



CSRS and FERS disability retirement earning limit

We often receive calls concerning earnings limitation for disabled members who are under the age of 60. The regulations that pertain to the retirement earnings limit are below.

Restoration of earning capacity—If you are a disability retiree under age 60, there is a limit on the amount you can earn from wages and self-employment and still be entitled to your annuity. Each year, OPM will send you a questionnaire to complete and return in order to determine your earnings for the previous calendar year. If your earnings in any calendar year equal at least 80 percent of the current salary rate of the position from which you retired, your earning capacity will be considered restored.

Even if there is no change in your medical condition, your disability annuity payments will stop six months from the end of the calendar year in which your earning capacity is restored or on the date you are re-employed in the federal service, whichever occurs first. After you turn age 60, there is no restriction on the amount of wages or earnings from self-employment you may receive.

The basis for the limit is the grade and step at retirement. A carrier disabled prior to the letter carrier upgrade (November 18, 2000) will have their earnings limit based upon the PS level (5) that currently exists. OPM uses the latest charts and pay scales provided by the Postal Service when determining the 80 percent threshold. OPM *prefers* that disability annuitants under the age of 60 send them a letter requesting the 80 percent earnings of the grade/step and position from which they retired.

Creditable service (revisited)

With the ongoing Voluntary Early Retirements, we heard many concerns based upon eligibility. Below is taken from my January 2008 *Postal Record* article.

Creditable Service is time that is counted toward (or credited for) retirement under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). The type of retirement system, the type of service and when the service was performed come into play when determining this credit. Following is a listing of creditable service recognized by OPM at retirement.

- **All service** whereby contributions were made to the CSRS or FERS retirement system.
- **Leave without pay**—up to six months or less *in a calendar year*. An employee with more than six months' LWOP in a calendar year loses one day's service credit for each day *over* the six-month period.
- **Worker's compensation**—Full credit while on active rolls. A person separated from service electing to remain on compensation. Time stops upon date of separation.
- **Part-time service**—Full credit for all time prior to April 6, 1986. Part-time work performed after April 7, 1986, is credited toward retirement eligibility but pro-rated when calculating the annuity.
- **Intermittent service**—Up to 260 days a calendar year.
- **Non-deduction service**—Temporary or casual time is different for CSRS and FERS employees. Usually a deposit plus interest is required to be totally creditable for retirement. FERS employees can make a deposit for non-deduction service only for time worked prior to January 1, 1989.
- **Redeposit** refers to a break in service. If the contributions to the CSRS or FERS retirement were not withdrawn, all the service is creditable. If CSRS contributions were withdrawn, and the contributions are not fully redeposited, plus interest, the service is not fully creditable for retirement under CSRS. For withdrawn FERS contributions, once rehired, no redeposits are allowed and this service is not creditable at all.
- **Active military service**—A federal employee must waive active military retirement pay at retirement to get credit for that service under their civilian service. The exceptions are combat disability and Title 10 of the Reserves.

Block No. 16 of the PS Form 50 lists the date that has been determined as the base for your retirement. If you believe that this date is in error or not reflective of all service time, you should contact the Human Resources Shared Service Center at 877-477-3273 to start the correction process. The earlier it is corrected, the smoother your retirement will be. Anytime that you receive a Form 50, check it to make sure retirement dates have not changed. ☒