benefits may change or end when you become eligible for Medicare. You should contact the VA, the Department of Defense or a military health benefits advisor for more information.

What Social Security Can Mean To You And Your Family

Work And Get Retirement Benefits

You can retire as early as age 62. But, you can continue to work and still get retirement benefits. If you're under your full retirement age, there are limits on how much you can earn without losing some or all of your retirement benefits. These limits change each year. When you apply for benefits, we'll tell you what the limits are at that time and whether work will affect your monthly benefits. When you reach your full retirement age, the earnings limits no longer apply.

Because of longer life expectancies, the full retirement age will gradually increase until it reaches age 67. This change starts in 2003, and affects people born in 1938 and later. To help you decide when is the best time for you to retire, contact us for this booklet, **Retirement Benefits** (Publication No. 05-10035).

For More Information

Check our website at www.ssa.gov for answers to many of the questions you may have about Social Security, or to apply for retirement benefits online. You also can call us toll-free at **1-800-772-1213**. We can answer specific questions by phone from 7 a.m. until 7 p.m. on business days and provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you can call our TTY number, 1-800-325-0778 between 7 a.m. and 7 p.m. on business days.

We treat all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to make sure you receive accurate and courteous service. That's why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

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 Printed on recycled paper

**HOW YOUR
RETIREMENT
APPLICATION IS
PROCESSED**

Processing Your Retirement

When you decide on a retirement date, you should contact your servicing personnel office at least three to six months in advance to file your retirement application. Your personnel office will assist you in completing the necessary forms. Once completed, the office will certify and ensure that all forms are completed. The retirement package will be forwarded to your servicing payroll office. At this point, you will receive your last paycheck, and payment of your unused annual leave. Your payroll retirement record will be certified and forwarded with the retirement package to the Office of Personnel Management (OPM).

OPM

- 1. Sends acknowledgment of your application**
 - With your claim number (CSA xxxxxx)
- 2. Authorizes “Special Payments”**
 - Approximately 75% to 80% of full annuity
- 3. Processes your application**
 - Computes the amount of your annuity
 - Sends election letters
 - Determines eligibility for continued Health Benefits and Life Insurance Coverage
- 4. Authorizes “initial check” and regular annuity payments**
- 5. Sends booklet “Your Federal Retirement Benefits”**

Average Time Frames For Processing Nondisability Annuities At OPM

Event	* Weeks Since Receipt Of Records At OPM
Interim Pay Authorized	2
Receive CSA # & Acknowledgment	Less than 3
Receive Interim Pay Check	3-4

*Payroll has up to two pay periods (30 days) to forward the retirement records to OPM after your separation. In most cases, you will receive your last paycheck in the regular pay cycle, followed by the payment of your annual leave. Your annual leave payment will have only Federal, State, Social Security, and Medicare tax deductions taken out. For your planning purposes, you should allow 8-10 weeks for the receipt of interim pay from OPM from your retirement date.

Contacting OPM: Once you receive your CSA number, you may contact OPM by calling their Retirement Information Office at either the nationwide toll-free number, 1-88 US OPM RET (1-888-767-6738) or, for customers within the Washington, DC, calling area, (202) 606-0500, or, for hearing impaired customers, 1-800-878-5707 (TDD). When you call, you can use the automated phone system, which is available 24 hours a day, seven days a week, or talk to a Customer Service Specialist from 7:30 a.m. to 5:30 p.m. Eastern time, Monday through Friday.

To use the automated phone system's features, you will need your CSA number and your Personal Identification Number (PIN). After OPM completes processing your retirement, they will send you a PIN. You can also obtain a PIN by calling a Customer Service Specialist, who will arrange to have a PIN mailed to you.

Some of the things you can do using the automated system include:

- Report a missing payment
- Change your address
- Change Federal and state income tax withholding amounts
- Request verification of your income
- Request the current value of your life insurance
- Request verification of the survivor benefits you are providing
- Request retirement forms and brochures

OPM is continuing to add features to the automated system to permit you to take actions yourself.

(The automated features are not available if you call OPM on a rotary telephone. You would need to speak to a Customer Service Specialist.)

You can also contact OPM on the Internet at <http://www.opm.gov/retire/> to obtain retirement information, forms, and brochures, and to report a missing payment or the death of an annuitant.

If you need to write to OPM, the mailing address for general correspondence is:

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

Addresses for Use After Retirement

Anytime that a person writes to OPM about retirement or survivor benefits, they should include their claim number (CSA or CSF number followed by 7 digits), date of birth and Social Security number in the letter. They must also include their signature on any correspondence that they send to OPM.

Address general correspondence to:
U.S. Office of Personnel Management
Retirement Operations Center
Boyers, PA 16017

AND For specific situations listed in
Box 1 below, write to:

U.S. Office of Personnel Management
P.O. Box (Insert correct box number here)
Washington, DC 20044

For specific situations listed in Box 2 below, write to the address shown.

1. In the Following Situations	Write to:
To report that a regular monthly payment was lost or not received. First, the annuitant should contact his/her post office (or bank) to see if delivery might have been delayed. If the annuitant has not received the payment by the fifth business day after the expected payment date, he/she should write to OPM. The annuitant must sign the correspondence notifying OPM of the nonreceipt of an annuity payment. They may also telephone about this by calling (202) 606-0500.	P.O. Box 7815
To obtain Federal Tax Election forms (form W4-P/A) in order to change income tax withheld from annuity payments.	P.O. Box 961
General inquiries about health benefits. Enrollees are notified about the special mailing address for questions about the annual "Open Season" before each Open Season begins.	P.O. Box 14172
To notify OPM about a dispute over a health benefits claim with an annuitant's health benefits carrier that he/she wants OPM to review.	P.O. Box 436
General inquiries about Federal tax withholding. For information about State tax withholding, contact the State revenue service.	P.O. Box 989
Inquiries about garnishment of annuity for alimony or child support; apportionment of annuity awarded by a court; and court ordered survivor benefits.	P.O. Box 17
To respond to an OPM Disability Earnings Survey or Marital Status Survey.	P.O. Box 579
To submit Certification of Continued Entitlement to Adult Student benefits, or to inquire about such benefits.	P.O. Box 956
To send payments for deposits, redeposits, and overpayments (debts). The annuitant should include his/her claim number on the check and should enclose the OPM statement associated with the payment.	P.O. Box 7125
2. In the Following Situations:	Write to:
To report a change of mailing address. (The annuitant must sign the correspondence.) Annuitants must notify OPM about any change of address, even if they have their annuity payments sent directly to a bank. OPM needs the correspondence mailing address for the purpose of sending important information (such as FEHBP "Open Season" packages) directly to the annuitant. Address changes may also be requested by calling (202) 606-0500.	OPM P.O. Box 440 Boyers, PA 16017-0440
To have monthly annuity payments sent to a bank by "direct deposit." The annuitant can ask the bank to complete a form "SF 1199A" and send it to OPM. These changes may also be requested by calling (202) 606-0500 if the annuitant can provide all the information requested on SF 1199A.	OPM P.O. Box 440 Boyers, PA 16017-0440
To report the death of a retiree or survivor write or telephone. In the letter please include the deceased's: full name, claim number, date of death, date of birth, and Social Security number, if known or call the Retirement Information Office on (202) 606-0500 or report the death and identifying information by calling the special phone number for reports of death (202) 606-0133. To apply for death benefits, survivors should request an Application for Death Benefits. If the deceased had FEGLI coverage, survivors should request a Life Insurance Claim for Death Benefits form.	OPM Retirement & Operations Center Boyers, PA 16017
To obtain information about retirement or Life Insurance designations of beneficiary, and to request or file designation forms. Retirees should furnish their claim number, date of birth and Social Security number. The annuitant must sign the request for such information from his or her file.	OPM Retirement & Operations Center Boyers, PA 16017



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)	4a. Daytime tele.# (area code)	5. Date of birth (month, day, year)	6. Social Security Number
	4b. Best time to reach you		
7. Are you a citizen of the United States of America?	<input type="checkbox"/> Yes <input type="checkbox"/> No	8. Is this an application for disability retirement? <input type="checkbox"/> Yes (Ask your employing office about other documents you must submit) <input type="checkbox"/> 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 Service 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 A and attach to this form) <input type="checkbox"/> No

SECTION C - Marital Information (All applicants must complete Questions 1 and 2 below.)

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 certified 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 pamphlet SF 3113, *Applying for Immediate Retirement under FERS* and the explanations below and consider your election carefully. No change will

be permitted after your annuity is granted except as explained in the pamphlet. 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.

1. I choose a reduced annuity with maximum survivor annuity for my spouse.	<input type="checkbox"/> INITIALS	If you are married at retirement, you will 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.		
2. I choose a reduced annuity with a partial survivor annuity for my spouse.	<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. Complete form SF 3107-2 (Spouse's Consent to Survivor Election) and attach it to your application.		
3. I choose an annuity payable only during my lifetime.	<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 and any health benefits will cease. If you are married and elect this, complete form SF 3107-2 (Spouse's Consent to Survivor Election) and attach it to your application.		
4. I choose a reduced annuity with survivor annuity for the person named below who has an insurable interest in me.	<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.)		
Name of person with insurable interest	Relationship to you	Date of birth	Social Security Number	
5. I choose a reduced annuity with survivor annuity for my former spouse(s) as follows:	<input type="checkbox"/> INITIALS	You must attach: 1. Copies of divorce decrees for all former spouses for whom you elect to provide a survivor annuity. 2. If you are married, attach a completed SF 3107-2, Spouse's Consent to Survivor Election. You cannot choose this option and provide a maximum survivor annuity for your spouse (Box 1).		
Name and address of former spouse	Date of marriage	Date of divorce	Survivor annuity equal to _____ % of my annuity	
	Date of birth	Social Security Number		

Name and address of former spouse	Date of marriage	Date of divorce	Survivor annuity equal to _____ % of my annuity
	Date of birth	Social Security Number	
Total (either 25% or 50% of your unreduced annuity)			

Section E - Insurance Information See the pamphlet SF 3113, *Applying for Immediate Retirement Under the Federal Employees Retirement System*, for information.

1. Are you eligible to continue Federal Employees Health Benefits coverage as a retiree?	<input type="checkbox"/> Yes <input type="checkbox"/> No	2. Are you eligible to continue Federal Employees' Group Life Insurance coverage as a retiree?	<input type="checkbox"/> Yes <input type="checkbox"/> No
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Section F - Other Claim Information

1. Are you receiving, or have you applied for or received within the past 2 years, workers' compensation from the Department of Labor because of a job-related illness or injury?	<input type="checkbox"/> Yes (Complete Schedule C and attach to this form) <input type="checkbox"/> No
2. Have you previously filed any application under the Civil Service Retirement System or the Federal Employees Retirement System (for retirement, refund, deposit or redeposit, or voluntary contributions).	<input type="checkbox"/> Yes (Complete items 2a and 2b below) <input type="checkbox"/> No
2a. Type of application	<input type="checkbox"/> Retirement Refund <input type="checkbox"/> Return of excess deductions <input type="checkbox"/> Voluntary contributions <input type="checkbox"/> Deposit or redeposit
2b. Claim numbers	

Section G - Information About Your Unmarried Dependent Children

1. Dependent child's name (first, middle, last)	2. Date of birth (month, day, year)	3. Disabled (X)	1. Dependent child's name (first, middle, last)	2. Date of birth (month, day, year)	3. Disabled (X)

Section H - Direct Deposit and Tax Withholding Information

Public Law 104-134 requires that most Federal payments be paid by Direct Deposit through Electronic Funds Transfer (EFT) into a savings or checking account at a financial institution. However, if receiving your payment electronically would cause you a financial hardship, or a hardship because you have a disability, or because of a geographic, language or literacy barrier, you may invoke your legal right to a waiver of the Direct Deposit requirement, and continue to receive your payment by check.

Therefore, you must select one of the following:

Please send my annuity payments directly to my checking or savings account. (Go to item 2)

Receiving my payment(s) electronically would cause me a financial hardship, or a hardship because of a disability, or because of a geographic, language or literacy barrier. I hereby invoke my legal right to a waiver of the Direct Deposit requirements of Public Law 104-134. Please send me my payment(s) by check. (Go to item 4)

My permanent payment address is outside the United States in a country not accessible via direct deposit. (Go to item 4)

2. Financial Institution Routing Number (You may obtain this number by calling your bank, credit union, or savings institution. This number is very important. We cannot pay by direct deposit without it.)

3. Checking or Savings Account Number

3a. What kind of account is this?
 Checking Savings

3b. Telephone number of your financial institution () () ()

Name and Address of Financial Institution

Special Note: If you prefer, you may attach a cancelled personal check that shows the information requested above, instead of filling in the requested financial institution information. If you attach your personal check, it is especially important that you contact your bank, credit union, or savings institution to confirm that the information on the check is the correct information for direct deposit. (Some institutions, especially credit unions, use different routing numbers on checks.) We can then use this information to start paying you by direct deposit.

4. Do you want Federal income tax withheld from your annuity payments?
 Yes (Go to Item 4a) No (Go to Section I)

4a. Do you want to have Federal Income Tax withheld at the rate currently being withheld from your salary?
 Yes (Attach copy of W-4 form on file with your employing agency.)
 No (Attach new W-4 form, otherwise withholding will be at rate for married with 3 exemptions.)

Section I - Applicant's Certification

WARNING
Any intentional false statement in the application or willful misrepresentation relative thereto is a violation of the law punishable by a fine of not more than \$10,000 or imprisonment of not more than 5 years, or both. (18 U.S.C. 1001)

I hereby certify that all statements made in this application are true to the best of my knowledge and belief.

Signature (Do not print) _____ Date _____

Applicant's Checklist

This checklist is provided to help you be certain you have attached all the necessary documents and to help your employing office be certain it forwards all of your retirement documentation to the Office of Personnel Management.

	Yes	No	Not Applicable
1. Military Service - If you answered "yes" to Section B, item 4, did you attach Schedule A?			
2. Military Service - If you completed Schedule A, did you attach a copy of your discharge certificate or other certificate of active military service?			
3. Military Retired Pay - If you answered "yes" to Section B, item 5, did you attach Schedule B?			
4. Military Retired Pay - If you completed Schedule B and answered "yes" to item b or c, did you attach a copy of the notice of award or other documentation of the type of military retired pay you are receiving?			
5. Military Retired Pay - If you completed Schedule B and answered "yes" to item d, did you attach a copy of your request for waiver and a copy of the military finance office's acknowledgment or approval of your request for waiver (if applicable)?			
6. Survivor Election - If you are married and did not initial box 1 of Section D, did you attach SF 3107-2, Spouse's Consent to Survivor Election?			
7. Life Insurance - If you answered "yes" to Section E, item 2, did you attach SF 2818, Election of Post-Retirement Basic Life Insurance Coverage?			
8. OWCP - If you answered "yes" to Section F, item 1, did you attach Schedule C?			
9. Tax - If you want to elect a Federal Income Tax withholding rate, did you attach a W-4 form?			

ACKNOWLEDGEMENT OF RECEIPT OF APPLICATION

AND

CSA ID CARD

YOUR RETIREMENT APPLICATION HAS BEEN APPROVED

We have received your application for retirement. Your application will be processed as promptly as possible. NOTE: Applications for disability retirement require medical approval and generally take longer to process

As soon as we complete work on your application, we will send you information on the amount of your annuity, when to expect your first check, and other information of importance to you as a retired employee of the U.S. Government. If necessary, we will include in your first check any retroactive annuity due to cover the period while your case is being processed.

Be sure to notify us promptly of any change in your address, using the form at left, so that your change can be correctly mailed. Also notify your old post office of a change of address so they can forward mail to your new address.

Your regular monthly payments will be made by check on the first business day of the month, covering your annuity for the preceding month.

If you contact us for any reason, be sure to give us your Civil Service annuity claim number. Please retain the attached card as a permanent record of your claim number.

IDENTIFICATION CARD

The Individual named below is a member of the Civil Service Retirement System or the Federal Employees' Retirement System

Claim Number

Name



To contact us by phone, call the Retirement Information Office in Washington, D.C. at (202) 606-0500 between the hours of 7:30 a.m. and 5:00 p.m. Eastern time, Monday through Friday. This is not a toll-free call.

PLANNING FOR RETIREMENT

Request for Retirement Estimate

Please provide the information below and return by fax at 202-267-4995 or mail to: DOT/USCG (G-WPC-1) 2100 2nd St., SW, Room LW1, Washington, DC 20593. If you have questions regarding this form please call 202-267-2064, 2074, or 2081.

1. Name: _____ 2. DOB: _____
3. SSN: _____ 4. CSRS / CSRS OFFSET / FERS _____
5. Work Phone Number: _____
6. Are You Married? Yes _____ No _____
a. Do you have a former spouse with court ordered survivor coverage or for whom you are considering electing survivor coverage? Yes _____ No _____
7. Retirement Date: _____
8. Type of Retirement: _____
Voluntary, Involuntary, Early, Disability, Deferred, Special (LEO/FF/ATC)
9. Military Service: From _____ To _____
10. Receive military retired pay? Yes _____ No _____
(a). Because of combat-incurred disability? Yes _____ No _____
(b). Retirement from Reserves (Title 10)? Yes _____ No _____
(c). Do you wish to waive and combine military retired pay?
Yes ___ No ___ Undecided ___
11. Have you made a deposit for any military service after Dec 31, 1956? Yes ___ No ___
12. Will you be eligible for Social Security when you are age 62? Yes ___ No ___
13. Have you ever taken a refund of your retirement contributions? Yes ___ No ___
If yes, have you paid back the refund to OPM? Yes ___ No ___
14. Have you paid a deposit for any Temporary (FICA Only) service? Yes ___ No ___
15. If eligible will you continue FEHB and FEGLI into retirement? Yes ___ No ___

Mailing Address (Where you would like your estimate sent)

Date of Request _____ Date Complete _____

Checklist For Counseling Retirees

_____ **COMPLETING THE “NAME” INFORMATION:** When you complete your retirement application, always use your “official” name that is used on your payroll records. It is important that your name matches the payroll record. Ensure that you use the full name to include suffixes, such as Jr., III, etc.

_____ **PERMANENT ADDRESS:** Many people move after retirement. When completing the retirement application, use your permanent retirement address. The address listed on your retirement application is the only one that OPM will use to contact you.

_____ **DIRECT DEPOSIT:** When your data record is transferred to OPM, your current allotments and direct deposit will stop. P.L. 103-356 required annuity payments be paid through electronic funds transfer (EFT). A direct deposit form (SF 1199A) must be completed and send to OPM with your requirement package. If you choose not to receive you annuity through direct deposit, your must request, in writing, that this requirement be waived.

_____ **RECORDS:** Ensure that all documents to support relevant periods of service; (DD 214’s for military service, statements for deposit payments for civilian service, etc., are included with your retirement application. In addition, if you have previous periods of service recorded under other names, ensure those names are recorded in the appropriate block on your application.

_____ **COMMENCEMENT DATE OF ANNUITY:** If you retire voluntarily under the Civil Service Retirement System (CSRS), you can set your retirement date for the first, second, or third day of the month, and your annuity begins to accrue the following day. If you retire voluntarily on the fourth day or after, you will not begin to accrue an annuity until the following month. If you retire under the Federal Employee’s Retirement System (FERS), your annuity will begin to accrue the first day of the following month that you retired. For FERS, if you retire on April 1, you will not start to accrue an annuity until May 1, to be paid June 1. However, if you set your retirement date on March 30th, your annuity will begin to accrue on April 1, to be paid May 1.

_____ **ANNUAL LEAVE:** Upon separation from Federal service, you will receive a lump sum payment for your annual leave, which includes your regular carryover balance from the previous year, if any; plus accrued and unused annual leave during the current leave year; plus any restored annual leave maintained in a separate account. If you retire before your last scheduled work day of a pay period you will not earn leave for the final pay period. Taxes are applied to lump-sum payments in the year in which you receive the money. Example: An employee retiring September 30 could incur a larger tax burden by collecting almost a full year’s salary plus a large lump-sum payment for unused annual leave. Your lump sum payment is subject to withholdings for Social Security (if applicable), Medicare, Federal, and State income tax.

CREDIT FOR SICK LEAVE: Under CSRS, the total creditable service will include civilian, military, and sick leave to compute your annuity payments. The total is then rounded down to include full years and full months (excluding the days). If you elected FERS, you will receive credit for sick leave in your CSRS portion of the annuity computation, based on the lesser of (1) the amount of sick leave at the time of retirement or (2) the amount of sick leave when FERS was elected. If you are full FERS, you do not receive credit for sick leave for annuity computation.

COST-OF-LIVING ADJUSTMENT (COLA): For CSRS retirees, the first cost-of-living adjustment is prorated by using the following formula:

$$\text{COLA rate: } X \text{ Number of full months on annuity roll} = \text{Prorated COLA } 12$$

FERS retirees do not receive a COLA until age 62, unless retired under special provisions (such as, law enforcement, firefighter, etc). If retired prior to age 62, the first cost-of-living adjustment will not be prorated if you reach your 62nd birthday before December 1. The increase is normally 1% less than the increase in the consumer price index as determined by law.

LIFE INSURANCE: Provide appropriate election forms.

Basic Insurance: Life insurance coverage is transferred into retirement if you have had coverage since the first opportunity to enroll or for five continuous years immediately preceding the date of your retirement. You must continue your Basic Life insurance in order to keep any of the Optional coverage. Unless you choose otherwise, your Basic Life will begin to reduce at the end of the month after the month that you reach age 65 (or when you retire, if later). As a retiree, you have three options:

- (1) **75% Reduction:** Cost before age 65 = \$.3358 per \$1,000 of Basic Insurance Amount (BIA); after age 65 = \$0. The amount of your insurance reduces 2% per month after age 65 to a minimum 25% of your BIA.
- (2) **50% Reduction:** Cost before age 65 = \$.9258 per \$1,000 of BIA; after age 65 = \$.59 per \$1,000. The amount of your insurance reduces 1% per month after age 65 to a minimum of 50% of your BIA.
- (3) **No Reduction:** Cost before age 65 = \$2.3758 per \$1,000 of BIA; after age 65 = \$2.04 per \$1,000. The amount of your insurance will equal 100% of your BIA and is retained after age 65.

Optional Insurance: You will pay the full cost to continue any of the following Optional insurance.

- (A) **Standard:** This option reduces by 2% of the pre-retirement amount per month until it reaches 25% of the pre-retirement amount effective at the end of the month after the month that you become age 65. After age 65, no withholdings are required.
- (B) **Additional:** You may elect either full reduction or no reduction. If you elect full reduction, until you reach age 65, premiums (based on age) will be withheld from your annuity at the same rate as active employees. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option B Additional Insurance.
- (C) **Family:** You may elect either full reduction or no reduction. If you elect full reduction, premiums are withheld from your annuity at the same rate as active employees until you reach age 65. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option C Family insurance.

_____ **HEALTH INSURANCE:** Health insurance continues if you have been covered since first eligible or for five continuous years immediately prior to the date of your retirement. The cost will remain the same as if you were a current employee. However, unlike an employee, your health insurance premiums are withheld after your annuity is taxed. You have the same privileges as a current employee in making changes during open season and other changes that occur. The Office of Personnel Management will notify you of the open season periods. If you are not in receipt of cash benefits from Social Security, at age 65 you must register for Medicare by contacting your local Social Security office. During retirement, Medicare is the primary payer at age 65 and FEHB is secondary. Your spouse is eligible to continue FEHB coverage after your death only if you have self and family coverage and you elect to provide a survivor annuity at the time of retirement.

_____ **THRIFT SAVINGS PLAN (TSP):** If you are enrolled in TSP when you retire, you will be given information about the options available. Your options include withdrawing all of your money in a lump-sum, electing equal payments, electing an annuity, rolling the money over into an IRA, or leaving the money in your TSP account. After retiring, you can no longer make contributions. If you decide to leave your money in the account, your account will continue to draw the appropriate earnings. However, you will need to begin receiving payments by April 1st of the year following the year in which you turn age 70 1/2. Ensure that the TSP Service Office always has your current address. You continue to receive Participant Statements, which provide account information and fund performance.

_____ **REVIEW OF BENEFICIARY FORMS:** There are four separate beneficiary forms for your Federal benefits: lump sum retirement contributions (SF 2808/CSRS, SF 3102/FERS); unpaid compensation (SF 1152); Federal Employees' Group Life Insurance (SF 2823); and Thrift Savings Plan (TSP 3). The beneficiary forms will be valid in retirement. Make sure all forms are up-to-date with the name and current address of your designated beneficiaries

_____ **PAYMENT SCHEDULE/INTERIM PAY:** You should receive your last salary payment on the normal schedule. After OPM has received your retirement application, you should receive an interim payment equal to approximately 85% of your full annuity. During the interim pay period, no deductions will be taken for health or life insurance. The interim payment schedule will continue until all records have been verified by OPM. At that time, you will receive a full annuity payment and retroactive annuity amounts that were not paid during the interim pay cycle minus FEHB, FEGLI, and other appropriate deductions. You will receive a "Benefits Booklet" that fully explains your retirement annuity and benefits.

_____ **CONTACTING OPM:** Once you receive your Civil Service Annuitant (CSA) number, you may contact OPM by calling their Retirement Information Office at either the nationwide toll-free number, 1-88 US OPM RET (1-888-767-6738 or, for customers within the Washington, DC calling area, (202) 606-0500, or for hearing impaired customers, 1-800-878-5707 (TDD). When you call, you can use the automated phone system, which is available 24 hours a day, seven days a week, or talk to a Customer Service Specialist from 7:30 a.m. to 7:45 p.m. Eastern Standard Time, Monday through Friday.

To use the automated phone system's features, you will need your CSA number and your Personal Identification Number (PIN). After OPM completes processing your retirement, they will send you a PIN. You can also obtain a PIN by calling a Customer Service Specialist, who will arrange to have a PIN mailed to you.

Some of the things you can do by using the automated system include:

- Report a missing payment
- Change your address
- Change Federal and state income tax withholding amounts
- Request verification of your income
- Request the current value of your life insurance
- Request verification of the survivor benefits you are providing
- Request retirement forms and brochures

You can also contact OPM on the Internet at <http://www.opm.gov/retire> to obtain retirement information, forms, and brochures, and to report a missing payment or the death of an annuitant. If you need to write to OPM, the mailing address for general correspondence is:

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, Pennsylvania 16017-0045

ASSET INVENTORY

Asset Inventory

None of us like to face the possibility of catastrophic illness or death. However the time to review and organize personal financial matters is before a crisis. Too often only one spouse has directed investments, insurance and tax planning. Both spouses should take time to learn where the family's assets are invested and why. Although one partner may have the responsibility for tax planning, both spouses should know where important documents are held and even how to file a tax return. Make managing the finances a team effort and know in advance to whom your spouse can go for advice.

A good start is to take inventory of investments, insurance, records and certificates. The worksheet below may help you to organize these important documents. Each spouse may wish to complete an individual worksheet. Store this vital information securely, such as in a safe deposit box.

Name _____

Date of Birth _____

Place of Birth _____

Social Security # _____

Civil Service Annuitant (CSA)# _____

TSP Pin # _____

Benefit Plans

	Value, if known
Pension Plan _____	\$ _____
Thrift Savings Plan _____	\$ _____
Profit Sharing _____	\$ _____
Other _____	\$ _____
_____	\$ _____

Health Insurance

Carrier_____ Policy #_____

Names of Insured_____ Telephone#_____

Location of Policy Info_____ Agent (if applicable)_____

_____ Address & Phone_____

Carrier_____ Policy #_____

Names of Insured_____ Telephone#_____

Location of Policy Info_____ Agent (if applicable)_____

_____ Address & Phone_____

Life Insurance

Carrier_____ Policy #_____

Names of Insured_____ Telephone#_____

Location of Policy Info_____ Agent (if applicable)_____

_____ Address & Phone_____

Carrier_____ Policy #_____

Names of Insured_____ Telephone#_____

Location of Policy Info_____ Agent (if applicable)_____

_____ Address & Phone_____

Safe Deposit Box

Location _____

Box Number _____

Who Has
Access _____

Keys Located _____

Contents _____

Liability Inventory

Loans _____ \$ _____

Debts _____ \$ _____

Debts _____ \$ _____

Mortgage _____ \$ _____

Mortgage _____ \$ _____

Location Of Records, Certificates, Licenses

Birth _____ Deed _____

Marriage _____ Mortgage _____

Adoption _____ Title Policy Insurance _____

Citizenship _____

Prenuptial _____ Surveys _____

Postnuptial _____ Insurance Papers _____

Divorce _____ Tax Receipts _____

Home and Auto Insurance

Type of Coverage _____

Company _____ Policy Numbers _____

Agent _____ Location of Policies _____

Address & Phone _____

Type of Coverage _____

Company _____ Policy Numbers _____

Agent _____ Location of Policies _____

Address & Phone _____

Type of Coverage _____

Company _____ Policy Numbers _____

Agent _____ Location of Policies _____

Address & Phone _____

Individuals Knowledgeable About My Affairs

Attorney _____
Address _____
Telephone _____

Accountant _____
Address _____
Telephone _____

Broker _____
Address _____
Telephone _____

Doctor _____
Address _____
Telephone _____

Doctor _____
Address _____
Telephone _____

Clergyman/Rabbi _____
Address _____
Telephone _____

Employer/Union Rep. _____
Address _____
Telephone _____

Other _____
Address _____
Telephone _____

Asset Inventory

<u>Market Value</u>	<u>Original Cost</u>	<u>Location</u>
Home	_____	_____
Property	_____	_____
Business	_____	_____
Checking account	_____	_____
Savings Account	_____	_____
Savings Account	_____	_____
Bonds	_____	_____
Bonds	_____	_____
Trust Fund	_____	_____
Stock	_____	_____
Stock	_____	_____
Mutual Fund	_____	_____

Internet Resources

Name of Web Site	WWW Address (URL)
The Office of Personnel Management Homepage	http://www.opm.gov
FEGLI Calculator	http://apps.opm.gov/calculator/
Tax Calculator – To figure Tax Free Portion of Annuity Payments	http://apps.opm.gov/tax_calc
Withholding – To compute the amount of monthly Federal income tax withholding from your annuity	http://apps.opm.gov/tax_calc
Military Deposit Interest Calculator (MILDEP 99)	http://www.opm.gov/asd
Office of Personnel Management – Electronic Forms	http://www.opm.gov/forms
Social Security Administration Homepage	http://www.ssa.gov
Thrift Savings Plan (TSP) Homepage	http://www.tsp.gov
MEDICARE Homepage	http://www.medicare.gov
Internal Revenue Service	http://www.irs.gov
Access America for Seniors	http://www.seniors.gov
Veteran’s Administration	http://www.va.gov
National Association of Retired Federal Employees	http://www.narfe.org