

Retirement by the numbers



Dan Toth

With another year in the books, it's a good time to reflect on the past and look forward to the future. Let's first recognize our long-serving active Civil Service Retirement System (CSRS) employees. There are approximately 1,500 CSRS carriers still in our craft, or about 0.76 percent.

Because the Federal Employees Retirement System (FERS) became effective Jan. 1, 1984, and given that there have been no new CSRS employees since then, every CSRS employee has nearly maxed out their annuity. The maximum CSRS annuity is 80 percent of the high-3 average salary, which is achieved

with 41 years and 11 months of creditable service. An exception is that unused sick leave at retirement will be credited and can exceed the 80 percent limit.

The CSRS annuity estimates for maxed-out carriers who are retiring Feb. 1 is a monthly basic annuity of \$4,800, or about \$57,600 per year. This estimate is before any deductions, including a survivor benefit reduction.

Over the years, the number of retirement columns directly addressing CSRS specific items has declined. This has generally been because the number of active CSRS employees has declined while the number of FERS employees has increased. While that may be the case, all employees should know that the Retirement Department remains a steadfast resource to all members in need of assistance. As usual, the Retirement Department can be reached by calling 800-424-5186 (toll free) Monday, Wednesday and Thursday 10 a.m. to 12 p.m. and 2 p.m. to 4 p.m. Eastern time or by calling the NALC Headquarters switchboard at 202-393-4695 and asking for the Retirement Department.

Additionally, the publication *Questions and Answers on the Civil Service Retirement System* can be obtained on the NALC website under "Workplace Issues" and then "Retirement." Hard copies may be available through your national business agent's office and at retirement seminars. This remains a valuable resource with more than 180 common questions and answers.

Switching over to FERS, we have 171,000 active employees. Within FERS, there are three sub-classifications based on initial career hire date. There are

67,000 FERS employees hired prior to 2013 who pay 0.8 percent of their basic pay. Revised annuity employees (FERS-RAE) were hired in 2013 and pay 3.1 percent of their basic pay. FERS-RAE make up a small portion of the membership at 1,600 employees. The largest group of 102,000, who were hired after 2013, are further revised annuity employees (FERS-FRAE), who pay 4.4 percent of their basic pay. Although the three types of FERS employees have different contribution levels, they all receive the same benefits.

Another issue, which disproportionately affects newer carriers, is the inability to make a deposit for non-career service after 1988. The Federal Retirement Fairness Act (H.R. 4268) would fix that by modifying the law to allow employees to buy back non-career federal service after 1988 and therefore make that service creditable. This is an important piece of legislation to recognize the non-career service that a majority of our members have undertaken, sometimes for years.

While the newest CSRS employees are maxing out, the earliest FERS employees have started to surpass 40 years of service and are likely approaching age 62 or beyond. The most recent FERS annuity estimate for FERS carriers who retire on Feb. 1, with 40 years, is a basic annuity of \$2,400 per month, or \$28,800 per year.

These estimates are for employees retiring before age 62. However, FERS employees with more than 20 years of service retiring at age 62 or later will have their annuity computed with a factor of 1.1 percent per year rather than the default factor of 1 percent. This change to the factor increases the annuity by 10 percent and is permanent. Generally, the closer one gets to age 62, the more beneficial it becomes to wait until age 62 versus retiring prior to age 62 and receiving the Special Annuity Supplement (which ends at age 62).

Unlike CSRS, FERS has no maximum annuity. Each month and year of service will continue to increase the annuity proportionately.

Although many unions don't allow their retirees to remain members, the NALC is proud to do so and has more than 88,000 retired members. Our union is stronger because of each and every one of them. We should especially recognize the 24,000 who are life members with 50 years or more of membership.

To all the active employees, I look forward to your ascension into the ranks of the retired and eventually into a lifetime membership. Here's to another fruitful year of employment, or retirement, to everyone.