

CSRS and FERS

A Guide for Employees

Approaching Retirement

Civil Service Retirement System (CSRS)

- CSRS effective August 1920
- A defined benefit plan (you get a guaranteed amount in retirement no matter what the stock market does)



Federal Employees Retirement System (FERS)

FERS effective 1/1/1987 (applies retroactively to new hires on and after 1/1/1984)

3 components:

- Basic Benefit Plan (+ Special Annuity Supplement)
 - A defined benefit plan
- Social Security
- Thrift Savings Plan (up to 5% matching)
 - A defined contribution plan (the amount you get in retirement depends on how much you contribute, your investment choices, and stock market performance)



Retirement System Statistics

USPS Career Employment Jan. 2019

FERS	474,659	95.8%
CSRS	<u>20,944</u>	4.2%
Total	495,603	



Types of Retirement

- **Regular/Optional (Immediate/Voluntary)**
- **Early/MRA + 10 (FERS only)**
- **Deferred**
- **Disability**
- **AFA, or Alternative Form of Annuity**
- **“Early Out” (VER) (not applicable at this time)**
- **Phased (not applicable to USPS at this time)**



This seminar focuses on Regular (Immediate) Retirement

NALC members considering MRA+10, disability, or other types of retirement should obtain direct one-on-one advice from a branch officer, their NBA office, or the NALC HQ retirement department.



Three Primary Factors Determine

When you can retire

+

How much you will receive:

- ✓ Age
- ✓ Years of Service
- ✓ High-Three Average Annual Salary



When Will I Be Eligible to Retire?



*This depends on your **AGE** and **Years of Service***

Age and Service Requirements for Regular/Optional Retirement

CSRS

<u>Age</u>	<u>Service</u>
------------	----------------

55	30 years
----	----------

60	20 years
----	----------

62	5 years
----	---------

FERS

<u>Age</u>	<u>Service</u>
------------	----------------

MRA	30 years
-----	----------

60	20 years
----	----------

62	5 years
----	---------

MRA	10 years*
-----	-----------

(*reduced benefits)₉

The Minimum Retirement Age* is determined as follows:

If you were born

Your MRA is

Before 1948

55 years

In 1948

55 years, 2 months

In 1949

55 years, 4 months

In 1950

55 years, 6 months

In 1951

55 years, 8 months

In 1952

55 years, 10 months

In 1953 to 1964

56 years

In 1965

56 years, 2 months

In 1966

56 years, 4 months

In 1967

56 years, 6 months

In 1968

56 years, 8 months

In 1969

56 years, 10 months

In 1970 and after

57 years



***Applies to FERS only**

Amount of Creditable Service for purposes of Eligibility

Years worked under CSRS or FERS

plus

Years of Military Service*

plus

Years of Non-Career Federal Service*

*when eligible and required deposit made

Amount of Creditable Service:

Unused Sick Leave counts towards how much you get but not eligibility

- Sick leave is not creditable for establishing retirement eligibility
- Sick leave balance at retirement is added to the length of service to calculate the amount of an immediate annuity

Amount of Creditable Service: **LWOP** may reduce service credit

Cumulative LWOP in excess of 6 months in a calendar year is not credited for eligibility or computation purposes.

In other words, the first six months of cumulative leave without pay per calendar year *IS* credited.

Exceptions: All Leave Without Pay is credited if the LWOP was due to an on-the-job injury and wage loss compensation was paid by OWCP, or LWOP is due to full-time union official employment and union pays employer contributions, or LWOP is due to military furlough

Amount of Creditable Service: Proration for part time service

- In determining eligibility to retire, part time service is creditable to the same extent as full time service for both CSRS and FERS
- CSRS - part time service prior to 4/7/86 is treated as full time for annuity calculation
- CSRS - part time service on and after 4/7/86 is prorated for annuity calculation
- FERS – all part time service is prorated for annuity calculation

Crediting Military Service

- **Must be Active Duty Service with Discharge Under Honorable Conditions**
- **If Receiving Military Retired Pay, Must Waive it - Unless it is Based on 1) Disability Incurred in Combat or 2) National Guard Service**
- **National Guard Service is Generally Not Creditable**



Do I need to make a deposit for post-1956 military service?

CSRS		FERS	
Credit for Eligibility	Credit for Annuity	Credit for Eligibility	Credit for Annuity
No	It Depends	Yes	Yes

Crediting Military Service

- **Military Service prior to January 1, 1957 is creditable for retirement eligibility and computation, without making deposit, under both CSRS & FERS.**
- **Military Service after 1956 may be creditable based on various factors, including whether deposit has been made prior to separation**



Crediting Post-1956 Military Service - CSRS -

- If first employed in a position covered by CSRS on or after 10/01/82, must make deposit to obtain credit for eligibility and calculation.
- If first employed in a position covered by CSRS before 10/01/82, and if retiring prior to age 62, may receive credit without making deposit.
- However, if no deposit is made, the annuity will be reduced at age 62, if the retiree is eligible for Social Security benefits; this is called “Catch 62”. If the retiree is not eligible for Social Security benefits at age 62, there is no reduction in annuity.

Crediting Post-1956 Military Service - CSRS -

- If first employed in a position covered by CSRS before 10/01/82, and if retiring on or after age 62, can receive credit for purposes of annuity calculation if eligible for Social Security benefits only if deposit was made
- However, the military service may be creditable for establishing eligibility to retire even if no deposit is made.

Crediting Post-1956 Military Service - FERS -

- Post-1956 Military Service is creditable (for purposes of eligibility to retire and for purposes of calculation of annuity) under FERS only if deposit is made.



Crediting Post-1956 Military Service

CSRS

**Military deposit
equals 7% of
base military pay
plus interest***

FERS

**Military deposit
equals 3% of
base military pay
plus interest***

*interest does not start to accrue for the first 2 years of civilian service in most cases

How to Make Deposit for Military Service

- Call USPS Shared Services: 877-477- 3273 (Option 5)
- Complete SF 2803A (if CSRS) or
- Complete SF 3108A (if FERS)
- Submit completed SF with DD 214



Full deposit must be made to USPS prior to separation.

Crediting Non-Career Federal Service

CSRS

Service <10/1/82:

Credited, but annuity reduced if no deposit

Service >10/1/82:

Credited for eligibility automatically; credited for computation only if deposit is made

FERS

Service < 1/1/89:

Credited only if deposit made

Service > 1/1/89:

Not creditable*

*Transitional Employee category first created 1992

Cost to Credit Non-Career Federal Service

CSRS

Generally, 7% of basic pay of the non-career service, plus interest

FERS

Generally, 1.3% of basic pay of the non-career service, plus interest

How to Make Deposit for Non-Career Federal Service

- Call USPS Shared Services: 877-477- 3273 (Option 5)
- Complete SF 2803 (CSRS) or
- Complete SF 3108 (FERS)

Deposit can be made to USPS prior to separation or directly to OPM after separation.

How Much Will I Get?

Annuity Computation





Years of Service

X

**High-Three Average Annual
Salary**

X

Appropriate Formula

Amount of Creditable Service for purposes of how much you get:

Years worked under CSRS or FERS

plus

Years of Military Service*

plus

Years of Non-Career Federal Service*

plus

Banked Sick Leave**

minus

LWOP in excess of 6 months in a calendar year***

*when eligible and required deposit made

**SL counts towards how much you get but not eligibility

***Unless LWOP is due to on-the-job injury and OWCP pays wage-loss compensation, or LWOP is due to full-time union employment and union pays employer contributions

OPM calculates years and months only

OPM calculates amount of annuity using years and months; days short of a month (30) are dropped.



Test your understanding

	Yrs	Mos	Days
Total Service (RCD)	37	7	16
Sick Leave	1	0	11
Total Credit	38	7	5

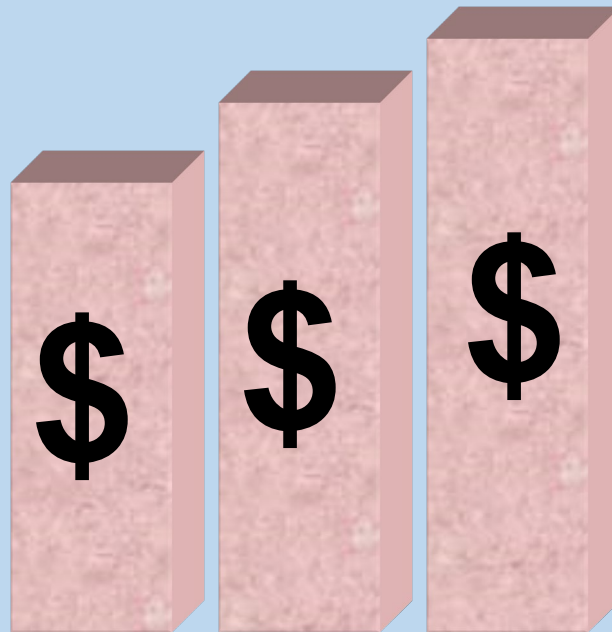
Example 1: Service days and Sick Leave days add up to 27. They do not add up to 30 to equal one month; therefore they are dropped.

Exercise: Using the Sick Leave Conversion Chart on Handout 2, convert 649 hours of unused sick leave (USL) into months and days.

	Years	Months	Days
Total Actual Service (Entitlement to annuity is determined from this total)	33	6	26
Time Represented by Sick Leave	1	3	22
Total Time Total Includes Frozen CSRS Of	34	10	18

Example 2: Service days & USL days add up to 48; therefore, credit is given for one _____ and what happens with the 18 days?

High-3 Average Salary



**3 Consecutive Years of Basic
Pay**

Sample High-3 calculation from USPS annuity estimate:

Salary History

<u>From</u>	<u>To</u>	<u>Yrs</u>	<u>Mns</u>	<u>Days</u>	<u>Annual Rate</u>	<u>Gross Pay</u>
11/24/2018	04/01/2019	0	4	7	64,413	22,723
09/01/2018	11/24/2018	0	2	23	63,144	14,558
03/03/2018	09/01/2018	0	5	28	62,499	30,902
11/25/2017	03/03/2018	0	3	8	61,979	16,872
09/02/2017	11/25/2017	0	2	23	61,201	14,110
03/04/2017	09/02/2017	0	5	28	60,931	30,126
11/26/2016	03/04/2017	0	3	8	60,598	16,496
09/03/2016	11/26/2016	0	2	23	59,880	13,805
04/01/2016	09/03/2016	0	5	2	59,859	25,273

Total-3 Average Salary Total: 61,622

Career city letter carrier increases

Date	Type of Increase	Amount
July 2016	COLA	\$21
Nov. 26, 2016	General wage increase	1.2%
Jan. 2017	COLA	\$333
July 2017	COLA	\$270
Nov. 25, 2017	General wage increase	1.3%
Jan. 2018	COLA	\$520
July 2018	COLA	\$645
Nov. 24, 2018	Upgrade/Pay Schedule Consolidation*	2.1%
Jan. 2019	COLA	\$0
July 2019	COLA	TBD

**High-3 calculation
from USPS
annuity estimate:**

Salary History

<u>From</u>	<u>To</u>	<u>Yrs</u>	<u>Mns</u>	<u>Days</u>	<u>Annual Rate</u>	<u>Gross Pay</u>
11/24/2018	04/01/2019	0	4	7	64,413	22,723
09/01/2018	11/24/2018	0	2	23	63,144	14,558
03/03/2018	09/01/2018	0	5	28	62,499	30,902
11/25/2017	03/03/2018	0	3	8	61,979	16,872
09/02/2017	11/25/2017	0	2	23	61,201	14,110
03/04/2017	09/02/2017	0	5	28	60,931	30,126
11/26/2016	03/04/2017	0	3	8	60,598	16,496
09/03/2016	11/26/2016	0	2	23	59,880	13,805
04/01/2016	09/03/2016	0	5	2	59,859	25,273
Total-3 Average Salary Total: 61,622						

Salary history high-3 calculation explained:

Bottom left date 04/01/2016 is three years prior to retirement date of 04/01/2019, indicated in the top right position

09/03/2016	date of COLA increase; basic pay went up
11/26/2016	date of Contractual increase; basic pay went up
03/04/2017	date of COLA increase; basic pay went up
09/02/2017	date of COLA increase; basic pay went up
11/25/2017	date of Contractual increase; basic pay went up
03/03/2018	date of COLA increase; basic pay went up
09/01/2018	date of COLA increase; basic pay went up
11/24/2018	date of Contractual increase; basic pay went up

High-3 Average Salary

Basic Pay Does Not Include:

- **Bonuses**
- **Overtime**
- **Night differential**



General Formula

CSRS

1.5% x 5 years +
1.75% x 5 years +
2% x service over
10 years

FERS

1% or 1.1%* x
years of service

*1.1% if age 62 (or older)
with 20 (or more) years

General Formula

30 Years Total Service

CSRS

$$\begin{aligned} 1.5\% \times 5 &= 7.50\% \\ 1.75\% \times 5 &= 8.75\% \\ 2.0\% \times 20 &= \underline{40.00\%} \\ &56.25\% \end{aligned}$$

FERS

$$\begin{aligned} 1\% \times 30 &= 30\% \\ &\text{or} \\ 1.1\% \times 30 &= 33\% \end{aligned}$$

FOR REVIEW: Age and Service Requirements for Regular/Optional Retirement

CSRS		FERS	
<u>Age</u>	<u>Service</u>	<u>Age</u>	<u>Service</u>
55	30 years	MRA	30 years
60	20 years	60	20 years
62	5 years	62	5 years
		MRA	10 years*

(*reduced benefits)

Test Your Knowledge: CSRS

- Employee has 30 years of service (Full Time) and the high-3 average salary is \$61,622

$$1.5\% \text{ of } \$61,622 \times 5 \text{ years} = \$ 4, _ _ _$$

$$_ . _ _ \% \text{ of } \$61,622 \times 5 \text{ years} = \$ 5,392$$

$$2.0\% \text{ of } \$61,622 \times _ _ \text{ years} = \underline{\underline{\$24,649}}$$

$$\text{Basic Annuity (per year)} = \$ _ _, _ _ _$$

Test Your Knowledge: FERS Example 1

Employee, age MRA of 57, has 30 years of service (Full Time) and High-3 average salary of \$61,622

__% of \$ __, __, __ x 30 = \$18, __, __

Eligible for the FERS Special Annuity Supplement

Test Your Knowledge: FERS Example 2

Employee, age 62, has 30 years of service (Full Time) and high-3 average salary of \$61,622

$$\underline{\quad}\% \text{ of } \$\underline{\quad},\underline{\quad}\underline{\quad} \times 30 = \$\underline{\quad},\underline{\quad}\underline{\quad}$$

*use appropriate age 62 and $\geq 20y$ formula

**FERS Special Annuity Supplement not payable after 62

FERS Age Reduction MRA + 10 Retirement

- Employee has MRA and at least 10 years of service but less than 30 (& also does not have age 60 with ≥ 20 years of service) and begins receiving annuity before age 62.

Doubly undesirable:

- There is an age reduction of 5% for each full year under age 62 and it's permanent
- FERS Special Annuity Supplement is not paid

Test Your Knowledge: FERS Example 3

MRA+10 (reduced) retirement
a.k.a. the FERS Age Reduction

Employee age MRA of 56 has 29 years, 11 months of service (Full Time) and high-3 average salary of \$61,622

1% of \$61,622 x 29 11/12 = \$18,435

Minus 5% for each year under age 62

__% of \$18,435 = \$__,__ __

\$18,435 - \$__,__ __ = \$__,__ __

FERS Special Annuity Supplement

- Intended to substitute for the Social Security part of the total FERS benefit until age 62
- Approximates the Social Security benefit earned under FERS
- It is paid by OPM, not Social Security
- Subject to earnings test
- No COLAs
- Ends at age 62



FERS Special Annuity Supplement (SAS)

To be eligible for the Supplement:

- Employee must have 1 full calendar year of deductions under FERS, and
- Must qualify for an immediate, unreduced, non-disability retirement
- MRA+10 retirement does not receive Special Annuity Supplement

Special Annuity Supplement (SAS)

Subject to earnings test.

- Earnings are wages, including self-employment.
- Earnings do not include investment gains, interest, pensions, TSP withdrawals, etc.
- If you earn more than \$17,640* in 2019, SAS will be reduced in 2020 by \$1 for each \$2 earned above that \$17,640.
- Must report earnings each year to OPM.

* Exempt amount may increase each year and is aligned with Social Security earnings limitation.

Calculate Approximate Estimate of Special Annuity Supplement


- Get Social Security estimate of projected age-62 benefit
- Multiply by years of FERS coverage (rounded to nearest whole number)
 - DO NOT INCLUDE BANKED SICK LEAVE, MILITARY, ETC
- Divide by 40

*One fault to this method is that Social Security estimate wages include overtime. The actual computation is done by OPM, is not based on Social Security's estimate, is based only on FERS earnings and doesn't include OT.

Sample Calculation of Special Annuity Supplement Using Ballpark Formula

Social Security projected age-62 benefit is

$$\$1,815 \times 31 \text{ years under FERS} / 40 = \$1,406$$



Your payment would be about
\$2,569 a month
at full retirement age

March 6, 2019

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...	
	your full retirement age (66 and 10 months), your payment would be about.....	\$ 2,569 a month
	age 70, your payment would be about.....	\$ 3,225 a month
	age 62, your payment would be about.....	\$ 1,815 a month

***Disability:** You have earned enough credits to qualify for benefits. If you became disabled right now...

From	To	Yrs	Mns	Days	Annual Rate	Gross Pay
11/24/2018	04/01/2019	0	4	7	64,413	22,723
09/01/2018	11/24/2018	0	2	23	63,144	14,558
03/03/2018	09/01/2018	0	5	28	62,499	30,902
11/25/2017	03/03/2018	0	3	8	61,979	16,872
09/02/2017	11/25/2017	0	2	23	61,201	14,110
03/04/2017	09/02/2017	0	5	28	60,931	30,126
11/26/2016	03/04/2017	0	3	8	60,598	16,496
09/03/2016	11/26/2016	0	2	23	59,880	13,805
04/01/2016	09/03/2016	0	5	2	59,859	25,273

Total-3 Average Salary Total: 61,622

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
Survivors (spouse) gross monthly annuity 795		

Annuity Based On ACD Date Above Left

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
FERS Special Supplement	14,976	1,248
Survivors (spouse) gross monthly annuity 795		

FERS Special Supplement

Gross Annual / Gross Monthly

14,976

1,248

OPM's Supplement Calculation: Why is there a Difference?

- My Ballpark Estimate is \$1,406
- HRSSC's Annuity Estimate is \$1,248
- OPM's computation will be even different from that.
- The Ballpark Estimate and HRSSC's Annuity Estimate are based on one's Social Security age-62 projection, which is high. In reality you will not be working at your current level of earning until age 62.
- Also, your Social Security earnings for your years of FERS service include overtime, which OPM does not include.
- OPM computes what you would be getting from Social Security based only on your base salary during the time worked under FERS, then applies a more complicated formula that indexes those earnings.

Maximum Annuity

CSRS

- 80% of the high-3 average salary
- Equivalent to 41 years and 11 months service
- Limit may be exceeded with sick leave credits

FERS

There is no maximum annuity under FERS

Reduction for Survivor Annuity

Applies if an employee:

- Elects a survivor annuity for a spouse and/or former spouse
- Has a former spouse entitled to a survivor annuity based on a valid court order, and/or
- Elects to provide someone with an insurable interest annuity



NOTE: A SURVIVING SPOUSE CAN CONTINUE FEHB COVERAGE AFTER AN ANNUITANT'S DEATH ONLY IF A SURVIVOR ELECTION WAS MADE AND THE SPOUSE WAS ACTIVELY COVERED AT THE TIME OF DEATH.

Cost of Survivor Annuity Reduction

CSRS

2.5% x \$3600

+

**10% x Amount of base
in excess of \$3600**

**Survivor receives 55%
of the base elected by
retiree**

FERS

**Full survivor annuity
(50%)
10% of annuity**

**Partial survivor
annuity (25%)
5% of annuity**

Test Your Understanding: Survivor Annuity

- On this FERS Annuity Estimate, what is the amount of Survivor's gross monthly annuity? \$ _ _ _
- Is the amount of said Survivor's gross monthly annuity shown a Full Survivor Annuity or a Partial Survivor Annuity? _____

Annuity Estimate based on retirement effective date of 04/01/2019									
Salary History							Annuity Based On RCD Date Above Left		
From	To	Yrs	Mns	Days	Annual Rate	Gross Pay		Gross Annual Annuity	Gross Monthly Annuity
11/24/2018	04/01/2019	0	4	7	64,413	22,723	With Survivor Benefits	17,191	1,432
09/01/2018	11/24/2018	0	2	23	63,144	14,558			
03/03/2018	09/01/2018	0	5	28	62,499	30,902	Without Survivor Benefits	19,102	1,591
11/25/2017	03/03/2018	0	3	8	61,979	16,872			
09/02/2017	11/25/2017	0	2	23	61,201	14,110	Survivors (spouse) gross monthly annuity 795		
03/04/2017	09/02/2017	0	5	28	60,931	30,126			

- How is the monthly REDUCTION (not shown) for this survivor annuity computed? __% of __, __ __ __
- How much would the annuitant receive, monthly, if she elected a Full Survivor Annuity for her spouse? \$ __, __ __ __ per month

Reduction for Insurable Interest Annuity

“Insurable interest” is an insurance term which applies to someone who would reasonably expect to derive financial benefit from your continued life.

It is presumed to exist if you name as beneficiary of the insurable interest, any of the following individuals:

- a spouse;
- a blood or adopted relative closer than first cousins;
- an ex-spouse;
- a person to whom you are engaged to be married; or
- a person with whom you are living in a relationship that would constitute a common-law marriage in a jurisdiction that recognizes common-law marriages.

Reduction for Insurable Interest Annuity

If the person named is not one of the above, you should submit affidavits with your retirement application from one or more people with knowledge of the individual's insurable interest. The affidavits should state:

- the relationship between you;
- the extent to which the person named is dependent on you;
- the reasons why the person named might reasonably expect to derive financial benefit from your continued life.

Cost of Reduction for Insurable Interest Annuity

Age of person named in relation to age of retiring employee:

- older, same age, or less than 5 years younger 10 %
- 5 but less than 10 years younger 15%
- 10 but less than 15 years younger 20%
- 15 but less than 20 years younger 25%
- 20 but less than 25 years younger 30%
- 25 but less than 30 years younger 35%
- 30 or more years younger 40%

How to retire

- Decide what day to retire
- Get annuity estimate
- Get blue book
- Copy blank forms in the blue book
- Set up counseling with HRSSC
- Ensure deposit is made for military time, if applicable
- Complete forms
- Send them in



What is the best date to retire?

Once you are eligible to retire, you have the absolute right to decide when to retire. There may be financial considerations:

- Entitlement to FERS annuity begins the first day of the month following the month in which you retire. Therefore, many letter carriers decide to retire the last day of a month.
- Under CSRS you can retire on one of the first three days of a month and annuity commences the following day.
- Annual leave and sick leave are credited each pay period. But AL or SL are not prorated if an employee does not remain employed for an entire pay period. That is why some decide to retire on the last day of a pay period.

Get annuity estimate

- Call USPS Shared Services, give date you want to retire, ask for annuity estimate.
- Alternately, go on-line to USPS LiteBlue and enter data for a quicker estimate.
- Requests for estimates in no way bind you to retire on any requested date.

Sample Annuity Estimate

Creditable Service

Retirement Eligibility Date	08/27/2015
Retirement Comp Date(RCD)	12/03/1988
Annuity Comp Date (ACD)	12/03/1988
Date of Birth	08/28/1959

	Years	Months	Days
Total Actual Service (Entitlement to annuity is determined from this total)	30	3	28
Time Represented by Sick Leave	0	9	0
Total Time Total Includes Frozen CSRS Of	31	0	28

RSC	Q
Grade/Step	01/0
Salary	64,413.00
Retirement Type	Optional

Retirement Contributions	10,773.73
Annual Leave Earned Balance	71
Hours Forfeited	
Annual Leave Balance	71
Terminal Leave Payment	2,198

Life Insurance	Coverage	Deductions Employee/PP	Deductions Annuitant/Month
Basic	16,750	None	21.77
Option A			
Option B			
Option C			
Health	322	174.31	393.48

Exceptions

Annuity Estimate based on retirement effective date of 04/01/2019

Salary History

From	To	Yrs	Mns	Days	Annual Rate	Gross Pay
11/24/2018	04/01/2019	0	4	7	64,413	22,723
09/01/2018	11/24/2018	0	2	23	63,144	14,558
03/03/2018	09/01/2018	0	5	28	62,499	30,902
11/25/2017	03/03/2018	0	3	8	61,979	16,872
09/02/2017	11/25/2017	0	2	23	61,201	14,110
03/04/2017	09/02/2017	0	5	28	60,931	30,126
11/26/2016	03/04/2017	0	3	8	60,598	16,496
09/03/2016	11/26/2016	0	2	23	59,880	13,805
04/01/2016	09/03/2016	0	5	2	59,859	25,273
Total-3 Average Salary Total: 61,622						

Annuity Based On RCD Date Above Left

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
Survivors (spouse) gross monthly annuity 795		

Annuity Based On ACD Date Above Left

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
FERS Special Supplement	14,976	1,248
Survivors (spouse) gross monthly annuity 795		

Creditable Service

Retirement Eligibility Date	08/27/2015
Retirement Comp Date(RCD)	12/03/1988
Annuity Comp Date (ACD)	12/03/1988
Date of Birth	08/28/1959

	Years	Months	Days
Total Actual Service (Entitlement to annuity is determined from this total)	30	3	28
Time Represented by Sick Leave	0	9	0
Total Time Total Includes Frozen CSRS Of	31	0	28

RSC	Q
Grade/Step	01/O
Salary	64,413.00
Retirement Type	Optional

Retirement Contributions	10,773.73
Annual Leave Earned Balance	71
Hours Forfeited	
Annual Leave Balance	71
Terminal Leave Payment	2,198

Life Insurance	Coverage	Deductions Employee/PP	Deductions Annuitant/Month
Basic	16,750	None	21.77
Option A			
Option B			
Option C			
Health	322	174.31	393.48

Exceptions

Annuity Estimate based on retirement effective date of 04/01/2019

Annuity Estimate based on retirement effective date of 04/01/2019

RCD is used to determine eligibility to retire and assumes all service listed on the service history report is accurate

Creditable Service

Retirement Eligibility Date	08/27/2015
Retirement Comp Date(RCD)	12/03/1988
Annuity Comp Date (ACD)	12/03/1988
Date of Birth	08/28/1959

Retirement Contributions	10,773.73
Annual Leave Earned Balance	71
Hours Forfeited	
Annual Leave Balance	71
Terminal Leave Payment	2,198

	Years	Months	Days
Total Actual Service (Entitlement to annuity is determined from this total)	30	3	28
Time Represented by Sick Leave	0	9	0
Total Time Total Includes Frozen CSRS Of	31	0	28

Life Insurance	Coverage	Deductions Employee/PP	Deductions Annuitant/Month
Basic	16,750	None	21.77
Option A			
Option B			
Option C			
Health	322	174.31	393.48

RSC	Q
Grade/Step	01/O
Salary	64,413.00
Retirement Type	Optional

Exceptions

Annuity Estimate based on retirement effective date of 04/01/2019

**Total Time = Total Actual Service + Sick Leave
Used to determine annuity computation
31 Years 0 Months 28 Days**

Creditable Service

Retirement Eligibility Date	08/27/2015
Retirement Comp Date(RCD)	12/03/1988
Annuity Comp Date (ACD)	12/03/1988
Date of Birth	08/28/1959

	Years	Months	Days
Total Actual Service (Entitlement to annuity is determined from this total)	30	3	28
Time Represented by Sick Leave	0	9	0
Total Time Total Includes Frozen CSRS Of	31	0	28

RSC	Q
Grade/Step	01/O
Salary	64,413.00
Retirement Type	Optional

Retirement Contributions	10,773.73
Annual Leave Earned Balance	71
Hours Forfeited	
Annual Leave Balance	71
Terminal Leave Payment	2,198

Life Insurance	Coverage	Deductions Employee/PP	Deductions Annuitant/Month
Basic	16,750	None	21.77
Option A			
Option B			
Option C			
Health	322	174.31	393.48

Exceptions

From	To	Yrs	Mns	Days	Annual Rate	Gross Pay
11/24/2018	04/01/2019	0	4	7	64,413	22,723
09/01/2018	11/24/2018	0	2	23	63,144	14,558
03/03/2018	09/01/2018	0	5	28	62,499	30,902
11/25/2017	03/03/2018	0	3	8	61,979	16,872
09/02/2017	11/25/2017	0	2	23	61,201	14,110
03/04/2017	09/02/2017	0	5	28	60,931	30,126
11/26/2016	03/04/2017	0	3	8	60,598	16,496
09/03/2016	11/26/2016	0	2	23	59,880	13,805
04/01/2016	09/03/2016	0	5	2	59,859	25,273
Total-3 Average Salary Total: 61,622						

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
Survivors (spouse) gross monthly annuity 795		

Annuity Based On ACD Date Above Left

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
FERS Special Supplement	14,976	1,248
Survivors (spouse) gross monthly annuity 795		

HIGH-3 AVERAGE SALARY 61,622

Salary History

From	To	Yrs	Mns	Days	Annual Rate	Gross Pay
11/24/2018	04/01/2019	0	4	7	64,413	22,723
09/01/2018	11/24/2018	0	2	23	63,144	14,558
03/03/2018	09/01/2018	0	5	28	62,499	30,302
11/25/2017	03/03/2018	0	3	8	61,979	16,872
09/02/2017	11/25/2017	0	2	23	61,201	14,110
03/04/2017	09/02/2017	0	5	28	60,931	30,126
11/26/2016	03/04/2017	0	3	8	60,598	16,496
09/03/2016	11/26/2016	0	2	23	59,880	13,805
04/01/2016	09/03/2016	0	5	2	59,859	25,273
Total-3 Average Salary Total: 61,622						

Annuity Based On RCD Date Above Left

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
Survivors (spouse) gross monthly annuity 795		

Annuity Based On ACD Date Above Left

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
FERS Special Supplement	14,976	1,248
Survivors (spouse) gross monthly annuity 795		

Annuity Based on RCD Date

Gross Annual / Gross Monthly Annuity

With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591

Survivor's Gross Monthly Annuity: 795

From	To	Yrs	Mns	Days	Annual Rate	Gross Pay
11/24/2018	04/01/2019	0	4	7	64,413	22,723
09/01/2018	11/24/2018	0	2	23	63,144	14,558
03/03/2018	09/01/2018	0	5	28	62,499	30,902
11/25/2017	03/03/2018	0	3	8	61,979	16,872
09/02/2017	11/25/2017	0	2	23	61,201	14,110
03/04/2017	09/02/2017	0	5	28	60,931	30,126
11/26/2016	03/04/2017	0	3	8	60,598	16,496
09/03/2016	11/26/2016	0	2	23	59,880	13,805
04/01/2016	09/03/2016	0	5	2	59,859	25,273

Total-3 Average Salary Total: 61,622

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
Survivors (spouse) gross monthly annuity 795		

Annuity Based On ACD Date Above Left

	Gross Annual Annuity	Gross Monthly Annuity
With Survivor Benefits	17,191	1,432
Without Survivor Benefits	19,102	1,591
FERS Special Supplement	14,976	1,248
Survivors (spouse) gross monthly annuity 795		

FERS Special Supplement

Gross Annual / Gross Monthly

14,976

1,248

Get blue book

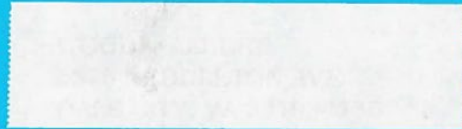
OPM requires that retirement applications of current employees be submitted through the employing agency.

Call USPS Shared Services and ask for a retirement application packet (which USPS sends bound in a blue cover). It includes all of the necessary forms, each pre-printed at the top with your name and Employee Identification Number.

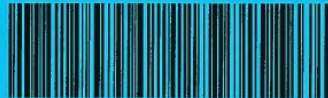
Copy the forms in the Blue Book, so that a blank form is always available. Some of the forms are not valid if erasures, whiteouts or corrections are made.

RSSC
PO BOX 970500
GREENSBORO NC 27497-0500

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10



USPS TRACKING # eVS



9200 1901 3953 3612 4789 31

Reference Number 99999999

*Provided by the Human Resources Shared Service Center
Proud Recipient of the Shared Services Outsourcing Network Award*

Set up counseling

Call USPS Shared Services and request a phone counseling session.

You have a right to the counseling session on the clock.

You have a right to have your spouse and/or representative present at the session. (Although if they are also postal employees, they do not have a right to be on the clock.)

You have a right to a private space for the session.

See M-1708

Mr. Fredric V. Rolando

President

National Association of Letter
Carriers, AFI-CIO
100 Indiana Avenue, NW
Washington, DC 20001-2144

M-01708

Re: Q01N-4Q-C 07150373

Class - Article 19

Dear Mr. Rolando:

Our representatives have met on several occasions to discuss the above-referenced case scheduled for national arbitration.

After reviewing this matter, the parties agree to resolve this matter based on the following:

If an employee who is eligible for and has requested individual retirement counseling wishes to have this counseling on the clock, local management will arrange reasonably private space for this

...If an employee who is eligible for and has requested retirement counselling wishes to have this counselling on the clock, local management will arrange reasonably private space for this purpose and will permit the employee's spouse...to be with...

...if such employee is not able to call the HRSSC to begin or complete the individual retirement counselling process without assistance, local management will offer assistance....

Please sign and return the enclosed copy of this decision as acknowledgment of your agreement to resolve this case.

Sincerely,

Alan S. Moore

Manager, Labor Relations

Policy and Programs

Complete deposit for military time If applicable

Deposit for military time, unlike deposit for prior non-career federal service, must be completed prior to retirement.



Complete forms

The forms in the Blue Book are preprinted with your name and employee ID number, which will help ensure efficient and problem-free processing.

A special note about SF 2801-1 (CSRS) or SF 3107-1 (FERS): Certified Summary of Federal Service.

USPS sometimes sends a blank form. You have a right to know what USPS is certifying prior to signing.

Send the forms in to HRSSC

- USPS' HRSSC will send the completed forms to its Eagan Finance Center, which will process the forms on to OPM.
- OPM will send you a CSA number and begin interim payments, usually without delay.
- Interim payments are computed at about 80% of estimated annuity and only federal income taxes are withheld.
- Normally, after two or three months of interim payments, OPM will issue a final determination and begin full deductions, and also adjust for the prior interim payments.
- Annuity payments are made by OPM the first business day of the month following the month for which the payment is made.

Some things to focus on before retirement

- **Flexible Spending Accounts**
- **Uniforms**
- **Copy Official Personnel Folder (OPF)**
- **Make copies of all retirement application forms once they are filled out for your records**

Flexible Spending Accounts

- If you participate in the FSA, your period of participation ends the day after you retire. You may file a claim for the expenses of services or items that were received prior to the day after your retirement, but any services or items provided after your retirement date are not eligible for payment.
- Claims for reimbursement of services or items received while still employed may be made until September 30 of the following year.
- If you used your entire elected amount before it has been deducted from your pay, you will not be responsible for the remaining allotments.

Uniforms

ELM 936.2

Payment for Uniform Purchase After Separation of Employee

Payment to the vendor is not allowed if the following conditions exist:

- a. The employee separates from the uniform program for any reason, including retirement, within 30 days following purchase of items of uniform wear that are *not* recognizable as distinctive uniform items unless worn with the basic outer garments of the uniform. In these cases notify both employee and specific vendor involved. Return the invoice to the vendor (see 936.32). Nondistinctive items include shoes, gloves, rubbers, galoshes, overboots, hose, face masks, pith helmets, and belts.
- b. When there is evidence that, before making the purchase, the employee indicated an intention to separate from the uniform program for any reason, including retirement, involuntary separation, or bid to an assignment not requiring the same uniform category, do not process the invoice for payment. After placing a copy of the invoice in the employee's uniform file with the appropriate remarks, return the invoice to the vendor advising why it will not be honored.

Official Personnel Folder (OPF)

OPFs contain important documents such as:

- Health Benefits Program Registration
 - FEGLI Enrollment forms
 - Designations of Beneficiary
 - Form 50 history
- Active employees have on-line access to their OPF through USPS LiteBlue.
 - Retirees do not have access to LiteBlue.
 - Most retirees will never have a significant need to access proof of past HBP registration, FEGLI designation of beneficiary, Form 50 pay history, etc. However, sometimes problems arise with retirement that can be resolved easily if the retiree has these documents.

Official Personnel Folder (OPF)

Before you retire:

- Go on-line to Lite-Blue. Find your OPF. Copy it to paper or electronically. Save it.
- USPS will delete your access to Lite-Blue the day after you retire, and will send those OPF documents to the Federal Records Center. You will not be able to easily obtain these documents from USPS after you retire.
- If you ever do need a document* to solve a problem or issue, you can simply retrieve it from your stored file.

*E.g., Health Benefits registration, FEGLI coverage, designation of beneficiary, debt collection related documents, etc.

Some things to know about after retirement

- Terminal Leave Payments (saved annual leave)
- Direct Deposit of Annuity Required
- Post Retirement Debt Collection
- OPM Services On-line
- Cost of Living Adjustments
- Federal Income Tax on Annuity
- Understanding OPM's Notice of Annuity Adjustment
- Maintain NALC Membership

Saved Annual Leave Upon Retirement (Terminal Leave Payments)

Lump sum terminal leave payment includes:

- accumulated AL up to maximum carryover (440 hours), plus
- any unused donated leave, plus
- holidays that fall within the terminal leave period (for Full-Time Regulars and Part-Time Regulars)

Any part of the unused annual leave earned during the leave year of separation that is in excess of the maximum carryover amount is granted prior to separation rather than paid out in the form of a lump sum payment.

ELM 512.732b

Unused donated leave is included in the terminal leave payment irrespective of the maximum carryover; and all earned leave is included, if retiring under an early out (VER).

Direct Deposit Required

OPM requires direct deposit of monthly annuity.

Deposit can be to an account at a financial institution such as a credit union or bank;

Or deposit can be to a Direct Express Card.

The card can be used to make purchases at stores that accept Debit MasterCard, pay bills, purchase money order at the Post Office, and get cash from an ATM or financial institution that accepts MasterCard. There are no fees for the deposit into the card each month, and no charge for using the card to make purchases.

Go to www.GoDirect.org for information about fees and the surcharge-free network.

Post-Retirement Debt Collection

If you receive notice from USPS after retirement that you owe money to USPS, immediately contact your branch and your NBA office. The Debt Collection Act requires USPS to provide appeal rights. There is a 30 day time limit to appeal. A timely appeal will stop all collection efforts.

You can also file a grievance challenging a post-retirement debt collection notice, even though you are retired. This is a new right first negotiated in the 2016 – 2019 National Agreement.

If you do not timely appeal, USPS will advise the U.S. Treasury, which can then deduct the claimed debt from your retirement, income tax, social security, etc., without any appeal rights. Treasury can also add interest and penalties.

Post-Retirement Debt Collection

A large orange rectangular box containing a black warning symbol (a triangle with an exclamation mark) followed by the word "WARNING" in bold, black, uppercase letters.

! WARNING

If you receive a debt collection letter from USPS after you retire, seek assistance from your branch, your NBA, or HQ.

Do not fail to initiate a timely appeal

Sign up for OPM MyRetirement Services Online

<https://www.servicesonline.opm.gov/>

You need your CSA number in order to sign up, so you cannot sign up until you receive that number from OPM.



OPM Services Online

- **View/Print 1099-R Tax Forms**
- **Change Federal and State Income Tax Withholding**
- **View/Print Annuity Statement/Verification of Income**
- **View/Print a Year-to-Date Summary Of Payments**
- **View/Print Verification of Life Insurance (FEGLI)**
- **Change Mailing Address**
- **Change SOL Password**
- **View the Status of Case while in Interim Pay**
- **Establish an Allotment to an Organization**
- **Request Duplicate Annuity Booklet**
- **Set up a Checking or Savings Allotment**
- **Sign up for Direct Deposit of Annuity Payment**
- **Update Email Address/Opt-in to Receive Information Electronically**
- **View/Print Retirement Services Reference Card (ID Card)**

Cost of Living Adjustments (COLAS)

CSRS

- Begins the first December after retirement
- First COLA is prorated

FERS

- Generally not applied until the December after age 62

Exception: Disability

Cost of Living Adjustments (COLAS)

CSRS

Equals the percent change in the Consumer Price Index (CPI)

FERS

If the percent change in the CPI is:

- 0-2% the COLA equals the CPI increase
- 2-3% the COLA equals 2%
- Over 3% the COLA equals the change in the CPI minus 1%

Federal Income Tax

Your CSRS or FERS annuity is subject to federal income tax. The total amount you contributed into the Civil Service Retirement and Disability Trust Fund over your working career, however, is tax sheltered, since that amount has already been subject to federal income tax.



Sample CSA 1099-R

PAID BY: OFFICE OF PERSONNEL MANAGEMENT
 RETIREMENT SERVICES PROGRAM
 P.O. BOX 45
 BOYERS, PA 16017-0045

STATEMENT OF ANNUITY PAID **2012**
 Copy B - File with Federal tax return

PAYER's Federal Identification 52-1234567	Recipient's ID No. (Annuitant) 123-66-77899	Account number (Retirement Claim No) CSA- 1234567	1. Gross distribution 18864.00
5. Employee Contribution Designated ROTH Contributions or Insurance Premiums 4038.12	PAID TO:		2a. Taxable amount 18348.48
7. Distribution Code(s) 7-NONDISABILITY			4. Federal Income Tax Withheld 226.00
9b. Total Employee Contributions 17615.00			12. State tax withheld NONE
			13. State/Payer's state no.
			12. State tax withheld NONE
			13. State/Payer's state no.

1. Gross distribution 18864.00
2a. Taxable Amount 18348.48

Notice of Annuity Adjustment

Pensions are deposited monthly, on the first business day of each month. OPM only mails an explanation of benefits when there is an adjustment to an annuity (e.g., COLA increase, change in Health Benefit premiums or Life Insurance premiums, etc.)

When OPM sends a Notice of Annuity Adjustment, it will show 1) gross, 2) deductions, and 3) net. But the gross will be the amount after reduction for survivor annuity.

OPM does not list the cost of the reduction for survivor annuity as a deduction. Instead, OPM lists the gross annuity as the amount after reduction for survivor annuity.

NOTICE OF ANNUITY ADJUSTMENT

This notice informs you of a change in the amount of your payments. Please read the back of the notice. If you have questions, call us or write to the address shown below.

	GROSS MONTHLY ANNUITY	MONTHLY HEALTH BENEFITS	MONTHLY MEDICARE	OTHER DEDUCTIONS OR ADDITIONS*				NET MONTHLY PAYMENT	
				CODE	AMOUNT	CODE	AMOUNT		
OLD STATUS	1456.00	-247.00		46	-17.23			1591.70	YOUR PAYMENT BEFORE ADJUSTMENT
				67	+570.00				
				42	-74.17				
				04	-.84				
				31	-75.06				
				45	-20.00				
NEW STATUS	1456.00	-252.14		46	-17.23			1586.56	YOUR PAYMENT AFTER ADJUSTMENT
				67	+570.00				
				42	-79.95				
				04	-.84				
				31	-75.06				
				45	-20.00				

*SEE BACK FOR CODES FOR OTHER DEDUCTIONS OR ADDITIONS

YOUR PAYMENT DATED: 02/02/2009

**UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
RETIREMENT OPERATIONS CENTER
PO BOX 45
BOYERS PA 16017-0045**

REFER TO THIS NUMBER WHENEVER YOU CONTACT OPM

CLAIM NUMBER
CSA 8 123456 0

46	-17.23	▶	Basic Life Insurance
67	+570.00	▶	FERS Supplement
42	-79.95	▶	Dental Insurance
04	-.84	▶	Union Dues
31	-75.06	▶	Federal Taxes
45	-20.00	▶	Letter Carrier Political Fund

Maintain NALC Membership

National Constitution

Article 2 Section 1(a):

Membership in the NALC shall be... retirees... who were regular members of the NALC when they retired...

Article 2 Section 1(e):

A Form 1189 (Dues Check-off Provision) must be signed by all retiring members within the NALC who wish to retain their membership... effective October 1, 1982.

1189 must include CSA number!

Revised Form 1189 (Aug 13)

REQUEST AND AUTHORIZATION FOR VOLUNTARY ALLOTMENT FROM ANNUITY FOR PAYMENT OF ORGANIZATION DUES TO

NALC

(Social Security Number)

FERS/CBERS Civil Service Annuity Number

_____ **CSA** _____ **0**

Name of Retired Employee _____

Last First Middle Initial

Address _____

Number and Street City State Zip Code

Home Phone Number _____
Area Code () Branch No. _____

Date of Birth _____ Effective Date of Retirement _____
Month—Day—Year

AUTHORIZATION

I authorize the United States Office of Personnel Management to make appropriate deductions from my annuity payments, not to exceed the amount certified by the National Association of Letter Carriers as the amount of dues for which I am obligated and to pay the deducted sum to the National Association of Letter Carriers. This authorization shall also apply to any and all dues changes certified by the National Association of Letter Carriers.

Notice: Contributions or gifts to the National Association of Letter Carriers, AFL-CIO are not tax deductible as charitable contributions for Federal income tax purposes. However, they may be tax deductible under other provisions of the Internal Revenue Code.

I understand that this authorization shall be valid until NALC receives and processes my written notice of cancellation in accordance with its agreement with the Office of Personnel Management and that any disputes regarding this authorization shall be a matter between the NALC and myself. I hold the Office of Personnel Management harmless for any erroneous allotment deductions made pursuant to this authorization.

I also authorize the Office of Personnel Management to disclose any information necessary to execute this request.

(Signature of Annuitant) (Date)

Over for ADDITIONAL INFORMATION

THIS SECTION TO BE COMPLETED BY BRANCH OFFICER

I hereby certify that the dues of this organization for the above named member are currently established at \$ _____ per year

SIGNATURE AND TITLE OF AUTHORIZED UNION OFFICIAL DATE

NALC HEADQUARTERS USE

Date Received at NALC _____ Date Submitted to OPM _____

Original Copy - NALC Headquarters
2nd Copy - Branch Copy
3rd Copy - Member's Copy

NALC HEADQUARTERS COPY

National Retiree Dues

National Constitution Article 7(b):

A member who has retired from the Postal Service under the CSRS or FERS shall pay to the National Association \$7 per annum...



Annual State Retiree Dues

• Alabama	\$4.00	• Idaho	0
• Alaska	0	• Illinois	0
• Arizona	0	• Indiana	0
• Arkansas	0	• Iowa	0
• California	\$0.50	• Kansas	\$7.85
• Colorado	0	• Kentucky	0
• Connecticut	0	• Louisiana	0
• Delaware	0	• Maine	0
• DC	\$5.00	• Maryland	\$5.00
• Florida	\$5.10	• Massachusetts	\$1.25
• Georgia	\$2.50	• Michigan	0
• Guam	0	• Minnesota	0
• Hawaii	0	• Mississippi	0
		• Missouri	0

Annual State Retiree Dues

• Montana	0	• Puerto Rico	\$3.60
• Nebraska	\$4.80	• Rhode Island	\$0
• Nevada	0	• South Carolina	\$1.00
• New Hampshire	0	• South Dakota	0
• New Jersey	\$1.00	• Tennessee	\$2.00
• New Mexico	0	• Texas	0
• New York	\$3.60	• Utah	\$1.20
• North Carolina	\$2.00	• Vermont	0
• North Dakota	\$5.00	• Virginia	\$6.00
• Ohio	\$1.20	• Virgin Island	0
• Oklahoma	\$3.60	• Washington	\$7.20
• Oregon	\$2.40	• West Virginia	\$24.00
• Pennsylvania	\$0.50	• Wisconsin	\$1.20
		• Wyoming	0

Important Phone Numbers

USPS Shared Services: 877-477-3273 (option 5)

NBA: *(name)* *(phone number)*

NALC Retirement Dept: 202-393-4695

Toll free MWTh 10-12 & 2-4: 800-424-5186

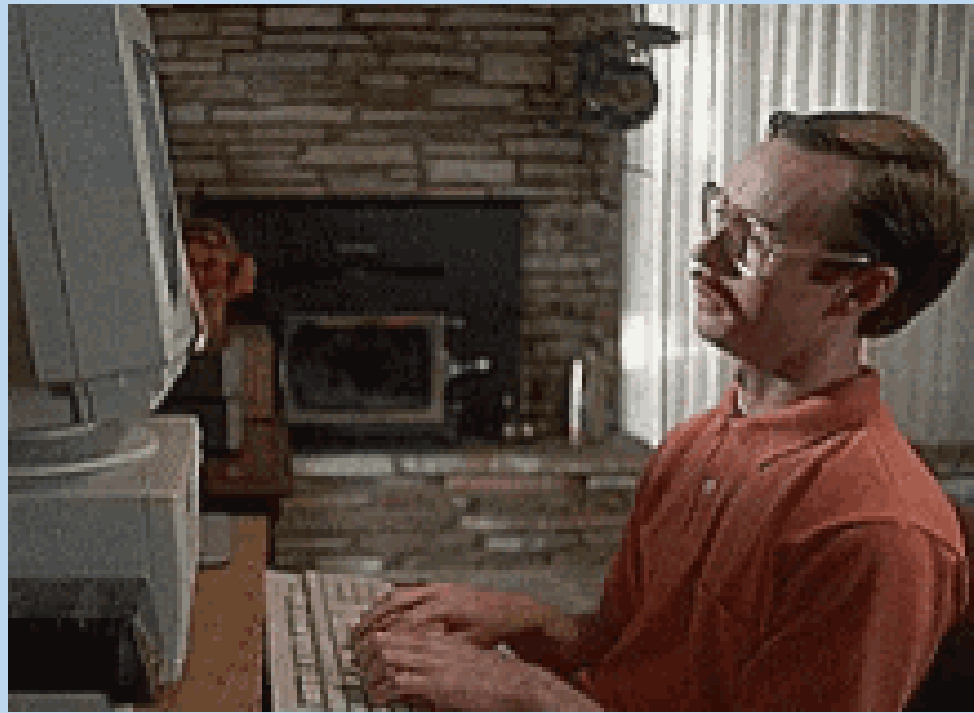


More Information

Sign up to **receive** the Benefits Info listserv emails!

Log into the OPM webpage at:

http://apps.opm.gov/Listserv_Apps/list-sub.cfm



The War on Retirement

Legislative Attacks



Civil Service Retirement System (CSRS)

What CSRS employees pay

- Most employees pay: ~~7%~~ **12%** plus
Employing agency pays: ~~7%~~ **2%**

House continuing resolution passed 3/29/12

Federal Employees Retirement System (FERS)

What FERS employees pay

- Most employees pay ~~0.8%~~ into Basic Benefit Plan
 - 3.1% for those hired > 1/1/13* FERS-RAE
 - 4.4% for those hired > 1/1/14** FERS-FRAE
 - 7.5% for those hired > 1/1/18*** phased in 1%/year
- Plus 6.2% into Social Security

*Middle Class Tax Relief and Job Creation Act of 2012 Passed into law

** Bipartisan Budget Act of 2013 Passed into law

*** President Trump 2018 proposed budget

Federal Employees Retirement System (FERS)

FERS effective 1/1/1987

- 3 different components:
 - Basic Benefit Plan (~~+ Special Annuity Supplement~~)
 - Social Security
 - Thrift Savings Plan (up to 5% matching)
- House continuing resolution passed 3/29/12
- HR 3813
- Obama Administration FY 2013 budget
- President Trump 2018 proposed budget

Federal Employees Retirement System (FERS)

FERS effective 1/1/1987

- **3 different components:**
 - **Basic Benefit Plan (+ Special Annuity Supplement)**
 - **Social Security (Reduced via Chained CPI)**
 - **Thrift Savings Plan (up to 5% matching)**

Obama Administration 2012 and 2013 budgets

House Budget Bill passed November 2017

Federal Employees Retirement System (FERS)

FERS effective 1/1/1987

- **3 different components:**
 - **Basic Benefit Plan (+ Special Annuity Supplement)**
 - **Social Security**
 - **Thrift Savings Plan (~~up to 5% matching~~)***

Return on G-fund reduced to 0.02%**

***S-1486 – Would allow USPS to bargain with unions to eliminate USPS matching TSP contributions**

**** House Budgets 2016 & 2017; 2015 Highway Transportation bill**

Federal Employees Retirement System (FERS)

FERS effective 1/1/1987

- 3 different components:
 - ~~Basic Benefit Plan (+ Special Annuity Supplement)~~
 - Social Security
 - Thrift Savings Plan (up to 5% matching)
 - Burr, Coburn Chambliss senate bill: *Public-Private Employee Retirement Parity Act introduced 11/12/2013*
S 644

Federal Employees Retirement System (FERS)

FERS effective 1/1/1987

- **3 different components:**
 - ~~Basic Benefit Plan (+ Special Annuity Supplement)~~
 - **Social Security (Reduced via Chained CPI)**
 - **Thrift Savings Plan (up to 5% matching)**

No matching employer contribution

G fund return reduced to 0.02%

CSRS & FERS Basic Annuity

- Annuity is based on a percentage of the High 3 5 year average salary
- Percentage is determined by the amount of creditable service and the appropriate annuity formula
- **Securing Annuities for Federal Employees Act 2012**
- **President Trump 2018 proposed budget**

CSRS & FERS COLAs

- **CSRS – COLA percentage decreased by $\frac{1}{2}$ of 1% e.g., if COLA is 2.6%, only 2.1% paid**
- **FERS – Zero COLA**

President Trump 2018 proposed budget

2018 Trump Budget

- FERS employee contributions increase 1% each year until equal to the governments contribution. This would take five to six years and increase employee contributions by up to 775% with no increase in benefits
- Change from the High-3 Average Salary to a High-5 Average Salary
- Eliminate Cost of Living Adjustments (COLA) for current and future FERS employees
- Decrease the COLA for CSRS employees by 0.5% from the current formula
- Eliminate the Special Annuity Supplement for FERS employees that helps bridge the gap until age 62
- Reduce the TSP's G-Fund interest rate

Active & Retired Letter Carriers: **Fight Back!**



- Vote

- Contribute to Letter Carrier Political Fund

By making a contribution to the Letter Carrier Political Fund, you are doing so voluntarily with the understanding that your contribution is not a condition of membership in the National Association of Letter Carriers or of employment by the Postal Service, nor is it part of union dues. You have a right to refuse to contribute without any reprisal. The Letter Carrier Political Fund will use the money it receives to contribute to candidates for federal office and undertake other political spending as permitted by law. Your selection shall remain in full force and effect until cancelled. Contributions to the Letter Carrier Political Fund are not deductible for federal income tax purposes. Federal law prohibits the Letter Carrier Political Fund from soliciting contributions from individuals who represent NALC, work for NALC, or are NALC administrative staff or their families. Any contribution requested from such an individual will be refunded to that individual. The decision of employer of individuals to contribute more or less than requested is a personal decision not to contribute.

...with the understanding that your contribution is not a condition of union membership...nor is it part of union dues....The Letter Carrier Political Fund will use the money it receives to contribute to candidates for federal office and undertake other political spending....Contributions to the LCPF are not deductible for federal income tax purposes....

ANY
QUESTIONS
?

•

Post-Retirement FEHB

Federal Employees Health Benefits



FEHB Information for Retirees

<https://www.opm.gov/healthcare-insurance/healthcare/eligibility/information-for-retirees-and-survivor-annuitants.pdf>



FEHB Eligibility when Retiring

In order to carry your FEHB coverage into retirement, you must be entitled to retire on an immediate annuity (including the Federal Employees Retirement System (FERS) Minimum Retirement Age (MRA) + 10 retirement); and

-you must have been continuously enrolled (or covered as a family member) in any FEHB plan(s) for the 5 years of service immediately before the date your annuity starts, (a.k.a. the 5 year rule) or first opportunity to enroll if less than 5 years.

The 5 year requirement period can include the following:

-the time you are covered as a family member under another person's FEHB enrollment; or

-the time you are covered under the Uniformed Services Health Benefits Program (also known as TRICARE) as long as you were covered under an FEHB enrollment at the time of your retirement.

NOTE: A SURVIVING SPOUSE CAN CONTINUE FEHB COVERAGE AFTER AN ANNUITANT'S DEATH ONLY IF A SURVIVOR ELECTION WAS MADE AND THE SPOUSE WAS ACTIVELY COVERED AT THE TIME OF DEATH.

FEHB Eligibility Deferred Annuitants

You may have coverage under the program as a family member based on your spouse's enrollment, but not based on your deferred annuity.



FEHB Eligibility

FERS Postponed Retirement

If you separated from Federal service *before you could retire* you are not eligible to enroll in the FEHBP when you start to receive your deferred annuity.

Only under FERS, if you are *eligible for an immediate retirement at separation*, you are eligible to reenroll for health benefits and life insurance coverage when you begin to receive your postponed annuity, *if* you were eligible to continue the coverage in retirement.





- Most letter carriers maintain FEHB coverage in retirement because USPS continues to pay a large share of the premiums (about 72%). *
- Retirees pay the same FEHB premiums as non-postal federal employees, and have the same open season opportunities as active employees.

*This PS obligation is the basis of the annual \$5.8 billion pre-funding problem.



- **Generally, decisions to drop FEHB coverage are irrevocable.***
- **If you cancel your FEHB to be covered as a family member under another person's FEHB enrollment, you are eligible to reenroll if you lose coverage under the other person's enrollment. To reenroll, you must contact OPM within the period beginning 31 days before and ending 60 days after your loss of other FEHB coverage.**

***Certain circumstances permit suspension (as opposed to termination) of FEHB enrollment: enrolling in Medicare Advantage, TRICARE, CHAMPVA, or Medicaid.**

Post-Retirement FEGLI

Federal Employees Group Life Insurance

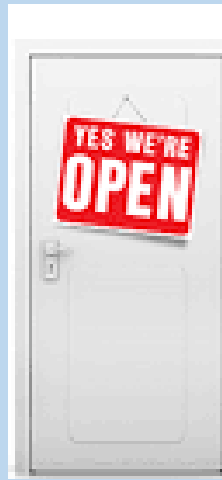


FEGLI Handbook

<https://www.opm.gov/healthcare-insurance/life-insurance/reference-materials/handbook.pdf>

FEGLI is term life insurance. It does not build any cash value. There are no regularly scheduled open seasons to elect or increase FEGLI coverage. OPM schedules open seasons intermittently and rarely.

OPM last scheduled an open season for September 1, 2016 through September 30, 2016.





- In order to carry any FEGLI coverage into retirement, you must have been covered for the five years prior to retirement.
- Annuitants can reduce or cancel FEGLI coverage at any time.
- If annuitant elects to reduce or cancel any part of FEGLI coverage, the election is irrevocable.
- Annuitants cannot increase coverage, even during open season.



Basic - Final salary rounded up to nearest 1,000 plus \$2,000

Option A - Straight \$10,000

Option B - Final salary rounded up to nearest 1,000 times up to 5 multiples

Option C - Family: \$5,000 spouse and \$2,500 eligible children times up to 5 multiples

Basic – Final salary rounded up to nearest 1,000 plus \$2000

Three choices at retirement:

- **75% Reduction – payout reduces 2% per month starting at age 65 (or at retirement if > 65) until it reaches 25%, then frozen. No additional premiums after age 65**
- **50% Reduction – payout reduces 1% per month starting at age 65 (or at retirement if >65) until it reaches 50%, then frozen. Premiums increase with age for life (unless annuitant switches to 75% reduction)**
- **No Reduction – payout remains at final salary rounded up to nearest 1,000 plus \$2,000. Premiums increase with age for life unless annuitant switches to 75% reduction)**

Option A - Straight \$10,000

- The amount of Option A coverage automatically begins reducing at age 65 (or retirement, if later).
- There is no election other than whether to keep it. If yes, you pay premiums until age 65.
- At age 65 you stop paying premiums. The amount of coverage reduces by 2% (\$200) each month until the amount has been reduced by 75%. Only 25% of the original amount (\$2,500) is payable as a death benefit once the full reduction has been reached.

Option B – Final salary rounded to next 1,000 up to 5 multiples

- At retirement, elect how many of your multiples you want to continue, and choose “no reduction” or “full reduction” (50% is not an option) at age 65 (or retire, if later). You may split elections among your multiples.
- If “full reduction” is elected, the original value reduces by 2% each month for 50 months, at which time no benefits are payable. No additional premiums after age 65.
- If “no reduction” is elected, there is no reduction in coverage, but you will continue to pay premiums associated with your age group.

Option C – Family: \$5,000 spouse and \$2,500 eligible children times up to 5 multiples

- At retirement, elect how many of your multiples you want to continue, and choose “no reduction” or “full reduction” at age 65 (or retire, if later).
- If “full reduction” is elected, the value reduces 2% of the original amount each month for 50 months, at which time no benefits are payable. No additional premiums after age 65.
- If “no reduction” is elected, there is no reduction in coverage, but you will continue to pay premiums appropriate to your age group.

Monthly cost for continuing Basic FEGLI Per \$1000 of coverage

<u>Age</u>	<u>75% Reduction</u>	<u>50% Reduction</u>	<u>No Reduction</u>
Up to 65	\$0.3250	\$1.0350	\$2.4550
After 65	Free	\$0.71	\$2.13



Monthly cost for continuing Option A Standard FEGLI

Age:	<35	35 – 39	40 – 44	45 – 49	50 – 54	55- 59	60 – 64	65+
Rate:	\$0.43	\$0.65	\$0.87	\$1.52	\$2.38	\$4.33	\$13.00	Free

Monthly cost for continuing Option B Additional FEGLI Per \$1000 of coverage

Age	<35	35–39	40–44	45–49	50–54	55–59	60–64
Rate	\$0.043	\$0.065	\$0.087	\$0.152	\$0.238	\$0.433	\$0.953

If full reduction is elected, the cost is free from age 65 and after.

If no reduction is elected, the cost continues to increase with age:

Age	65–69	70–74	75–79	80 and over
Rate	\$1.17	\$2.08	\$3.90	\$5.72

Monthly cost for continuing Option C Family FEGLI, per multiple

1 multiple = \$5,000 for a spouse

1 multiple = \$2,500 for each eligible dependent child

Age	<35	35 – 39	40 – 44	45 – 49	50 – 54	55 – 59	60 – 64
Rate	\$0.48	\$0.59	\$0.89	\$1.28	\$1.99	\$3.21	\$5.85

If full reduction is elected, the cost is free after age 65.

If no reduction is elected, the cost continues to increase with age:

Age	65 – 69	70 – 74	75 – 79	80 and over
Rate	\$6.80	\$8.30	\$11.40	\$15.60

Questions about FEGLI?



Thrift Savings Plan

The Thrift Savings Plan is administered by the Federal Retirement Thrift Investment Board (FRTIB). The Board is required by law to manage the TSP solely in the interest of TSP participants and their beneficiaries.

An Employee Thrift Advisory Council (ETAC) provides advice to the Board on investment policies and administration of the TSP. The NALC Chief of Staff to President Rolando, Jim Sauber, serves on the ETAC as vice chairman.

TSP Modernization Act of 2017

This law, signed by the president on 11/17/2017, provides TSP participants with more flexible withdrawal options. It eliminates the prohibition on multiple post-separation withdrawals and multiple age-based withdrawals while still working.

The law gives the Federal Retirement Thrift Investment Board up to two years to make the regulatory and operational changes necessary to enact the changes in the law. TSP announced changes will be effective 9/15/2019.

In the meantime, all of the old withdrawal and other provisions will continue to apply.

Thrift Savings Plan

When you became a TSP participant, you received:

- A 13-digit TSP account number - the primary means of identifying your account. Once you have logged into your account on the website, you can create a customized user ID to use instead of your account number for Web transactions;
- A Web password to access your account on the website; and
- A 4-digit Personal Identification Number (PIN), which you will use to access your account on the ThriftLine (1-TSP-YOU-FRST).

Use that information to access your own TSP account. To log on, or obtain a new password, go here:

<https://www.tsp.gov/tsp/login.html>

Thrift Savings Plan

When you retire with a significant TSP balance, a host of financial planners, insurance salesmen, stockbrokers, bankers, hedge-fund operators, and the like are going to be very interested in that balance. They will try and convince you to take your money out of the TSP and invest it with them.

Consider asking them the questions on the next slide.



Questions for financial planners

who suggest you withdraw your TSP and invest with them

- What is the average net expense I will pay for every \$1,000 I invest?
- What additional annual fees, commissions, or charges will I pay for investments?
- What profit do you make if I invest with you?
- Do you have a responsibility (fiduciary obligation) to put my interests ahead of your own?
- Will your plan protect my retirement from creditors' claims?
- When I retire, can I receive a series of scheduled withdrawals without giving up control of my account?
- Can I change my investments or take withdrawals without being subject to surrender fees or back-end charges?

Thrift Savings Plan

It costs money to operate any financial investment fund. A standard way to measure such costs is known as Net Expense Ratio.

The average net expense ratio for TSP funds in 2018 was 0.040% . That is 4/100 of one percent, or *40 cents per \$1,000*.

Compare that with the average net expense ratio of for-profit actively managed mutual funds of about 1.5 percent, or *\$15 per \$1,000*.

For-profit funds are more expensive to operate because, unlike the TSP, they include payments to salespeople, advertising expenses, commissions to brokers, and high CEO salaries.

Thrift Savings Plan

The age 59 ½ early withdrawal penalty

If you receive a TSP withdrawal payment before you reach age 59½, in addition to the regular income tax, you may have to pay an early withdrawal penalty tax equal to 10% of any taxable portion of the payment that is not transferred or rolled over.

However, if you separate from service during or after the year you reach age 55, then the 10% early withdrawal penalty tax does not apply.

<https://www.tsp.gov/LifeEvents/career/enteringRetirement.html>

Thrift Savings Plan

Retirement Options

After separation:

- You can leave your money in the TSP
- You may not continue to make contributions
- You can transfer eligible money into your TSP (e.g., IRA)
- Your account will continue to accrue earnings
- You can continue to change your investment choices
- You are required to make a withdrawal choice for your TSP balance by April 1 of the year following the year you become age 70 ½*

* The age 70 ½ withdrawal rule does not apply if you are still working for, and have not separated from, the Postal Service

Thrift Savings Plan

Age 70 ½ withdrawal rule

- If you do not withdraw (or begin withdrawing) your account by the required withdrawal deadline, your account balance will be forfeited to the TSP.
- You can reclaim your account; however, you will not receive earnings on your account from the time the account was forfeited.



Thrift Savings Plan

Retirement Options

- After separation, there are multiple withdrawal options. Withdrawals are subject to federal income tax.
- You can make a one-time-only partial withdrawal* of your TSP account of any amount of \$1,000 or more, and leave the balance in the TSP until a later date.
- And/or you can make a full withdrawal. There are several full withdrawal options:
 - A single payment**
 - A series of monthly payments
 - A life annuity
 - A mixed withdrawal

*Provided you did not make an age-based in-service withdrawal (age 59 ½ or older) from your TSP account while you were still employed at the Postal Service.

** A full withdrawal in a single payment may have significant tax consequences.

Note: the TSP Modernization Act of 2017 significantly increases withdrawal options, but its provisions will not be effective until the regulatory changes are made, on September 15, 2019.

Thrift Savings Plan

Retirement Options

After September 15, 2019:

- After you separate from service, you can take multiple post-separation partial withdrawals.
- If you're 59½ or older and still working in federal civilian or uniformed service, you can take up to four in-service withdrawals each year.
- You'll be able to choose whether your withdrawal should come from your Roth balance, your traditional balance, or a proportional mix of both.
- You will no longer need to make a full withdrawal election after you turn 70½ and are separated from federal service. (You will still need to receive IRS required minimum distributions (RMDs).)
- If you're a separated participant, you'll be able to take monthly, quarterly, or annual payments.
- You'll be able stop, start, or make changes to your installment payments at any time.
- You'll have enhanced online tools to help you make withdrawals in the My Account section of tsp.gov.

Thrift Savings Plan

Full Withdrawal Options

- **A single payment - your entire TSP account balance.***
- **A series of monthly payments. You can withdraw your TSP account balance in a series of substantially equal month payments until it is completely paid out. You can choose:**
 - **Monthly payments computed by the TSP based on IRS life expectancy tables. The initial payment will be based on account balance and your age. Each year on the anniversary date of the first payment, TSP will recalculate based on your age and your account balance at the end of the preceding year.**
 - **A specific dollar amount, which is paid each month until the entire balance has been paid.**
 - **A life annuity (see next slide).**
 - **A mixed withdrawal - any combination of full withdrawal options.**

***The tax consequences of a single payment full withdrawal may be significant.**

Thrift Savings Plan

Full Withdrawal Option – Life Annuity

You can withdraw your TSP account as a life annuity (a monthly benefit paid to you for life). The TSP will purchase the annuity for you from the TSP provider (Metlife). There are many options.

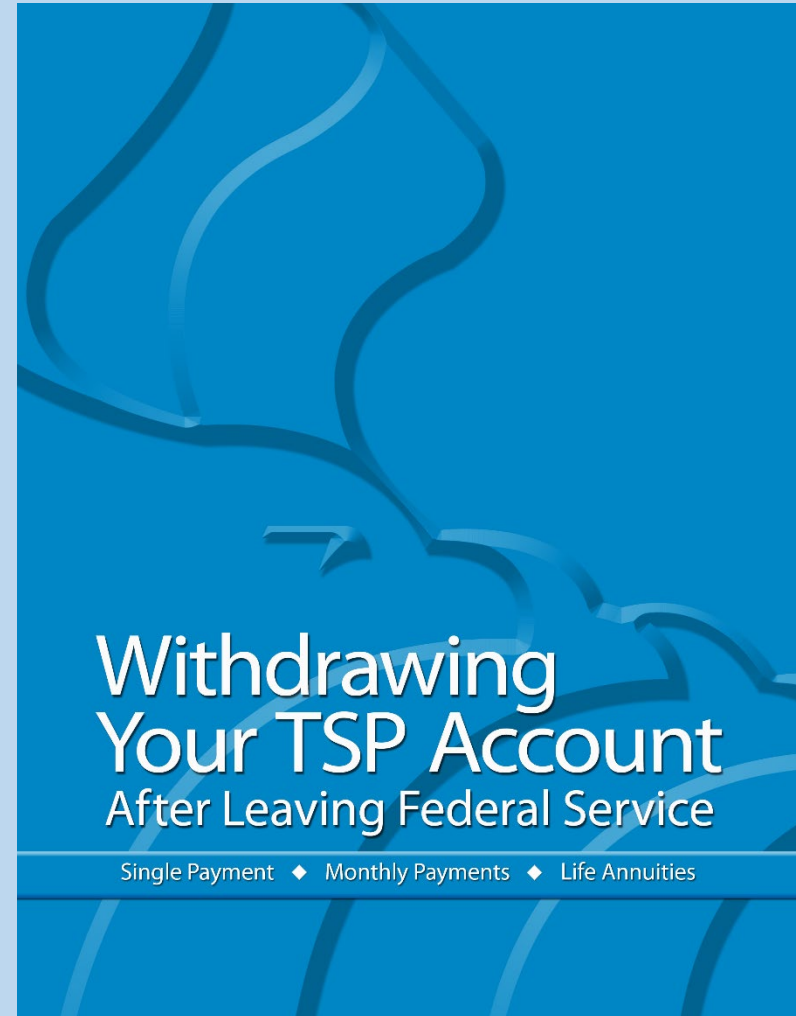
- **Single life annuity – with level or increasing payments**
- **Joint life annuity with your spouse – with level or increasing payments, and with 100% or 50% survivor annuity**
- **Joint life annuity with someone other than your spouse – with level payments, and with 100% or 50%* survivor annuity**

* 50% is only choice if joint annuitant is more than 10 years younger than you

Thrift Savings Plan

Obtain a copy of the TSP booklet:

**“Withdrawing Your TSP Account
After Leaving Federal Service”**



<https://www.tsp.gov/PDF/formspubs/tspbk02.pdf>

Any Questions about TSP?



Social Security

To create your own social security account on-line and get your estimate, go here:

<https://www.ssa.gov/myaccount/>



Social Security

SEARCH MENU LANGUAGES SIGN IN/UP



Set yourself free.

Open a my Social Security account today and rest easy knowing that you're in control of your future.

Sign In or Create an Account

Learn How to Protect Your Social Security Information from Unauthorized Access.

Social Security Full Retirement

Age to Receive full Social Security Benefits:

<u>Age</u>	<u>Year of Birth</u>
66	1943-1954
66 and 2 months	1955
66 and 4 months	1956
66 and 6 months	1957
66 and 8 months	1958
66 and 10 months	1959
67	1960 and after

Social Security Early Retirement

You can get Social Security retirement benefits as early as age 62. However, Social Security will reduce your benefit if you retire before your full retirement age.

For example, if you retire at age 62, your benefit would be about 25 percent lower than it would be if you waited until you reach full retirement age.



Social Security Delayed Retirement

- You may choose to keep working even beyond your full retirement age. If you do, you can increase your future Social Security benefits in two ways.
 - Each extra year you work adds another year of earnings to your Social Security record.
 - Also, your benefit will increase automatically by a certain percentage from the time you reach your full retirement age until you start receiving your benefits or until you reach age 70. The percentage varies depending on your year of birth.

For example, if you were born in 1943 or later, you'll add 8 percent a year to your benefit for each year you delay signing up for Social Security beyond your full retirement age.

Social Security Early Retirement Earnings Offset

If you work and get benefits at the same time:

You can continue to work and still get retirement benefits. Your earnings in (or after) the month you reach your full retirement age won't reduce your Social Security benefits. Social Security will reduce your benefits, however, if your earnings exceed certain limits for the months before you reach full retirement age.

Here is how it works:

- If you're younger than full retirement age, Social Security will deduct \$1 in benefits for each \$2 you earn above the annual limit.
- In the year you reach your full retirement age, Social Security will reduce your benefits \$1 for every \$3 you earn over an annual limit until the month you reach full retirement age. Once you reach full retirement age, you can keep working and your benefit won't be reduced no matter how much you earn.

PRESENTATION FINISHED



...ANY QUESTIONS?

makeameme.org