
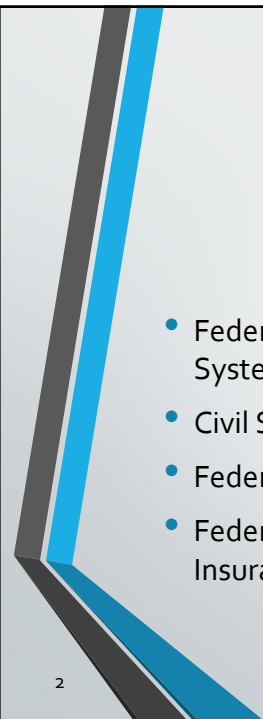


# National Association of Letter Carriers Retirement for City Letter Carriers

1.1.2023




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## Agenda

- Federal Employees Retirement System
- Civil Service Retirement System
- Federal Employees Health Benefit
- Federal Employees Group Life Insurance
- Thrift Savings Plan
- Social Security Administration
- Other considerations
- Applying
- Post-retirement info



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## Federal Employees Retirement System (FERS)

- Became effective Jan. 1, 1987 – applied retroactively to new hires on and after Jan. 1, 1984
- Three components
  - FERS Basic Benefit – a defined benefit plan
    - Special Annuity Supplement
  - Social Security
  - Thrift Savings Plan – a defined contribution plan

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## USPS Career Employment Statistics

- December 2022:
 


• FERS	507,218	98.5%
• CSRS	7,609	1.5%
• Total	514,827	



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**FERS**  
Federal Employees  
Retirement System


## Types of Retirement

- Voluntary (regular / immediate)
  - Based on age and service
- Disability
- Early (MRA + 10)
  - Minimum retirement age with 10 years of service
  - Can be postponed to reduce or eliminate age reduction
- Deferred

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**FERS**  
Federal Employees  
Retirement System


## Types of Retirement

- Alternative Form of Annuity (AFA)
  - Life-threatening affliction or other critical medical condition
- Early Voluntary Retirement
  - Due a reduction-in-force (RIF)
- Phased
  - Not currently applicable



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**FERS**  
Federal Employees  
Retirement System

## Voluntary Retirement


- This seminar focuses on voluntary retirement or “regular” retirement based on age and service that starts immediately after separation.
- NALC members considering MRA + 10 (early), 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.





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**FERS**  
Federal Employees  
Retirement System

## When will I be eligible to retire?


Voluntary (optional/immediate) annuity eligibility:

Age	Years of Service
62	5
60	20
Minimum Retirement Age (MRA)	30



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Federal Employees Retirement System


## Minimum Retirement Age (MRA)

If you were born:	Your MRA is:
Before 1948	55
1948	55 and 2 months
1949	55 and 4 months
1950	55 and 6 months
1951	55 and 8 months
1952	55 and 10 months



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Federal Employees Retirement System


## Minimum Retirement Age (MRA)

If you were born:	Your MRA is:
1953 through 1964	56
1965	56 and 2 months
1966	56 and 4 months
1967	56 and 6 months
1968	56 and 8 months
1969	56 and 10 months
1970 and after	57



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## Creditable Service for Eligibility

- For eligibility purposes, combine:
  - Time under FERS
  - Military service (if deposit made)
  - Non-career service (if deposit made)
  - **Subtract** LWOP in excess of six months in a calendar year



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Federal Employees Retirement System


## Creditable Service – Sick Leave

- Sick leave balance at retirement is added to the length of service to calculate the amount of an immediate annuity
  - Unused sick leave counts towards annuity calculation but does not count towards eligibility
    - Potential pitfall – retiring before eligibility because you incorrectly counted sick leave could result in large and permanent reduction to annuity.



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Retirement System


## Creditable Service – LWOP

- Cumulative leave without pay (LWOP) in excess of 6 months in a calendar year is not credited.
- In other words, the first six months of cumulative leave without pay per calendar year is credited.
  - Exceptions: All LWOP is credited if due to:
    - an on-the-job injury and wage loss compensation was paid by OWCP
    - full-time union official employment and union pays employer contributions
    - military furlough



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Retirement System

## Creditable Service – Part-time


- In determining eligibility to retire, part-time service is creditable to the same extent as full-time service
- All part-time service is prorated for annuity calculation



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Federal Employees Retirement System

## Crediting Military Service




- Must be:
  - Active duty
  - Discharged under honorable conditions
- Military retired pay must be waived unless it is based on:
  - A disability incurred in combat
  - National Guard service
- National Guard service is generally not creditable



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## Crediting Military Service


- A deposit must be made for all military service performed after 1956 to receive credit for eligibility or towards annuity computation.
- Deposit must be completed prior to separation.
- Intermittent periods of military active duty, such as reservist activation, will be deducted from total service at retirement if no deposit was made.
  - Beware: such intermittent periods of service won't be flagged on your annuity estimate; without forewarning, this service time will be eliminated from your service record at retirement, when it's already too late to make deposit.



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Federal Employees Retirement System


## Crediting Military Service

- Military deposit equals 3% of base military pay plus interest
  - Interest does not start to accrue for the first two years of civilian service
  - Alternative method under USERRA
    - Amount of deposit before interest is limited to the amount of civilian retirement deduction which would have been withheld



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Federal Employees Retirement System


## Making a Deposit for Military Service

- Call USPS Human Resources Shared Service Center (HRSSC)
  - (877) 477- 3273 (option 5)
- Complete SF 3108 *Application to Make Service Credit Payment*
- Submit completed form with DD 214 or equivalent record to verify the service
- Remember – the full deposit must be completed prior to separation



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Federal Employees Retirement System


## Crediting Non-Career Federal Service

- Service prior to 1989
  - Credited only if deposit is made
- Service on or after Jan. 1, 1989
  - Not creditable without legislative action
    - <https://www.nalc.org/government-affairs>
- Cost – 1.3% of basic pay of the non-career service, plus interest

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Federal Employees Retirement System


## Making a Deposit for Non-Career Service

- Call USPS HRSSC: (877) 477- 3273 (option 5)
- Complete SF 3108 *Application to Make Service Credit Payment*
- Deposit can be made to USPS prior to separation or directly to OPM after separation.



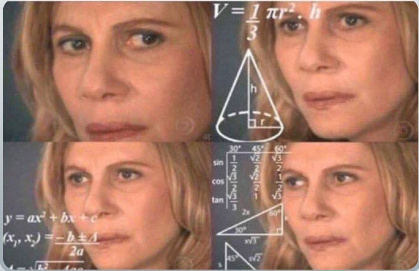
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Federal Employees  
Retirement System

## Annuity Computation




- Annuity Computation – **Multiply**:
  - Years of Service
  - High-3 Average Salary
  - Factor (1.0% or 1.1%)



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Retirement System

## Annuity Computation – Length of Service


Years of Service – for annuity computation purposes

- Years under FERS, **PLUS**:
  - military service (if deposit made)
  - non-career federal service (if deposit made)
  - banked sick leave
- **MINUS** LWOP in excess of six months in a calendar year




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Retirement System


## Annuity Computation – Length of Service



- Years of service
  - Length of service is rounded down to the nearest month. Days short of a month (30 days) are dropped from the total.
  - Example: 30 years, 2 months, and 17 days would result in 30 years and 2 months of service for computational purposes.

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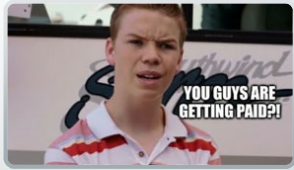
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## Annuity Computation – High-3 Average Salary

- Highest three consecutive years of pay
  - Typically, last three years for letter carriers
- Base pay only
  - Does not include overtime, night differential, bonuses
- Nonpay status while on OWCP, union official, and periods of LWOP less than 6 months in a calendar year count
  - PS Form 50 payrate



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**Federal Employees  
Retirement System**

## Annuity Computation – High-3 Average Salary

Effective Date	Type of Increase	Amount
Nov. 23, 2019	General Wage Increase	1.1%
Feb. 29, 2020	COLA	\$166
Aug. 29, 2020	COLA	\$188
Nov. 21, 2020	General Wage Increase	1.1%
Feb. 27, 2021	COLA	\$416
Aug. 28, 2021	COLA	\$1,934
Nov. 20, 2021	General Wage Increase	1.3%
Feb. 26, 2022	COLA	\$1,331
Aug. 27, 2022	COLA	\$2,455
Nov. 19, 2022	General Wage Increase	1.3%
To be announced	January COLA	To be determined

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**Federal Employees  
Retirement System**

## Annuity Computation – High-3 Average Salary

From	To	Years	Months	Days	Annual Rate	Gross Pay
1/1/2020	2/28/2020	0	1	28	\$65,752	\$10,448
2/29/2020	8/28/2020	0	5	30	\$65,918	\$32,688
8/29/2020	11/20/2020	0	2	22	\$66,106	\$15,032
11/21/2020	2/26/2021	0	3	5	\$66,821	\$17,758
2/27/2021	8/27/2021	0	6	0	\$67,237	\$33,342
8/28/2021	11/19/2021	0	2	22	\$69,171	\$15,729
11/20/2021	2/25/2022	0	3	5	\$70,016	\$18,607

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Federal Employees Retirement System

## Annuity Computation – High-3 Average Salary


From	To	Years	Months	Days	Annual Rate	Gross Pay
2/26/2022	8/26/2022	0	6	0	\$71,347	\$35,380
8/27/2022	11/18/2022	0	2	22	\$73,802	\$16,782
11/19/2022	12/31/2022	0	1	12	\$75,091	\$8,641

High-3 Average Salary = \$68,136



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Federal Employees Retirement System


## Annuity Computation - Factor

- 1.0% is the default factor
- 1.1% if at least age 62 with 20 or more years of service at retirement
  - This amounts to a 10% increase in the annuity
  - A trade off to retiring before 62 and receiving the Special Annuity Supplement
  - Potential pitfall: retiring right before age 62 with over 20 years of service. You don't get the extra 10% and you minimize receipt of the Special Annuity Supplement.



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## Annuity Computation - Example

- 30 years total service, age 59
  - 1% x 30 years x High-3 = 30% of High-3 Average Salary
- 30 years total service, age 62
  - 1.1% x 30 years x High-3 = 33% of High-3 Average Salary

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Retirement System


## Early (MRA + 10)

- Employee has MRA and at least 10 years of service but less than 30 (also does not have age 60 with  $\geq 20$  years of service) and begins receiving annuity before age 62.
- Age reduction of 5% for each full year under age 62.  
**PERMANENT.**
- **NO** Special Annuity Supplement.

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Federal Employees Retirement System


## Special Annuity Supplement

- Intended to substitute for the Social Security part of the total FERS benefit until age 62
- Paid by OPM, not Social Security
- Subject to earnings test
- No Cost-of-Living Adjustments
- Ends at age 62 whether you start Social Security or not



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Federal Employees Retirement System


## Special Annuity Supplement

- Eligibility
  - Must have at least one full calendar year of FERS service
  - Retiring voluntarily on an immediate annuity which is not reduced for age. At or after:
    - MRA with at least 30 years of service
    - Age 60 with at least 20 years of service
  - Not eligible if retiring age 62 or later



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## Special Annuity Supplement

- Earnings Test
  - Earnings are wages, including self-employment.
    - Does not include investment gains, interest, pensions, TSP withdrawals, etc.
  - Must report earnings each year to OPM.
  - Exempt amount subject to change each year. Aligns with Social Security earnings limitation. Supplement is reduced by \$1 for each \$2 earned above the limit.
  - 2023 earnings limit is \$21,240.



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## Special Annuity Supplement

- Estimating the supplement
  - Request an annuity estimate from the Postal Service (HRSSC)
    - Remember, this is just an estimate. OPM will determine exact amount upon retirement.
  - Manual estimate (ballpark estimate / last resort)
    - $SS \text{ projected age 62 benefit} \times \text{years of FERS} \div 40$



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## Special Annuity Supplement

- Example estimate – using projected Social Security Age 62 benefit
  - Age 62 Social Security payment of \$1,815
  - 31 year under FERS
- $\$1,815 \times 31 \text{ years} \div 40 = \$1,406$
- This estimate is not the most accurate. OPM will determine the exact amount when they process your application.



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## Maximum Annuity


- There is no maximum annuity under FERS





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## Survivor Annuity

- Annuity will be reduced to provide a survivor annuity if:
  - Electing a survivor annuity for a spouse
  - A former spouse is entitled to a survivor annuity based on a valid court order
  - Electing to provide an insurable interest annuity
- Important: a surviving spouse can continue FEHB coverage after an annuitant's death ONLY if a survivor annuity election was made and the spouse was actively covered at the time of death.



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## Survivor Annuity

- Cost
  - Full survivor annuity costs 10% of annuity
    - Provides a survivor annuity of 50%
  - Partial survivor annuity costs 5% of annuity
    - Provides a survivor annuity of 25%



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## Survivor Annuity

- Death of an Active Employee
  - If employee has 18 months of creditable service, a survivor annuity is payable if:
    - Married for at least 9 months, or
    - The employee's death was accidental, or
    - There was a child born of the marriage



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## 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.



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## Insurable Interest Annuity

- If insurable interest annuity is for a person not just listed, affidavit required to provide additional information about relationship, and financial dependency.
- Cost increases based on age difference. From 10% annuity reduction to 40% when named person is 30 or more years younger.



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Federal Employees Retirement System


## Cost of Living Adjustments

- COLAs
- Not applied under age 62
  - Exception for disability or survivor annuitants
- Annuitants that are not eligible to receive a COLA during their first year or more
  - The initial COLA after becoming eligible will be the full amount
- Otherwise, the first COLA is prorated



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Federal Employees Retirement System

## Cost of Living Adjustments


If the change in the CPI-W is:	The COLA equals:
0 – 2 %	The CPI-W increase
2 – 3 %	2.0 %
Greater than 3 %	CPI-W increase <b>minus 1%</b>




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## Civil Service Retirement System




- CSRS
  - Effective 1920
  - A defined benefit plan – you get a guaranteed amount in retirement no matter what the stock market does
- The following slides will discuss the differences of CSRS from FERS.



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## Eligibility


Immediate retirement eligibility:

Age	Service
55	30 years
60	20 years
62	5 years




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## Creditable Service

- In determining eligibility to retire, part-time service is creditable to the same extent as full-time service
- Part-time service for annuity calculation:
  - Prior to 4/7/86 is treated same as full-time
  - On and after 4/7/86 is prorated




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## Military Service

- Military Service prior to Jan. 1, 1957, is creditable for retirement eligibility and computation, without making deposit
- Military Service on or after Jan. 1, 1957, may be creditable based on various factors, including whether deposit has been made prior to separation




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## Post-1956 Military Service

- If first employed under CSRS on or after 10/01/82
  - must make deposit to obtain credit for eligibility and calculation




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## Post-1956 Military Service

- If first employed in a position covered by CSRS before 10/01/82:
  - If retiring prior to age 62, may receive credit without making deposit
    - If no deposit is made, 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.
  - 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
    - The military service may be creditable for establishing eligibility to retire even if no deposit is made.




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## Military Service

- Cost of deposit
  - Military deposit equals 7% of base military pay plus interest
  - Interest does not start to accrue for the first 2 years of civilian service
- Full deposit must be made to USPS prior to separation
- Process:
  - Call USPS Shared Services (877) 477-3273 (option 5)
  - Complete Standard Form 2803A
  - Submit completed form with DD 214




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## Crediting Non-Career Service

- Service prior to Oct. 1, 1982
  - Credited for eligibility and computation
    - but annuity reduced by 10% of amount of deposit due if deposit not made
- Service on or after Oct. 1, 1982
  - Credited for eligibility automatically
  - Credited for computation only if deposit is made




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## Crediting Non-Career Service

- Cost of deposit
  - Generally, 7% of the basic pay of the non-career service, plus interest
- The process to make a deposit
  - Call USPS HRSSC (877) 477-3273 (option 5)
  - Complete SF 2803 *Application to Make Deposit or Redeposit*
- Deposit for non-career service can be made to USPS prior to separation or directly to OPM after separation.




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## Annuity Calculation

- High-3 Average Salary multiplied by:
  - 1.5 % for each of the first 5 years
  - **PLUS** 1.75% for the next 5 years
  - **PLUS** 2% for each year over 10




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## Annuity Calculation

- Example – 30 years total service
  - $1.5\% \times 5 = 7.5\%$
  - $1.75\% \times 5 = 8.75\%$
  - $2.0\% \times 20 = 40\%$ 
    - $7.5\% + 8.75\% + 40\% = 56.25\%$
- Results in **56.25%** of High-3 Average Salary




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## Maximum Annuity

- Maximum annuity is 80% of the high-3 average salary
  - Equivalent to 41 years and 11 months of service
- Maximum of 80% can be exceeded with sick leave credit
- Working beyond the maximum
  - Employee continues to make CSRS contributions, but they will be returned with interest after separation




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## Survivor Annuity

- Full survivor annuity – 55% benefit
- Partial survivor annuity – can elect a base less than a full survivor annuity
- Cost depends on the base elected:
  - 2.5% of the first \$3,600 of the base
  - 10% of the amount in excess of \$3,600




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## Retirement Dates

- Once you are eligible to retire, you have the absolute right to decide when to retire. There may be financial considerations:
- Under CSRS you can retire on the last day of the month or 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.
  - Not prorated if not employed for an entire pay period. That is why some decide to retire on the last day of a pay period.




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## Cost of Living Adjustments

- Begins the first December after retirement
- First COLA will be prorated
- Equals the percent change in the Consumer Price Index (CPI-W)



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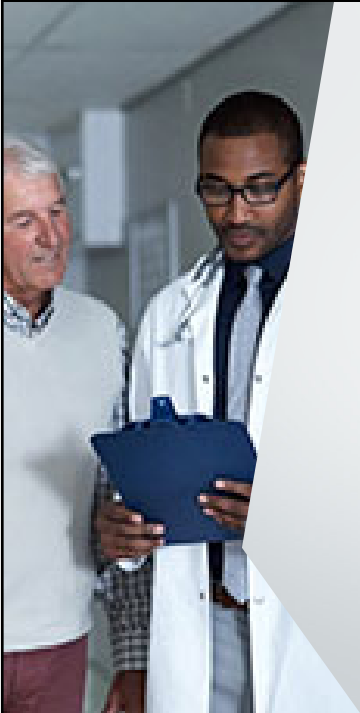


# Health Benefits




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## Federal Employees Health Benefit

- Information from the Office of Personnel Management
- [www.opm.gov](http://www.opm.gov)
  - Plan brochures
  - Comparison tools
  - Questions & Answers



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## Federal Employees Health Benefit

- In order to carry your FEHB coverage into retirement, you must be eligible to retire on an immediate annuity (including the FERS MRA + 10 retirement); and
- **5-year rule:** 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
  - or for the full period(s) of service since your first opportunity to enroll, if less than 5 years

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## Federal Employees Health Benefit

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 a 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.

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## Federal Employees Health Benefit



- Deferred Retirement
  - If you separated from Federal service before you could retire you are not eligible to enroll in FEHB when you start to receive your deferred annuity.



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## Federal Employees Health Benefit

- Postponed Retirement
  - 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.

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## Federal Employees Health Benefit



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

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## Federal Employees Health Benefit

- Generally, decisions to drop FEHB coverage are irrevocable.
  - Certain circumstances permit *suspension* (as opposed to *termination*) of FEHB enrollment: enrolling in Medicare Advantage, TRICARE, CHAMPVA, or Medicaid.
- 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 as long as you were eligible to carry coverage at retirement. To reenroll, you must contact OPM within the period beginning 31 days before and ending 60 days after your loss of other FEHB coverage.

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## Medicare Integration



- Postal Service Reform Act of 2022
  - Eliminated onerous prefunding of Retiree Health Benefits
  - Six-day delivery secured
  - Postal-only FEHB plans to integrate Medicare coverage

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## Medicare Integration

- Choice to enroll in Medicare (or not):
  - Annuitants and active employees who retire before Jan. 1, 2025
  - Active employees at least 64 years of age as of Jan. 1, 2025
- Special Enrollment Period
- Everyone else will be required to enroll in Medicare Parts A and B if maintaining FEHB into retirement
- Approximately 80% of annuitants already choose to enroll in Part B

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## Medicare Integration

- Special Enrollment Period
  - 6-month window beginning April 1, 2024
  - Allows those with a choice to enroll in Medicare Part B without penalty
- Health care is an important personal choice, consider:
  - How your health insurance interacts with Part B
  - Costs and benefits
  - You can't predict the future

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Federal  
Employees  
Group Life  
Insurance  
(FEGLI)

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## Federal Employees Group Life Insurance

- 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, and annuitants are not eligible (though certain compensationers are).
- FEGLI Handbook:



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## Federal Employees Group Life Insurance

- 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



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## Federal Employees Group Life Insurance

- 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

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## Federal Employees Group Life Insurance

- 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 premiums once it starts to reduce.**
  - 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 the same. Premiums increase with age for life unless annuitant switches to 75% reduction.

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## Federal Employees Group Life Insurance

- Option A - \$10,000 benefit
  - The amount of Option A coverage automatically begins reducing at age 65, or retirement, if later.
  - 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. **No premiums once it starts to reduce.**
  - There is no election other than whether to keep it.

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## Federal Employees Group Life Insurance

- 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" at age 65 (or retirement, if later).
    - You may split elections among your multiples.
  - Full Reduction – the original value reduces by 2% each month for 50 months, at which time no benefits are payable. **No premiums once it starts to reduce.**
  - No Reduction – no reduction in coverage, but you will continue to pay premiums associated with your age group.

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## Federal Employees Group Life Insurance

- Option C – Family: \$5,000 spouse and \$2,500 eligible children times up to 5 multiples
  - Elect how many of your multiples you want to continue and choose “no reduction” or “full reduction” at age 65 (or at retirement, if later).
  - Full Reduction – the value reduces by 2% of the original amount each month for 50 months, at which time no benefits are payable. **No premiums once it starts to reduce.**
  - No Reduction – no reduction in coverage, but you will continue to pay premiums appropriate to your age group.

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## Federal Employees Group Life Insurance


- Premiums for Annuitants
  - <https://www.opm.gov/healthcare-insurance/life-insurance/program-information/#url=Premiums-for-Annuitants>
- FEGLI Calculator (continue through to calculate coverage following retirement)
  - <https://www.opm.gov/retirement-center/calculators/feqli-calculator/>



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## Thrift Savings Plan

- The Thrift Savings Plan (TSP) 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.




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## Thrift Savings Plan

- New version of 'My Account' launched June 1, 2022. All participants must set up login credentials to this new system, even if they had access prior to June 1, 2022.
- Create a username, password, and ThriftLine PIN to access your account. Prompts to verify your identity, update your contact information, and set up your account security.
- Should take 5 to 10 minutes for most. You need to receive a one-time passcode to your phone by text message or voice call to verify your identity during the setup process.
- [www.tsp.gov](http://www.tsp.gov)



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## 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.




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## Thrift Savings Plan

- 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?



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## Thrift Savings Plan

- It costs money to operate any financial investment fund. A standard way to measure such costs is to look at expense ratios.
- The total expense ratio for TSP funds range from 0.043% to 0.059%.
- 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.
- Thus, on average, a private investment fund would cost \$3,000 per year, versus TSP costing \$116 per year on an account balance of \$200,000.

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## Thrift Savings Plan


- Age 59 ½ early withdrawal penalty
- If you receive a TSP withdrawal payment before you reach age 59 ½, 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.

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## Thrift Savings Plan

- After separation you can:
  - leave your money in the TSP
  - transfer eligible money into your TSP (e.g., IRA)
  - continue to accrue earnings on your account
  - change your investment choices
- Cannot make contributions




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## Thrift Savings Plan

- After separation, there are three basic withdrawal options:
  - Installment payments
    - Monthly, quarterly, or annual
    - Fixed dollar amount or based on life expectancy
  - Partial or total distributions
  - Annuity purchases
- You can choose any of these options or any combination
- Withdrawals are subject to federal income tax



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## Thrift Savings Plan

- Required Minimum Distribution (RMD)
  - IRS requires RMDs beginning in the calendar year when you become age 72 and are separated from service.
  - If you do not start withdrawing by age 72 or the total amount of your withdrawals does not satisfy the RMD, TSP will disburse your RMD or issue a supplemental payment for the remaining amount of your RMD by the deadline each year.
  - If they automatically send you an RMD and you have both traditional and Roth balances, the RMD will be proportional from each balance.

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## Thrift Savings Plan

- After you separate from service, you can take multiple post-separation partial withdrawals.
- 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'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](https://tsp.gov).

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## Thrift Savings Plan

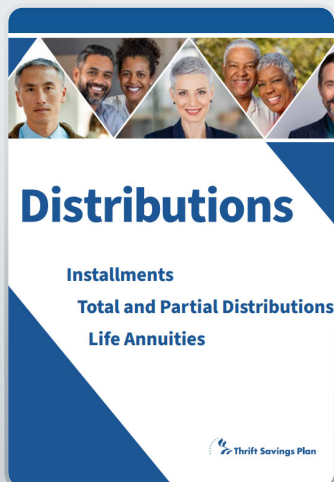
You can purchase a life annuity (a monthly benefit paid to you for life)

- 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
  - If joint annuitant other than your spouse is more than 10 years younger than you, you must choose a 50% survivor benefit, except in cases of former spouse court order

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- TSP Publications – Distributions
- <https://www.tsp.gov/forms/>

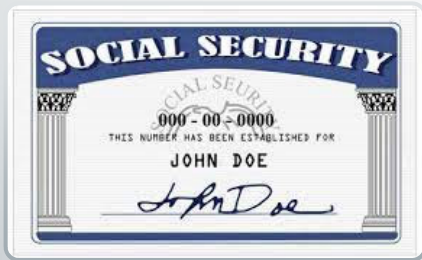


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## Social Security Administration



- To create your own social security account online and get your estimate, go to:

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



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## Social Security Administration

- Can start receiving partial benefits as early as age 62.
- Full benefits at Full Retirement Age (FRA).
- If you start receiving early, your benefits will be reduced a small percent for each month before FRA.
- Example – if you retire at 62 your benefit would be approximately 25% lower than if you waited until FRA.



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## Social Security Administration

- FRA depends on year of birth

Age	Year of birth
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

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## Social Security Administration

- You may choose to keep working beyond your FRA. If so, you can increase your future Social Security benefits in two ways:
  - Each extra year of work adds another year of earnings to your Social Security record.
  - 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.

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## Social Security Administration

- Earnings limitation – You can continue to work and still get retirement benefits. Social Security will reduce your benefits if your earnings exceed certain limits before you reach full retirement age:
  - The years before your FRA – SSA will deduct \$1 in benefits for each \$2 you earn above the annual limit (\$21,240 for 2023).
  - In the calendar year you reach your FRA – SSA will reduce your benefits \$1 for every \$3 you earn over an annual limit (\$56,520 for 2023) 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.



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## Joining the 'Last Punch Bunch'

- Decide what day to retire
- Request annuity estimate & application
- Other considerations & prep
- Retirement counseling
- Complete the forms
- Send them in



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## Best day 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.
  - Annual leave and sick leave are not credited if an employee does not remain employed for an entire pay period, so some decide to retire last day of a pay period to receive the leave.
  - Big picture: any day that ends in 'Y' is a good day to retire.

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## Get your annuity estimate

- Call USPS Shared Services and ask for annuity estimate based on desired retirement date.
- Online at USPS LiteBlue for a quicker estimate.
- Estimates do not bind you to retire.



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Creditable Service		Retirement Contributions	14,022.64
Retirement Eligibility Date	12/14/2019	Annual Leave Earned Balance	333
Retirement Comp Date (RCD)	11/22/1983	Hours Forfeited	333
Annuity Comp Date (ACD)	11/22/1983	Annual Leave Balance	333
Date of Birth	12/14/1963	Terminal Leave Payment	10,830
Total Service (RCD)	36 Yrs 2 Mos 9 Days	Insurance Coverage	Employee/PP None
Sick Leave	0 10 12	Basic	17,250
Total Credit	37 0	Option A	
		Option B	
		Option C	
RSC: Q		Health	322 174.31 393.48
Grade/Step: 02/0		Exceptions:	
Salary: 63,463.00		Important: Please ensure your beneficiary forms are up to date. Have you reviewed your eOPF lately?	
Retirement: Optional			

Annuity estimate based on retirement effective date of 02/01/2020

Salary History				Annuity Based On RCD Date Plus Sick Leave			
From	To	Yrs	Mos	Days	Annual Rate	Gross Pay	Gross/Annuity
08/01/2019	03/31/2020	0	5	0	66,403	27,867	
11/24/2018	08/31/2019	0	9	7	65,796	59,653	
09/01/2018	11/24/2018	0	2	23	64,413	14,850	With/ 21,387 1,782
03/03/2018	09/01/2018	0	6	28	63,798	31,026	Without 23,764 1,980
11/25/2017	03/03/2018	0	3	8	63,248	17,217	Survivor Benefits
09/22/2017	11/25/2017	0	2	23	62,654	14,309	Survivors (spouse) gross monthly annuity 990
03/04/2017	09/22/2017	0	5	28	62,184	30,746	
02/01/2017	03/04/2017	0	1	3	61,851	5,869	


High-3 Average Salary 64,228  
Total 3

# Annuity Estimate

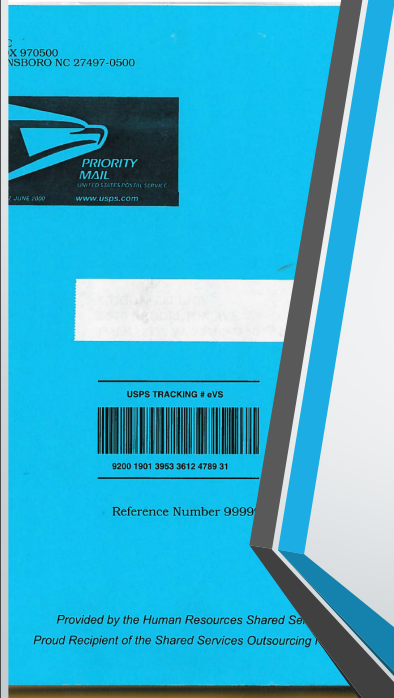


# Annuity Estimate

- Check what retirement date the estimate is based on
- Retirement Comp Date (RCD) is used to determine eligibility to retire and assumes all service listed on the service history report is accurate
- Total Time = Total Actual Service plus Sick Leave
  - Used to determine annuity computation
- Contains High-3 Average Salary
- Includes estimates with and without a survivor annuity benefit
- Includes special annuity supplement estimate








X 970500  
 WSBORO NC 27497-0500  
 PRIORITY MAIL  
 www.usps.com  
 USPS TRACKING # eVS  
 9200 1901 3953 3612 4769 31  
 Reference Number 9999  
 Provided by the Human Resources Shared Services  
 Proud Recipient of the Shared Services Outsourcing

## Request an Application

- Call HRSSC (877) 477-3273 and ask for a retirement application.
  - It includes the necessary forms, each pre-printed at the top with your name and Employee Identification Number.
  - Formerly known as the 'Blue Book' - now with a white cover
- When you receive the packet, call HRSSC back to schedule counseling.

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## Military Deposit

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

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## Flexible Spending Account (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.
  - 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.

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## Uniforms

- Payment to the vendor is not allowed if the following conditions exist:
  - 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.
    - Nondistinctive items: shoes, gloves, rubbers, galoshes, overboots, hose, face masks, pith helmets, and belts.
  - 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...
- See Employee and Labor Relations Manual Section 936.2

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## Official Personnel Folder

- Official Personnel Folders (OPFs) contain important documents such as:
  - Health Benefits Program Registration
  - FEGLI Enrollment forms
  - Designations of Beneficiary
  - Form 50 history
- Before you retire, save your eOPF. You will lose access immediately upon separation.
  - You will not be able to retrieve documents from USPS after separation.
- Problems can arise with retirement that can be resolved easily if the retiree has these documents.

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## Retirement Counseling

- Call USPS HRSSC and request a phone counseling session.
- Session is on the clock if scheduled during tour of employee.
- You have a right to have your spouse and/or advisor present at the session.
  - If the spouse/advisor is also a postal employee, they do not have a right to be on the clock.
- You have a right to a private space for the session.
- M-01708 in NALC's Materials Reference System.

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## Complete the Forms

- The forms in the application book are preprinted with your name and employee ID number, which will help ensure efficient and problem-free processing.
- Copy the forms so that a blank form is always available. Some of the forms are not valid if erasures, whiteouts or corrections are made.
- Utilize the retirement counseling if you have questions about the forms.
- Make copies of the completed forms for your records.

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## Certified Summary of Federal Service

- Certified Summary of Federal Service
  - SF 3107-1 (FERS)
  - SF 2801-1 (CSRS)
- This form will come blank. However, the form clearly asks you to review the information after the employing office completes and certifies the form. You are not required to sign this form (blank or completed).
- If you request the Postal Service complete the form so that you can review it, and they refuse, talk to your shop steward. They can initiate a grievance prior to your separation. It doesn't have to stop you from retiring. In this event, shop stewards should consult with the Retirement Department.

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## Submit the Application



- Send the completed forms to HRSSC / USPS. Ideally 60 days prior to separation.
- After your last day, USPS will finalize their portion and send to OPM.
- OPM will send you a CSA number and begin interim payments, usually without delay.
- OPM makes annuity payments the first business day of the month. The payment is for the preceding month.



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## Interim Payments

- While OPM processes your application and calculates your benefit, they will begin making interim payments
  - Computed at about 80% of estimated (net) annuity
  - Only federal income taxes are withheld
- OPM will finalize your application
  - Typically takes 2-3 months
  - Begin paying your exact benefit with appropriate deductions
  - Will account for any back pay due to the interim payments



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## Post-Retirement

- Terminal Leave Payments
- Direct Deposit of Annuity
- Post-Retirement Debt Collection
- OPM Services Online
- Cost of Living Adjustments
- Federal Income Tax
- Notice of Annuity Adjustment
- NALC Membership



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## Terminal Leave Payments

- Lump sum terminal leave payment includes:
  - accumulated AL up to maximum carryover
    - normally 440 hours, but expanded to 520 hours for 2023
  - any unused donated leave
  - holidays that fall within the terminal leave period (for FTRs and PTRs)
- Leave in excess of the carryover will be forfeited
  - Any part of the unused AL earned during the leave year of separation that is in excess of the carryover is granted prior to separation. AL would need to be requested. See ELM 512.732b



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## Direct Deposit

- 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
  - Can be used to make purchases at stores or financial institutions that accept 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.gov](http://www.GoDirect.gov) for information about fees and the surcharge free network.

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## Post-Retirement Debt Collection

- If you receive notice from USPS after separation that you owe money, immediately contact your branch and your NBA office. Two ways to appeal:
  - 30-day time limit to appeal through the Debt Collection Act which requires USPS to provide appeal rights.
  - Or file a grievance which must be received at Step B within 30 days from the date the retiree first learned, or may reasonably have been expected to have learned, of the Postal Service's intent to collect the debt.
- If you do not timely appeal (or pay/make a payment plan), USPS will advise the U.S. Treasury, which will deduct the debt from your retirement, income tax, social security, etc., without any appeal rights. Treasury will add interest and penalties.

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## OPM Services Online

- Sign up!
- [www.servicesonline.opm.gov/](http://www.servicesonline.opm.gov/)
- You need your CSA number and a temporary password, so you can't sign up until you receive those from OPM.



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## OPM Services Online

- View/print 1099-R tax forms
- Change federal and state income tax withholding
- View/print annuity statement and verification of income
- View/print a year-to-date summary of payments
- View/print verification of life insurance (FGLI)
- Change mailing address
- Change 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)



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## Federal Income Tax

- Your 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.
- Form 1099-R used to detail distributions from pensions.
  - Will be available by end of January each year. Mailed and on Services Online.
  - Includes Gross and Taxable amount.



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## Notice of Annuity Adjustment

- OPM mails a hardcopy once a year if there is a change
  - e.g., COLA increase
- Notice shows:
  - Gross
  - Deductions
  - Net
- Survivor annuity is not listed as a deduction
  - The gross annuity is the amount after reduction for survivor annuity



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## Notice of Annuity Adjustment

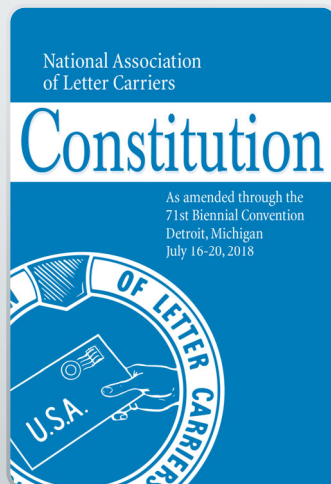
- Some deduction/addition codes used on the NOAA

Code	Deduction
04	Union Dues
31	Federal Tax
42	Dental Insurance
45	Letter Carrier Political Fund
46	FEGLI Basic Life Insurance
67	FERS Special Annuity Supplement

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## Maintaining NALC Membership

- 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.
- Form 1189 must contain CSA number.

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## Maintaining NALC Membership

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...



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## Annual State Retiree Dues

State	Dues	State	Dues
Alabama	\$4.00	Florida	\$5.10
Alaska	\$0	Georgia	\$2.50
Arizona	\$0	Guam	\$0
Arkansas	\$0	Hawaii	\$0
California	\$0.50	Idaho	\$0
Colorado	\$0	Illinois	\$0
Connecticut	\$0	Indiana	\$0
Delaware	\$0	Iowa	\$0
D.C.	\$5.00	Kansas	\$7.85



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## Annual State Retiree Dues

State	Dues	State	Dues
Kentucky	\$0	Montana	\$0
Louisiana	\$0	Nebraska	\$4.80
Maine	\$0	Nevada	\$0
Maryland	\$5.00	New Hampshire	\$0
Massachusetts	\$1.25	New Jersey	\$1.00
Michigan	\$0	New Mexico	\$0
Minnesota	\$0	New York	\$3.60
Mississippi	\$0	North Carolina	\$2.00
Missouri	\$0	North Dakota	\$5.00

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## Annual State Retiree Dues


State	Dues	State	Dues
Ohio	\$1.20	Texas	\$0
Oklahoma	\$3.60	Utah	\$1.20
Oregon	\$2.40	Vermont	\$0
Pennsylvania	\$0.50	Virginia	\$6.00
Puerto Rico	\$3.60	Virgin Island	\$0
Rhode Island	\$0	Washington	\$7.20
South Carolina	\$1.00	West Virginia	\$24.00
South Dakota	\$0	Wisconsin	\$1.20
Tennessee	\$2.00	Wyoming	\$0

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## Important Phone Numbers




- USPS Shared Services: (877) 477-3273  
option 5
- NALC Retirement Dept: (202) 393-4695
  - Toll-free (800) 424-5186
    - Mon., Wed., Thur. 10-12 & 2-4 EST
- National Business Agent:



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## 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](http://apps.opm.gov/Listserv_Apps/list-sub.cfm)

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## Legislative Attacks on Retirement

- 2012 Budget Proposal to reduce Social Security COLAs (not passed)
- 2012 House Resolution passed: Changes employee contributions from 7% to 12%, employer contributions from 7% to 2% (not passed by the Senate)
- 2013 Law changed FERS employee contributions from 0.8% to 3.1% (law passed!)
- 2014 Law changed FERS employee contributions from 3.1% to 4.4% (law passed!)

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## Legislative Attacks on Retirement

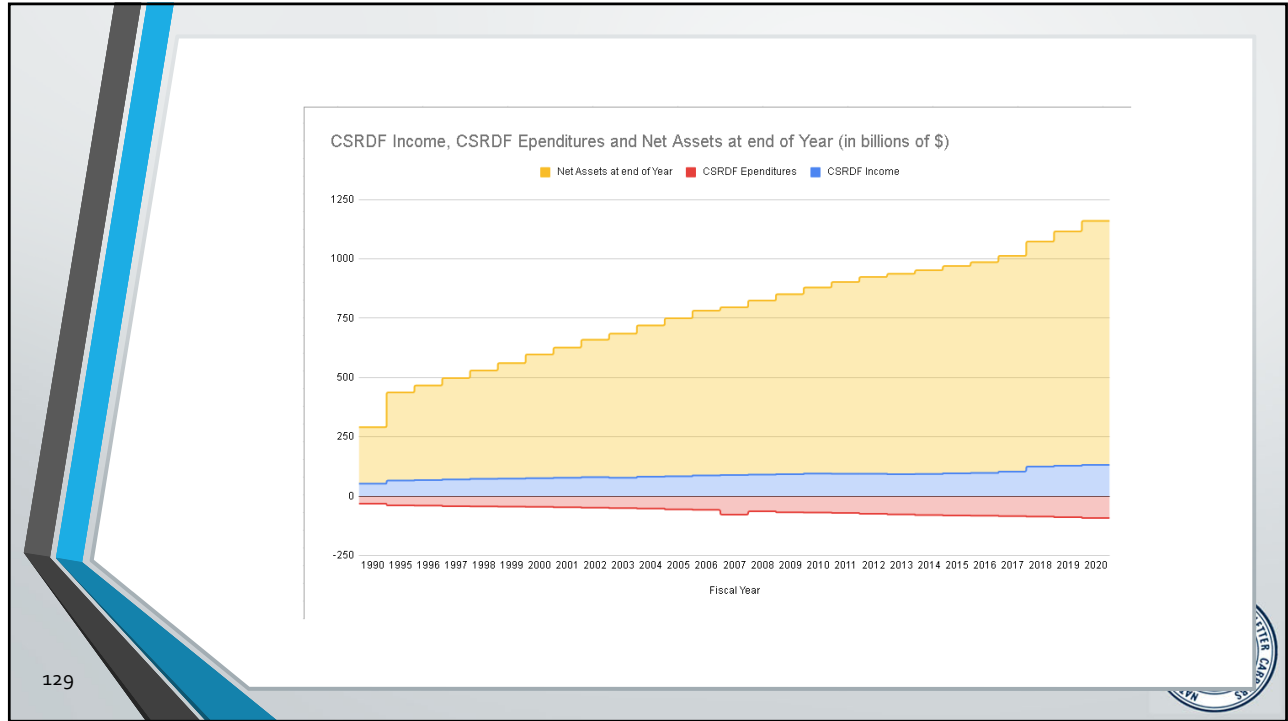
- 2018, 2019, 2020 Budget Proposals to:
  - change FERS employee contributions from 4.4% to 7.5%
  - change high-3 to high-5
  - eliminate FERS COLA
  - reduce CSRS COLA
  - eliminate FERS Special Annuity Supplement
  - reduce TSP G-Fund interest rate

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## Letter Carrier Political Fund

- Fight Back!
- Vote
- Volunteer
- Contribute



Note: 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 canceled. 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 are not NALC members, executive and administrative staff or their families. Any contribution received from such an individual will be refunded to that contributor. Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 per calendar year. Any guideline amount is merely a suggestion, and an individual is free to contribute more or less than the guideline suggests and the union will not favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute.





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## Letter Carrier Political Fund

- Enroll by phone
  - Call the Retirement Department at (202) 393-4695
- Enroll online
  - Log into Services Online, click ALLOTMENTS TO ORGANIZATIONS, select Letter Carrier Political Fund
- Enroll by mail – download the form in the QR code






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## Need More Information?

- NALC.org → Workplace Issues → Retirement
  - Questions & Answers booklets
  - Retirement columns
  - COLA projections and updates
  - Phone numbers
- OPM.gov → Retirement
  - Questions and answers
  - CSRS and FERS Handbook for Personnel and Payroll Offices
    - The definitive rules and procedures to become a guru



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PRESENTATION FINISHED

...ANY QUESTIONS?

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