National Association of Letter Carriers

Questions & Answers *on* FERS

Federal Employees Retirement System

Dear NALC Member:

Employees who began their careers with the United States Postal Service on or after January 1, 1984 are covered by the Federal Employees' Retirement System (FERS).

FERS consists of a Basic Benefit Plan, a Thrift Savings Plan and Social Security and is intended to provide letter carriers with sufficient income for their retirement years. However, the actual benefits can vary considerably depending upon the choices employees make during their years on the job.

This booklet is designed to provide you with answers to some of the most frequently asked questions regarding FERS. A separate booklet is available for members enrolled in the Civil Service Retirement System (CSRS).

I cannot emphasize enough how important it is to plan early in your career to achieve the maximum benefits during your retirement years. This booklet will aid you in making the choices necessary to reach that goal.

Sincerely,

Fredric V. Rolando
President

QUESTIONS AND ANSWERS ON THE FEDERAL EMPLOYEES' RETIREMENT SYSTEM

This booklet refers ONLY to the Federal Employees' Retirement System (FERS). A similar booklet concerning the Civil Service Retirement System has also been published by the NALC. The purpose of this publication is to answer many of the questions frequently posed to the NALC Retirement Department.

Revised 2018 Edition

Where can I call if I have questions/problems concerning my retirement benefits?

The NALC Retirement Office operates a toll free number (800-424-5186) on Monday, Wednesday and Thursday, 10-12 noon and 2-4 pm, Eastern Time.

What is the number for the Retirement Information U.S. Office of Personnel Management?

Toll Free 888-767-6738

Where can I call for Social Security information?

800-772-1213

National Association of Letter Carriers
100 Indiana Avenue, N.W.
Washington, D.C. 20001-2144

PREFACE

What is FERS?

FERS, which stands for the Federal Employees' Retirement System, is a retirement plan designed to supplement its participants' Social Security benefits. First, FERS provides annuity benefits, similar to private sector pension benefits, that are based on an employee's years of postal/federal service. Second, it provides a tax-deferred savings plan similar to a private sector 401(k) plan.

The annuity benefits, which include retirement, disability and survivor benefits, are provided by the *Basic Benefit Plan*. The tax-deferred savings plan is known as the *Thrift Savings Plan.*

Why are there two retirement systems for letter carriers (CSRS and FERS)?

In 1983, Congress passed the Social Security Act Amendments of 1983. These amendments were designed to bail out the nation's Social Security system.

One of the amendments mandated Social Security coverage for all federal and postal employees hired on or after January 1, 1984. (Most federal and postal employees hired prior to 1984 participate in the Civil Service Retirement System and are *not* covered by Social Security.) Another of the amendments required that a new retirement plan be developed to supplement the Social Security benefits of federal and postal employees covered by Social Security. FERS is the supplemental retirement plan called for by the 1983 legislation.

Who is covered by the Federal Employees' Retirement System?

The following employees are covered by FERS automatically:

• All federal and postal employees *first hired* after December 31, 1983.

• All federal and postal employees *rehired* after December 31, 1983 following a break in service of at least one year, and who had *less than* 5 years of service under the Civil Service Retirement System prior to January 1, 1987.

The following employees may be covered by FERS by their own choice:

• All federal and postal employees previously covered by CSRS who chose to transfer to FERS during special transfer periods.

• All federal and postal employees *rehired* following a break in service of at least one year who had *at least* five years of service under CSRS by January 1, 1987 and who chose (or will choose) to transfer to FERS.

How do I use this booklet?

This booklet is divided into four parts:

• Part I addresses frequently asked questions about Social Security.

• Part II deals with common questions about the FERS Basic Benefit Plan.

• Part III handles questions about the Thrift Savings Plan.

• Part IV focuses on a variety of general retirement questions ranging from retiree health benefits, Medicare and life insurance coverage to the rules governing remarriage and participation in politics after retirement.

Users of this booklet should consult the Table of Contents to find where their specific questions are addressed. Questions and answers are organized under general subject headings which correspond to the four major parts described above.

Active and retired members who have questions about FERS (or retirement in general) that are not addressed in this booklet are welcome to call the NALC Retirement Department toll-free at 800-424-5186 on Mondays, Wednesdays and Thursdays from 10:00 a.m. to noon and from 2:00 to 4:00 p.m. (Eastern time) for assistance.

You may also call us at 202-393-4695 Monday – Friday from 9:00 to 4:30 Eastern time. Long distance charges may apply.

U.S. Office of Personnel Management (OPM) - Visit www.opm.gov to find information on the FERS retirement system as well as useful planning tools. The OPM may also be reached at 888-767-6738 for retirement information.

TSP – Thrift Savings Plan - Visit www.tsp.gov or call 877-968-3778.

Social Security – Visit www.ssa.gov or call 800-772-1213 for benefits estimates and other information.

U.S. Department of Veterans' Affairs – Visit www.va.gov to obtain information regarding military service or benefits or call 800-827-1000

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Part I: Social Security

General Information On Social Security Benefits

1 *What is Social Security?*

Social Security refers to a variety of social insurance benefits provided by two programs: (1) Old Age, Survivors and Disability Insurance (OASDI); and (2) Medicare. Approximately 175 million workers in the American labor force and their employers participate in Social Security and some 62 million Americans receive benefits with retired workers and their dependents making up 73% of this number.

2 *What is OASDI? What Types of Benefits Does OASDI Provide?*

OASDI stands for Old Age, Survivors and Disability Insurance. It protects workers and their families against the loss of income that results from retirement, disability and death. It provides the following benefits:

• Monthly retirement benefits for workers and their dependents.

• Monthly disability benefits for disabled workers and their dependents.

• Monthly survivor benefits for dependents upon death, as well as a lump-sum death payment.

3 *What is Medicare?*

Medicare provides health care benefits to covered workers and retirees who are at least 65 years of age. Original Medicare has two parts:

• Medicare Part A is a hospital insurance plan that pays for the cost of hospitalization and certain related care. All employees covered by Social Security are automatically covered by Medicare Part A.

• Medicare Part B is a medical insurance plan that pays for doctor bills and other medical expenses. Participation in Medicare Part B is voluntary.

• Medicare Part D–New in 2006–Medicare outpatient prescription drug plan benefits. Medicare contracts with private companies to offer these drug plans. Enrollment is voluntary but you must have Medicare Part A or B to be eligible.

See questions 217-222 in Part IV for additional information on Medicare.

4 *Are FERS employees covered by Social Security?*

Yes. FERS employees are fully covered under the Social Security system.

5 ***Is Social Security a welfare program?***

No. Social Security is a social insurance program and benefits are earned by covered employees. Benefits are based on covered employees' wages over their working lives and are paid regardless of financial need.

Financing Social Security

6 ***How are Social Security benefits financed?***

Social Security's OASDI and Medicare Part A benefits are paid for by matching contributions of workers and their employers. These contributions, made through payroll deductions, are known as FICA taxes.

Medicare Part B (the optional medical insurance plan) is paid for by Part B participants through monthly premiums. The monthly premiums for most retirees first enrolling in Medicare part B in 2018 is $134. Beneficiaries with high incomes (greater than $85,000 single or $170,000 married) pay higher monthly premiums.

7 ***FICA taxes to finance Social Security benefits are deducted from workers' paychecks; what does FICA stand for?***

FICA stands for the Federal Insurance Contributions Act, the law which authorizes Social Security payroll taxes.

8 ***How much FICA tax is deducted from employees' paychecks to finance Social Security benefits?***

The OASDI payroll tax rate is 6.20 percent and the Medicare Part A (hospital insurance) tax rate is 1.45 percent. These payroll taxes, which make up a combined FICA tax rate of 7.65 percent, are paid on gross wages in 2018 of up to a maximum of $128,400. (The Medicare tax of 1.45 percent is payable on total earnings.)

The maximum level of gross wages subject to FICA taxes is indexed to increases in average wages in the United States—it will therefore generally rise each year.

9 ***How is credit toward eligibility for Social Security benefits measured?***

Through 1977, you earned one credit for any calendar quarter in which you had wages or salary of at least $50 in covered employment. Since 1978, you earned credits on the basis of your annual earnings, up to four credits in any year. In 2018, one credit is recorded for every $1,320 you earn during the year, with four credits if you earned $5,280 or more. The amount increases each year based on wage inflation. (The amounts required to earn a credit through 2018 are shown in the table below.)

Earnings Requirement for Credits of Coverage

Year	Earnings Required for a Credit	Year	Earnings Required for a Credit
1937-1977	$ 50	1998	$700
1978	$250	1999	$740
1979	$260	2000	$780
1980	$290	2001	$830
1981	$310	2002	$870
1982	$340	2003	$890
1983	$370	2004	$900
1984	$390	2005	$920
1985	$410	2006	$970
1986	$440	2007	$1,000
1987	$460	2008	$1,050
1988	$470	2009	$1,090
1989	$500	2010	$1,120
1990	$520	2011	$1,120
1991	$540	2012	$1,130
1992	$570	2013	$1,160
1993	$590	2014	$1,200
1994	$620	2015	$1,220
1995	$630	2016	$1,260
1996	$640	2017	$1,300
1997	$670	2018	$1,320

10 ***Does work under FERS count towards credit for Social Security benefits?***

Yes.

11 ***Does work under CSRS count toward credit for Social Security?***

Generally no. However, employees with *less than 5 years of service under CSRS* who voluntarily transferred to FERS in 1987 or who are transferred to FERS (because they separated from federal service for more than a year) will be given Social Security credit for their years under CSRS. This is the case because the CSRS service of such employees is converted into FERS service at the time of the transfer.

12 ***Does military service count towards Social Security eligibility?***

Yes, provided it was performed after 1956.

13 ***How many credits are necessary for a worker to qualify for retirement benefits under Social Security?***

Most workers need 40 credits to qualify for retirement benefits—or about 10 years of work.

14 ***How many credits are necessary to qualify for disability benefits under Social Security?***

The number of work credits needed for disability benefits depends on your age when you become disabled. Generally, you need 40 credits, 20 of which were earned in the last 10 years ending with the year you become disabled. However, younger workers may qualify with fewer credits. More detailed information can be found on www.ssa.gov.

15 *When can an employee begin receiving Social Security retirement benefits?*

Employees with a sufficient number of credits under Social Security may retire as early as age 62 with *permanently reduced* benefits, or between the ages of 65 and 67, depending on the year of their birth, with *unreduced* benefits. See the following table:

Social Security Retirement

Full Retirement Age for Retired Worker & Spouse Benefits	Year of Birth
65	Before 1938
65 and 2 months	1938
65 and 4 months	1939
65 and 6 months	1940
65 and 8 months	1941
65 and 10 months	1942
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

Prior to 1983, all workers covered by Social Security could retire with unreduced benefits at age 65, but Congress mandated a gradual increase in the *Full Retirement Age* to age 67 in order to reduce the cost of Social Security benefits and in recognition of the increasing ability of older Americans to productively work past age 65.

Although the Full Retirement Age is greater for all workers born after 1937 than for those born in 1937 or earlier, such workers will still be able to retire with reduced benefits at age 62.

16 *How much in benefits can be expected from Social Security?*

The amount of Social Security benefits, Primary Insurance Amount (PIA) is based on the worker's date of birth, the type of benefit applied for and, most importantly, the worker's lifetime earnings.

The Social Security Administration also mails paper statements to workers age 60 and older three months before their birthday if they don't receive Social Security benefits and don't yet have a "My Social Security" account. Workers who don't want to wait for their scheduled mailing can request their Social Security Statement either online, by calling 1-800-772-1213 or by writing the SSA, Wilkes Barre Data Operations Center, P.O. Box 7004, Wilkes Barr, PA 18767-7004. The Statement will arrive by mail in four to six weeks. **To estimate your Social Security Annuity go to: www.SSA.gov/planners/calculators.**

17 ***By how much is a worker's retirement benefit reduced if the worker retires before the Full Retirement Age (FRA)?***

If benefits are started early, they are reduced five-ninths of one percent for each full month before the worker's "full" retirement age. For example, if your full retirement age is 65 and you sign up for Social Security when you're 64, you will receive 93⅓ percent of your full benefit. At age 62, you would get 80 percent. (Note: the reduction will be greater in future years as the full retirement age increases.)

18 ***Does a worker lose retirement benefits by retiring early?***

No. On average, the reduction in benefits suffered by workers who retire early is set so that over their life expectancy they receive the same amount of money they would have received if they had retired at their Full Retirement Age with unreduced benefits. Thus, the reduction in monthly benefits associated with early retirement will, on average, offset the increase in benefits associated with a longer period of retirement.

19 ***By how much is a worker's retirement benefit increased if the worker retires after his or her Full Retirement Age or FRA?***

The extra income usually will increase "average" earnings, and the higher the average earnings, the higher the Social Security benefit will be.

Also, a special credit is given to those who delay retirement. This credit, which is a percentage added to the Social Security benefit, varies depending on the worker's date of birth.

20 ***How much is a retired worker's spouse eligible to receive on the basis of the worker's Social Security retirement benefit?***

A spouse who first becomes entitled to benefits at or after the FRA may receive an amount equal to 50% of the worker's PIA. At age 62, a spouse may receive permanently reduced benefits. As the FRA increases from age 65 to 67, the percentage of the worker's PIA payable to the spouse at age 62 gradually decreases from 37½ to 32½%. This reduction does not affect the amount of any future widow(er) benefits.

If the spouse is also insured for a retirement benefit, that benefit will be paid, plus a spouse's benefit *limited* to the excess (if any) by which 50% of the worker's PIA exceeds her or his own PIA. This excess is reduced if the spouse's benefit starts before the FRA. This spouse's benefit is then added to her or his own retirement benefit. This is done automatically by Social Security and is not a matter of choice when reduced benefits are claimed.

21 ***What requirements must be met by a retired worker's dependent children in order to receive benefits?***

An eligible child must be unmarried and:

- under age 18; or
- up to 19, if in high school; or
- any age, if disabled before 22

22 ***How much are a Social Security retiree's dependents eligible to receive on the basis of the retiree's Social Security retirement benefit?***

Dependents of a retired worker receiving Social Security retirement benefits may *each* qualify for Social Security dependent benefits worth 50 percent of the retiree's PIA. However, dependent benefits may be limited by the overall maximum amount a family may receive from Social Security.

The Windfall Elimination Provision

23 ***What is Social Security's Windfall Elimination Provision (WEP)?***

The Windfall Elimination Provision (WEP) is a revision to the Social Security law that was enacted in 1983 as part of major amendments designed to shore up the financing of the Social Security program. It reduces the Social Security benefit of most retirees who have earned Social Security through employment covered by Social Security and also receive a pension based on other employment that was not covered by Social Security, such as work under the Civil Service Retirement System (CSRS). Thus, most Letter Carriers hired in career Postal positions prior to 1984, and who retire under the CSRS, who also had other jobs in which they did pay into Social Security, are penalized with reduced Social Security benefits.

The WEP does not apply to the vast majority of FERS retirees, who are covered by, and pay into, Social Security as a component of their FERS retirement. The WEP does apply to the small group of postal and federal employees who were covered under CSRS and voluntarily switched to FERS, because their pensions are hybrid CSRS-FERS pensions.

24 ***Are FERS employees affected by the Windfall Elimination Provision (WEP) rule?***

Generally, no.

However, employees who voluntarily transferred into FERS after more than 5 years under CSRS or who were employed under CSRS for more than five years, separated for more than one year and were subsequently placed under FERS upon their return to government service, *may* be affected by the WEP rule, particularly if they had limited experience in Social Security covered employment prior to joining FERS.

The rule applies to such persons because their government annuities are based in part on their CSRS service. That is, they receive CSRS annuity benefits in addition to FERS annuity benefits (see question 156). The WEP rule applies to anyone who receives *any* CSRS benefits.

25 *How does the Windfall Elimination Provision rule work?*

The WEP provision triggers the use of a less generous Social Security formula for the recipients of CSRS benefits who do not have *"substantial" earnings in at least thirty (30) years of Social Security employment.* Specifically, the percentage used in the first tier of the Social Security calculation, normally 90 percent, is reduced to between 40 and 85 percent—depending on how many years workers earned "substantial" wages in Social Security-covered employment.

26 *How does Social Security determine the number of years a worker earned "substantial earnings" for purposes of the Windfall Elimination Provision rule?*

If the WEP is applicable, the 90% factor in the PIA formula is reduced to 40%. However, for people attaining age 62 in 1990 or later who have more than 20 years of substantial earnings covered by Social Security, the 40% factor is increased. It is 45% if you have 21 years of substantial covered earnings, 50% if 22 years and so on, until reaching 90% with 30 years. The following table lists the substantial earning thresholds.

A "guarantee" protects workers with small pensions. The reduction cannot exceed one-half of that part of the pension based on non-covered earnings after 1956.

If you will get a pension based on non-covered employment, you may receive an overstated benefit estimate from Social Security because the pension is not considered for the estimate.

Year	Substantial Earnings
1951-1954	$900
1955-1958	1,050
1959-1965	1,200
1966-1967	1,650
1968-1971	1,950
1972	2,250
1973	2,700
1974	3,300
1975	3,525
1976	3,825
1977	4,125
1978	4,425
1979	4,725
1980	5,100
1981	5,550
1982	6,075
1983	6,675
1984	7,050
1985	7,425
1986	7,875
1987	8,175
1988	8,400
1989	8,925
1990	9,525

Year	Substantial Earnings
1991	9,900
1992	10,350
1993	10,725
1994	11,250
1995	11,325
1996	11,625
1997	12,150
1998	12,675
1999	13,425
2000	14,175
2001	14,925
2002	15,750
2003	16,125
2004	16,275
2005	16,725
2006	17,475
2007	18,150
2008	18,975
2009-2011	19,800
2012	20,475
2013	21,075
2014	21,750
2015-2016	22,050
2017	23,625

• Note that for the years 1937 through 1950 total Social Security earnings may be added together and divided by $900 to determine the number of years of substantial earnings.

• Employees may obtain a history of their earnings under Social Security from the Social Security Administration by filing Form SSA-7004.

27 ***How is the PIA formula adjusted for affected retirees who have fewer than 30 years of substantial earnings in Social Security employment and who are therefore subject to the Windfall Elimination Provision rule?***

The percentage used in the first tier of the PIA calculation will be reduced from 90 percent to between 85 percent and 40 percent depending on the number of years the retiree earned substantial wages in Social Security employment:

PIA Reduction Schedule

Years of Substantial Social Security Earnings	Percentage Used in 1st Tier of PIA Calculation
30 or more	90% (No reduction)
29	85%
28	80%
27	75%
26	70%
25	65%
24	60%
23	55%
22	50%
21	45%
20 or fewer	40%

The Government Pension Offset Rule For Federal/Postal Employees

28 ***Are the Social Security benefits received by a federal or postal employee on the basis of his/her spouse's Social Security work record reduced by the Government Pension Offset rule that affects CSRS benefits?***

Not if the employee worked under FERS for at least five years.

29 ***How does the Government Pension Offset rule affect a postal employee who retires under FERS with less than five years of FERS employment?***

Any Social Security spousal benefit received by the retired postal employee on the basis of his or her spouse's Social Security work record will be reduced by two dollars for every three dollars in annuity received for service under CSRS.

Social Security Disability Benefits

30 ***What is the definition of disability under Social Security?***

A person is considered disabled for purposes of Social Security when he or she has a severe physical or mental impairment or combination of impairments that will prevent him or her from working for a year or more or that may result in earlier death.

31 ***Does a worker with an impairment that prevents him or her from performing his or her job or a job in his or her career field qualify for Social Security disability benefits?***

Not necessarily. Strictly speaking, in order to qualify for Social Security disability benefits, a person must be so disabled that he or she cannot perform any gainful work, not just the type of work performed prior to the onset of the disability.

32 ***Does a worker who becomes disabled after age 65 receive disability benefits or retirement benefits from Social Security?***

Retirement benefits, provided the worker has enough *credits of coverage* under Social Security to qualify for retirement benefits.

33 ***How is the amount of a disabled worker's monthly Social Security benefit determined?***

Like Social Security retirement benefits, Social Security disability benefits are based on a worker's lifetime average earnings covered by Social Security.

34 ***Are members of a disabled worker's family eligible to receive Social Security benefits on the basis of the worker's Social Security disability benefit?***

Yes, in certain circumstances. The following family members may receive a Social Security benefit on the basis of the worker's Social Security disability benefit:

- The worker's unmarried children under the age of 18 (or under 19 if they are still in high school full time) or age 18 or older if disabled before age 22;
- The worker's spouse at any age if he or she is caring for the worker's child who is either under 16 or disabled and also receiving Social Security benefits; and
- The worker's spouse if he or she is aged 62 or older (unless he or she collects a higher Social Security benefit on his or her own record).

35 ***Can a disabled worker receive other types of benefits in addition to those available from Social Security?***

A disabled worker who is qualified for Social Security disability benefits as determined by the Social Security Administration may also be qualified for other disability benefits, such as FERS disability benefits, as determined by OPM, or OWCP benefits, as determined by the Department of Labor, Office of Workers' Compensation Programs.

In some such cases, the worker may be entitled to both benefits simultaneously; in other cases, the worker must choose which benefit to receive; and in still other cases, one or the other benefit may be offset.

36 ***Are a worker's Social Security disability benefits reduced if he or she also receives disability benefits from other sources?***

Social Security disability benefits may be reduced if a disabled worker receives worker's compensation or certain other government disability benefits. Or, the Social Security benefits may reduce the disabled worker's other disability payments. Total combined payments to a disabled worker and his or her family from Social Security or other programs generally cannot exceed 80 percent of the worker's recent earnings in Social Security-covered employment before becoming disabled.

37 ***When do disability payments begin?***

Monthly benefits for a disabled worker generally start with the 6th full month of disability.

38 ***Are worker's receiving Social Security disability payments subject to reviews of their medical condition?***

Yes. Disability benefit recipients are required to submit new medical evidence of disability from time to time and are occasionally required to undergo special medical examinations at the expense of the Social Security Administration.

39 ***Is a worker who is disabled under Social Security eligible for Medicare benefits?***

Yes, after he or she has been receiving Social Security disability benefits for 24 months.

Social Security Survivor And Death Benefits

40 ***What type of Social Security benefits can a worker's family expect if he or she dies before retirement?***

Social Security pays two types of benefits if the worker had earned enough credits while working. First, a lump-sum payment is payable to the worker's surviving spouse or child. Second, monthly survivor benefits are payable to eligible members of the deceased worker's family.

41 ***How much is the Social Security lump-sum death payment and to whom is it payable?***

A one-time lump-sum payment worth $255 may be payable either to the worker's surviving spouse or one of the worker's surviving children.

42 ***Who can receive monthly survivor benefits if a worker covered by Social Security dies and had earned enough credits while working?***

Family members who can collect benefits include:

- a widow or widower who is 60 or older;

- a widow or widower who is 50 or older and disabled;
- a widow or widower at any age if she or he is caring for a child under age 16 or a disabled child who is receiving Social Security benefits;
- children if they are unmarried and

—under age 18;

—under age 19 but in an elementary or secondary school as a full time student; or

—age 18 or older and severely disabled (the disability must have started before age 22); and

- parents, age 62 or over, if they were dependent on the worker for at least half of their support.

If the worker is divorced, his or her ex-spouse will be eligible for benefits on the worker's record when he or she dies. In order to qualify, the ex-spouse must:

- be at least 60 years old (or 50 if disabled) and have been married to the worker for at least 10 years;
- be any age if caring for a child who is eligible for benefits on the worker's record;
- not be eligible for an equal or higher benefit on his or her own record; and
- not be currently married, unless the remarriage occurred after age 60—or 50 for disabled widows.

43 ***Are Social Security survivor benefits reduced if survivors receive similar benefits from FERS or other sources?***

No.

Here's An Important Point: If the ex-spouse receives benefits on the worker's account, it does not affect the amount of any benefits payable to other survivors.

44 ***How much do survivors receive in monthly benefits from Social Security after a worker dies?***

Survivors receive a percentage of the worker's basic Social Security benefit—usually in a range from 75 to 100 percent each. However, there is a limit to the amount of money that can be paid each month to a family. The limit varies, but is generally equal to about 150 to 180 percent of the deceased's benefit rate.

The following table shows some examples of surviving family members who may receive benefits based on the worker's Primary Insurance Amount (PIA). The table also shows the percentage of the worker's PIA payable to each member.

Who Receives Survivor Benefits

Benefits Paid To:	Percent of Your PIA Payable*:
Widow(er) at FRA**	100%
Widow(er) at age 60	71.5
Disabled widow(er) at age 50-59	71.5
Widow(er) under age 61 with eligible child who is under age 16 or disabled	75.0
Each eligible child	75.0

* Benefits may be limited by the family maximum.

** As the full retirement age (FRA) for workers rises, this age will rise too (but starting two years later); also, see the following discussion if the deceased worker received reduced retirement benefits.

Note

The earliest age for retirement is 62, but a widow(er) can receive survivor benefits at age 60. If there are eligible children, the widow(er) could receive benefits at any age. This can be a major financial windfall, particularly if the widow(er) did not work.

Working After Retirement Taxation And Cost-Of-Living Adjustments

45 ***Are a person's Social Security benefits reduced if he or she earns income from a job while receiving benefits?***

It depends on how much outside income is earned and the age of the recipient. In 2018:

• A Social Security recipient who is under full retirement age may earn up to $17,040 with no reduction in his or her benefits. Persons under full retirement age who earn more than this earnings limit, which is indexed and rises each year with inflation, will have their Social Security benefits reduced $1 for every $2 earned above the limit.

• There is no earnings limitation for recipients who have reached their full retirement age.

46 ***Are Social Security benefits subject to Federal income taxes?***

Although benefits are tax-free for most people, those with high total incomes must include up to 85% of their benefits as income for federal income tax purposes.

47 ***Are Social Security benefits subject to annual cost-of-living adjustments?***

Yes. Social Security benefits are automatically increased in December to reflect changes in the cost of living. COLA for 2018 is 2.0%.

Applying For Social Security Benefits

48 ***How does a retiring or disabled worker or the survivors of a deceased worker begin receiving Social Security benefits?***

An application may be filed with any Social Security Administration office. However, an applicant might start with a telephone call to Social Security's national toll free number, 800-772-1213 since most applications can be taken by phone.

49 ***When should an application be made for Social Security retirement benefits?***

When applying for retirement, the applicant should contact Social Security in January before he or she plans to retire, but not earlier than three months before reaching age 62.

50 ***When should an application be made for Social Security survivor or disability benefits?***

The application should be made immediately.

51 ***What proof of eligibility does a person need to apply for Social Security retirement benefits?***

The following materials may be required:

• The worker's Social Security card;

• Proof of the worker's age (e.g., certified copy of birth certificate);

• A marriage certificate if one is applying for spousal benefits; also, have spouse's SSN and date of birth;

• Children's birth certificates if one is applying for dependent benefits;

• The worker's most recent W-2 form, or tax return if self-employed; and

• Military discharge papers if the worker had military service.

This is only a partial list to help the applicant get prepared. The applicant will be advised if other documents are needed.

52 ***What documentation does a person need when applying for Social Security disability benefits?***

• The names, addresses and telephone numbers of the doctors, hospitals or clinics which provided the worker treatment for the disability;

• Names of all medications being taken;

• Medical records;

• Laboratory and test results; and

• A summary of where the applicant worked and the kind of work performed.

53 ***What documentation does a person need to apply for Social Security survivor benefits?***

The following materials may be required:

• Proof of former worker's death;

• Original or certified copy of marriage certificate if one is applying for widow's or widower's benefits;

• Original or certified copy of birth certificates of the worker's children if one is applying for children's survivor benefits; and

• Proof that children or dependent parents were receiving at least half their support from the deceased worker.

Applicant will be advised of any other needed documentation.

Part II: FERS Basic Benefit Plan

General Information About The FERS Basic Benefit Plan (BBP)

54 ***What types of benefits does the FERS BBP provide?***

The FERS BBP provides retirement, disability and survivor annuities to supplement similar benefits provided by Social Security.

55 ***How long does an employee have to work to become "vested" under the FERS BBP?***

An employee must have 5 years of creditable service to be eligible for retirement benefits and 18 months of creditable service to be eligible for disability and survivor benefits.

56 ***Is participation in FERS optional?***

For those first hired on or after January 1, 1984, coverage by FERS is automatic and participation is required. Employees hired before 1984 are generally covered by the Civil Service Retirement System, though some CSRS employees transferred to FERS during special transfer periods.

Financing The FERS Basic Benefit Plan

57 ***How is the FERS BBP funded?***

The FERS BBP is funded completely by employee and employer (i.e., the USPS and other federal agencies) payroll contributions. Employee contributions are deducted from paychecks each pay period.

58 ***How much does an employee pay for FERS retirement benefits?***

FERS employees contribute 0.8 percent of their basic pay for FERS basic benefits. Employees hired on or after January 1,2013 pay a new contribution rate of 3.1% for FERS basic benefits. Those hired on or after January 1, 2014 pay a new contribution rate of 4.4%

59 ***Do FERS employees contribute to the BBP in addition to Social Security?***

Yes. FERS was planned so that an employee's annuity plan contribution rate, when added to the contribution rate for OASDI, (Old-Age, Survivors, and Disability Insurance program, usually known as Social Security), approximates the contribution rate CSRS participants pay. However, laws passed in 2012 and 2013 dramatically increased the amount that newly hired career employees (starting in 2013) contribute, without any increase in benefits.

60 ***Does the Postal Service contribute towards FERS employees' retirement benefits?***

Yes.

61 ***How are FERS contributions invested?***

Employer and employee contributions for FERS benefits are held in the Civil Service Retirement Fund, the government account held by the U.S. Treasury that finances both FERS and CSRS, and are invested in U.S. Treasury securities.

Crediting Of Civilian Service

62 ***How is civilian service under CSRS treated for employees who retire under FERS?***

Employees with prior CSRS service that was not converted into FERS service at the time they transferred into FERS (voluntarily or otherwise) will receive credit for such service for the purposes of retirement eligibility under FERS, but annuity benefits for such service are determined by CSRS rules.

63 ***Is credit for FERS benefits given for service with state and municipal governments?***

No, except for service performed by certain employees of the government of the District of Columbia.

64 ***Is credit for FERS benefits given for periods of leave without pay?***

Credit is given for up to six months of leave without pay in any calendar year. No deposit is required. If an employee is receiving benefits from the Office of Workers' Compensation Programs, credit is generally given for the entire period of compensation if he or she is carried on the agency rolls in a leave without pay status.

65 ***Do FERS employees get service credit for unused sick leave under FERS?***

FERS employees receive full credit for unused sick leave. The applicable public law, 111-84, made this effective January 1, 2014. See chart on the next page for converting unused sick leave into increased service time credit for higher annuity. Note that credit for unused sick leave does not count toward retirement eligibility. Service credit for unused sick leave is only used in the FERS basic benefit calculation. Credit for unused sick leave is not included in the FERS annuity supplement calculation. Days of unused sick leave are used only to determine the number of years and months of service for annuity computation purposes; they cannot be used to compute the employee's high-3 average salary or to meet the minimum length of service required for retirement eligibility.

66 ***Can FERS employees withdraw their retirement contributions to the FERS Basic Benefit Plan if they separate from government service?***

Yes. FERS employees are entitled to receive a refund of their contributions to FERS, plus interest, if the employee has more than one year of service. But they will no longer be able to draw a pension.

67 ***Can separated FERS employees who return to federal service redeposit previously withdrawn FERS contributions to get credit for prior service under FERS?***

Public Law 111-84 allows FERS employees who leave government service and receive a refund of retirement contributions to be able to redeposit those funds plus interest back into the retirement fund upon reemployment.

Crediting Of Military Service

68 ***What does the term military service cover?***

Time spent in service to the Army, Navy, Air Force, Marines, Coast Guard, Regular or Reserve Corps of Public Health Service after June 30, 1960, or Commissioned Officers of National Oceanic & Atmospheric Administration after June 30, 1961.

69 ***Is past military service creditable under FERS?***

Employees covered by FERS may receive credit for military service, provided it was active service and was terminated under honorable conditions.

However, in order to get credit, employees are required to contribute three percent of their post-1956 military pay to FERS. No interest on this contribution or deposit is required if it is made within two years of the employee's beginning date of Federal service. FERS employees who transferred to FERS from CSRS are required to pay seven percent of their military pay, plus interest, to receive

Sick Leave Conversion Chart

No of Day	1 Day & Up	1 Mo. & Up	2 Mo. & Up	3 Mo. & Up	4 Mo. & Up	5 Mo. & Up	6 Mo. & Up	7 Mo. & Up	8 Mo. & Up	9 Mo. & Up	10 Mo. & Up	11 Mo. & Up
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	41	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	70	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	93	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	99	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	122	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	128	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	139	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	146	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	151	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	157	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

How to use this chart—To find the increased service time credit for unused sick leave, use the following formula. Find the number of hours of unused sick leave. In the horizontal column you will find the number of months and in the vertical column the remaining number of days. For example, 441 hours equals 2 months and 16 days. Another example: 1455 hours equals 8 months and 11 days.

retirement credit for post-1956 service. Such credit will be applied to the CSRS portion of their annuities.

70 ***Is past military service creditable under FERS if an employee receives military retired pay?***

No FERS credit is given to an employee for service for which he or she receives military retired pay unless the retired pay is awarded:

• in connection with a service-related disability incurred in combat with an enemy of the United States; or

• in connection with a service-related disability caused by an instrumentality of war and incurred in the line of duty during a period of war; or

• under the provisions of Chapter 12731, Title 10 U.S.C. (which concerns retirement from reserve branches of the Armed Forces).

An employee who is receiving military retired pay which bars credit under FERS (or CSRS) for military service may elect to waive the military retired pay in order to have the military service added to his or her civilian service for the purposes of computing annuity benefits.

71 ***Can an employee collect military retired pay and FERS annuity benefits at the same time?***

Yes.

Types of FERS Retirement Benefits

72 ***How many types of retirement benefits are there under FERS?***

There are eight different types of FERS retirement benefits. After a full career, most employees think of **Immediate Retirement**, also called voluntary retirement that begins within 30 days after your separation. Eligibility is based on your age and the number of years of creditable service; see Q76-83.

If you retire voluntarily on an immediate annuity which is not reduced for age, you may be eligible for the **annuity supplement**, in addition to your regular monthly FERS benefit; see Q84.

73 ***What benefits do the other types of FERS retirement pay?***

Early retirement, also known as **MRA+10 Retirement** is a reduced annuity. You can retire at the Minimum Retirement Age (MRA) if you have 10 or more years of service, but your annuity will be permanently reduced for each month that you are under age 62 at the time benefits start. Early MRA+10 retirements only pay the FERS basic annuity. The annuity supplement is not payable.

Deferred Retirement, also called **postponed retirement**, is an option for separating employees with at least 5 years of creditable service who either: 1. Are not immediately eligible to retire because they have not reached MRA or 2. Are eligible to retire immediately but delay retirement in order to reduce or avoid the reduction for age; see Q92-96.

Deferred retirements only pay the FERS basic annuity. The annuity supplement is not payable.

Disability Retirement is an option for employees who become disabled for useful and efficient service in their current position. The calculation is done differently than for the other types of FERS retirement and is explained in Q137. Furthermore, FERS Disability Retirements are recalculated at age 62; read Q129-146.

Disability retirements do not include the annuity supplement.

Early Optional Retirement, also known as an "Early Out" has to be offered by the agency. If the Postal Service seeks and obtains approval to permit early optional retirements, eligible employees will be notified of the opportunity to retire voluntarily.

Discontinued Service Retirement because of an involuntary separation is permitted when a separation is against the will and without the consent of the employee, other than for cause on charges of misconduct or delinquency. The most common cause of an involuntary separation is a reduction in force, or "RIF".

Phased Retirement allows full-time employees to work part-time schedules while beginning to draw retirement benefits. Phased retirement was introduced in 2014 for implementation by some government agencies, but has not yet been offered to U.S. Postal Service employees.

Alternative Annuity, also called **Alternative Form of Annuity (AFA)** is an option for employees eligible for a non-disability annuity who have a life-threatening affliction or other critical medical condition. Annuitants receive a lump sum payment of their retirement contributions in addition to a reduced annuity.

74 ***Must an employee apply for retirement benefits?***

Yes. An application (Standard Form 3107) must be completed to receive any retirement benefits.

75 ***Must an application for optional retirement be made before an employee separates from service?***

No. However, it is advisable to apply about 6 weeks in advance of the scheduled separation date. This will help expedite documentation to OPM.

IMMEDIATE RETIREMENT

76 ***When is an employee eligible for immediate retirement (with unreduced benefits) under FERS?***

FERS employees can retire when they reach their so-called *Minimum Retirement Age* (MRA), provided they meet certain service requirements. The MRA falls between 55 and 57, depending upon the employee's year of birth. Employees are eligible for immediate retirement with unreduced benefits if they are:

- age 62 with 5 years of creditable service; or
- age 60 with 20 years of creditable service; or
- at their Minimum Retirement Age (age 55 to 57) with 30 years of service.

Only in certain involuntary separation cases and in cases of voluntary separations during a major reorganization or reduction in force can FERS employees also retire on an immediate annuity with unreduced benefits at age 50 with 20 years of creditable service or at any age with 25 years of creditable service. However, for that to be possible, the agency must be offering an early-out, or undergoing a major reorganization or reduction-in-force.

77 ***How does a FERS employee know his or her Minimum Retirement Age (MRA)?***

An employee's MRA depends on the year he or she is born:

FERS Minimum Retirement Age (MRA)

Year of birth	MRA
Pre- 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
1953-64	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
Post-1969	57

78 ***How is the amount of an employee's FERS annuity determined?***

The amount depends on an employee's length of service and his or her "high-3" average salary.

79 ***How is an employee's length of service computed?***

Length of service for annuity computation purposes is based on whole months (30 days). To determine the total length of service for annuity computation purposes, add all creditable civilian and military service and the period represented by the unused sick leave; then eliminate any fractional part of a month. Note that unused sick leave cannot be used to meet the minimum length of service requirement for retirement eligibility.

80 ***How is an employee's "high-3" average salary computed?***

The "high-3" average salary is the highest salary obtainable by averaging the rates of *basic* pay in effect during any three consecutive years of service.

Note that basic pay does not include unrolled-in COLA or any premium pay. Also note that, for the purposes of computing an employee's "high-3," a year does not have to be a calendar year (i.e., from January 1 to December 31).

81 ***What is the formula for calculating a FERS retirement annuity?***

For employees who retire before age 62, the annual annuity for FERS-covered service is calculated by multiplying the number of years of service under FERS times one percent times the average of the employee's highest three consecutive years of basic pay, the employee's so-called "high-3" average.

For employees who retire at age 62 or older with at least 20 years of service, the benefit is 1.1 percent times the employee's years of service under FERS times the employee's "high-3" average salary.

82 ***When does the annuity begin in cases of immediate retirement?***

An employee can choose to retire on any day of the month, but whichever day they pick, the annuity will begin on the first day of the month following retirement. Therefore, if an employee retires on the last day of a month, their annuity commences the following day.

83 ***Can an employee who resigns or is separated for cause apply for immediate retirement and receive annuity benefits?***

Yes, provided the individual meets the age and service eligibility requirements under FERS and has not violated certain national security laws.

SUPPLEMENTAL BENEFIT

84 ***What is the FERS annuity supplement?***

FERS annuity benefits are designed to supplement Social Security retirement benefits. However, FERS annuitants are not eligible to receive Social Security benefits until they reach age 62. In order to compensate annuitants who are less than 62 years old for their inability to collect Social Security benefits, the FERS Basic Benefit Plan provides a temporary annuity supplement to FERS employees who retire with unreduced annuity benefits. Deferred, disability and early MRA+10 retirees are not eligible for the supplement.

The FERS annuity supplement is designed to approximate the monthly retirement benefit employees will receive from Social Security at age 62 for their years of service under FERS. The annuity supplement, which is subject to the Social Security earnings test, is payable until age 62, at which time Social Security retirement benefits may begin.

85 ***Who is eligible for the FERS annuity supplement?***

Employees who retire voluntarily under FERS on an immediate (not deferred) annuity which is not reduced for age (as is an MRA+10 retirement). FERS employees may also be eligible for the supplemental annuity once they reach their minimum retirement age (MRA) if they retired involuntarily or voluntarily because of a major reorganization or reduction in force.

Those retiring on disability, deferred retirement or an immediate MRA + 10 benefit are not eligible for the supplement.

86 ***How is the amount of the FERS annuity supplement calculated?***

The supplement is computed as if the retiring employee were age 62 and fully insured for a Social Security benefit when the supplement begins. By law, the U.S. Office of Personnel Management (OPM) first estimates what the employee's full career (40 years) Social Security benefit would be. Then OPM calculates the amount of his or her civilian service under FERS (which does not include military time, even if deposit was made) and reduces the estimated full career Social Security benefit accordingly. For example, if the employee's estimated full career Social Security benefit would be $1,000 and he or she worked 30 years under FERS, OPM would divide 30 by 40 (.75) and multiply ($1,000 X .75 = $750). The result would be the retiring employee's special retirement supplement, prior to any reductions.

87 ***Is the FERS annuity supplement subject to the Social Security earnings test?***

Yes. The supplemental benefit, like the Social Security benefit it is designed to approximate, is subject to the Social Security earnings test. The supplement is reduced by $1 for every $2 it exceeds the earnings limit ($17,040 in 2018) imposed on Social Security recipients who are under the full retirement age. OPM will furnish instructions on how to report earnings when it is required.

EARLY RETIREMENT WITH REDUCED BENEFITS

88 ***When can an employee elect early retirement (with reduced benefits) under FERS?***

An employee may retire with reduced benefits if he or she has reached their MRA and have at least 10 years of creditable service.

89 ***How is an employee's FERS annuity calculated if he or she elects early retirement with reduced benefits?***

First, the employee's annuity is calculated using the same formula used for employees who apply for immediate retirement with full benefits—i.e., 1 percent times the number of years of FERS service times the employee's "high-3" average salary (see question 80).

Second, the annuity amount calculated above is reduced by a percentage that varies with the employee's age at the time he or she applies for early retirement. Specifically, the reduction is equal to 5 percent for each year (or 5/12 of one percent for each month) the employee is under the age of 62 at the time of retirement. The reduction is permanent and does not stop when the retiree reaches age 62.

For example, consider the case of a FERS employee with 10 years of service and a high-3 average salary of $50,000 who elects early retirement on the day she turns 58 years old. If she were eligible for immediate retirement (with full benefits), she would receive an annuity of $5,000 per year (1 percent times 10 years of FERS service times her "high-3" of $50,000). However, because she has elected to retire early, she would face a 20 percent (5 percent times the 4 years she is short of age 62) or $1,000 reduction in her annuity. Thus, her FERS annuity would be reduced to $4,000 per year.

90 ***Does the reduction in annuity benefits associated with early retirement become smaller as the annuitant approaches the age of 62?***

No.

91 ***Is the reduction in annuity benefits associated with early retirement permanent?***

Yes.

DEFERRED RETIREMENT

92 ***When can an employee retire from the Postal Service with deferred retirement benefits under FERS?***

An employee may separate from the Postal Service at any age and defer retirement benefits if he or she has at least five years of creditable service.

93 ***Can employees who receive refunds of their contributions to FERS still collect deferred retirement benefits based on the Postal Service's contributions toward their FERS retirement benefits?***

No. Deferred benefits can only be collected if employees keep their career FERS contributions in the Civil Service Retirement Fund.

94 ***When can an employee who elects deferred retirement begin receiving annuity benefits?***

It depends on how much service credit he or she has. If an employee has 5 years of credit, for example, he could begin receiving FERS annuity benefits effective the first day of the month after turning 62 years old. With 20 years, the employee could begin receiving deferred benefits at age 60. In general, employees can begin receiving deferred benefits when they reach the minimum age at which they could apply for immediate retirement if they were still active.

95 ***Are annuity benefits reduced in any way if an employee elects deferred retirement?***

It depends.
1) If you separated from federal service before reaching the MRA with at least 5 but fewer than 10 years of service, you will have to wait until age 62. You will receive unreduced benefits.
2) If you separated from federal service before reaching MRA with at least 20 years of service you will receive unreduced benefits only if you wait until age 60. If you retire between MRA and age 60 your benefits will be reduced for age (see Q89).

If you separated before reaching MRA with at least 30 years of service you will receive unreduced benefits if you retire at MRA.

3) If you separated from federal service before reaching MRA with at least 10 but less than 20 years of service, and postpone the commencing date of your annuity to be between MRA-age 62, your annuity will be reduced for age (see Q89).

4) If you separated from federal service at age 60 with at least 20 years of service your annuity will not be reduced, and you are eligible to reenroll in the FEHB and the FEGLI if you participated in the program for the 5 years of service immediately before you separated from federal service or continually from your earliest opportunity.

5) If you separated from federal service after reaching the MRA with at least 10 years of service, but postponed the commencing date of your annuity to reduce or avoid the age reduction, you might still see your annuity reduced for age, but you are eligible to reenroll in the FEHB and the FEGLI if you participated in the program for the 5 years of service immediately before you separated from federal service or continually from your earliest opportunity.

If you separated from federal service with at least 10 years of service before reaching the MRA or if you separated with at least 5 but less than 10 years of service and are now applying for a deferred annuity, you are not eligible to continue any FEHB or FEGLI coverage you had while employed.

96 ***Is an employee eligible for a deferred annuity regardless of the reason for his or her separation?***

Yes. Providing the employee leaves his or her FERS contributions in the Civil Service Retirement Fund and does not commit a crime harmful to national security.

97 ***What conditions must a deceased employee have met to permit the payment of FERS survivor benefits to his or her family?***

The deceased employee must have had at least 18 months of creditable civilian service under FERS (or CSRS) and have held a position covered by FERS at the time of death.

If an employee does not have 18 months of service and dies, his spouse, survivors or estate is entitled to a lump-sum payment equal to the amount paid into the Civil Service Retirement Fund by the employee plus applicable interest, if any.

98 ***Who can collect a deceased employee's survivor benefits?***

FERS survivor benefits may be payable to a surviving spouse or to a former spouse.

In addition, natural and adopted children as well as step children who lived with the employee in a "regular parent-child relationship" prior to the death of the employee, may be eligible to receive FERS survivor benefits.

99 ***What eligibility requirements must a surviving spouse meet to qualify for FERS survivor benefits?***

Widow/widowers must have been married to the deceased employee for at least 9 months immediately prior to the employee's death *or,* if married less than nine months, must be the parent of a child of the deceased employee. However, if the death resulted from an accident, these requirements are waived.

100 ***What eligibility requirements must a former spouse meet to qualify for FERS survivor benefits?***

A former spouse must have been married to the deceased employee for at least 9 months *and* have a court order or court-approved property settlement providing for the payment of survivor benefits.

The former employee could also have elected a survivor benefit for his/her former spouse with consent of current spouse if married at the time.

101 ***What conditions must a child of a deceased FERS employee meet to qualify for survivor benefits?***

He or she must be:

• Unmarried and under age 18; or

• Unmarried and over age 18, but incapable of self-support because of a physical or mental disability which began before age 18; or

• Unmarried and a full-time student between the ages of 18 and 22.

102 ***What survivor benefits do eligible spouses (or former spouses) of deceased employees receive under FERS?***

After 12/1/2016, eligible spouses (or former spouses) receive:

• A lump-sum payment of $32,423.56 (the figure is adjusted annually to keep up with inflation); plus

• A lump-sum payment of the *higher* of: ½ the deceased employee's annual basic salary or ½ the deceased employee's "high-3" average salary; plus

• Any Social Security and Thrift Savings Plan survivor benefits that may be payable.

In addition, if deceased employee had at least 10 years of creditable service, 18 months of which being civilian service, surviving spouse will also qualify for:

• A survivor annuity equal to 50 percent of the employee's accrued FERS annuity benefit.

103 ***When does the survivor annuity to a widow or widower of a deceased employee begin?***

It is effective the day after the employee's death.

104 ***How long may a widow or widower receive a survivor annuity?***

Until the end of the month before the one in which the widow or widower dies or is remarried. However, remarriage after age 55 does not terminate the widow or widower's annuity. For remarriages occurring after January 1, 1995, if the widow or widower remarries before age 55, and was married at least 30 years to the individual on whose service the survivor annuity is based, the survivor annuity will not be terminated.

105 ***What survivor benefits do eligible children of deceased employees or annuitants receive under FERS?***

Each eligible child, who has a surviving parent who was the spouse or former spouse of the deceased employee, will receive approximately $510 per month less any Social Security survivor benefits. Each eligible child who has no surviving parent or whose surviving parent was never married to the deceased employee will receive approximately $613 per month less any Social Security survivor benefits. These amounts are reduced proportionately if more than three children are eligible for survivor annuities. The amount of child benefits are periodically increased by cost-of-living adjustments.

106 ***Is a child's survivor annuity payable in addition to the widow's or widower's annuity?***

Yes.

107 ***How long can a surviving child receive FERS survivor benefits?***

The monthly survivor benefit to a child will terminate on the last day of the month before the child:

- Marries;
- Turns age 18, unless he or she is a full-time student;
- Turns age 22, even if he or she is a full-time student (except that a child whose 22nd birthday falls during the school year is considered not to have attained age 22 until July 1st);
- Is no longer either physically or mentally disabled.

108 ***When a child's annuity stops, is the widow or widower's annuity affected?***

No.

109 ***If a child lost their annuity because of marriage, can the benefit be restored if the marriage terminates?***

Yes. The annuity and health insurance coverage can resume upon the end of the child's marriage and can continue until age 22 for children who are not married and enrolled as students on a full-time basis. If a child is unmarried and incapable of self-support because of a disability which began before age 18, benefits can continue for life.

SURVIVOR BENEFITS—ANNUITANT DIES

110 ***Can an employee choose whether or not to provide a survivor annuity?***

Yes. However, a married employee is automatically provided the annuity with a spousal survivor benefit, unless the spouse waives his/her right to the survivor benefit.

111 ***With regards to survivor benefit election, what are the options?***

(1) An annuity with a survivor benefit to a spouse; (2) An annuity with a survivor benefit to a "named person having an insurable interest;" (3) An annuity without a survivor benefit; and (4) An annuity to provide a former spouse or combination current/former spouse survivor benefit.

112 ***How much is the reduction in the retired employee's annuity if he or she elects an annuity with a survivor benefit for his or her spouse?***

Ten (10) percent of unreduced annuity for full survivor benefit and 5 percent for a 25 percent survivor benefit.

113 ***How much does a surviving spouse of a deceased FERS annuitant receive in FERS survivor benefits?***

For the spouse of a deceased non-disability annuitant, the full FERS survivor annuity is 50 percent of the annuitant's annuity before it is reduced by the cost of the survivor benefit. The survivor annuity may be 25 percent of the annuitant's unreduced annuity if the spouse agreed to that election.

For the spouse of a deceased disability annuitant, the benefit is the same as above if the disability annuitant died after reaching age 62. If death occurs before age 62, the amount of the survivor annuity is 50 percent (or 25 percent, if the annuitant and spouse jointly elected a partial survivor benefit) of an earned annuity computation with the time base increased by the amount of time between retirement and the annuitant's 62nd birthday, and the average salary increased by the COLAs the annuitant received.

In addition, if the surviving spouse is ineligible to receive Social Security survivor benefits (see question 42), he or she may be eligible to receive a special supplemental annuity until the age of 60. The amount of the supplement is the *lesser* of:

- The portion of the Social Security survivor benefit payable to the surviving spouse at age 60 that is attributable to FERS service; or

- The difference between the survivor annuity payable by CSRS (55% of the deceased retiree's annuity) and the regular survivor annuity payable by FERS.

114 ***What is an annuity with a survivor benefit to a named person having an insurable interest?***

In this type of annuity, the retiring employee takes a reduction in his or her annuity and names a person who has an insurable interest in his or her life to receive a survivor annuity.

115 ***Who may elect an annuity with a survivor benefit to a named person having an insurable interest?***

Any employee who is in good health and not retiring for disability.

116 ***If an employee elects an annuity with a survivor benefit to a named person having an insurable interest, how much is the reduction in annuity?***

It depends on the difference in ages between the retiring employee and the person named as having an insurable interest. (See the table below.)

117 ***How much is the survivor annuity payable to a person having an insurable interest?***

The annuity for a named person with an insurable interest is 50% of the annuity paid to the retiring employee, *after* the "insurable interest" reduction.

118 ***Can an annuitant provide a survivor benefit to a spouse and a named person with an insurable interest at the same time?***

Yes. However, the annuitant's annuity will be reduced for the spousal benefit and up to 40 percent for the insurable interest benefit. (A spouse cannot receive both a spousal survivor benefit and an "insurable interest" survivor benefit.)

119 ***How does a retiring employee indicate the type of annuity he/she wishes to receive?***

The employee indicates the type of annuity desired on the application for retirement (Standard Form 3107).

Reduction in Annuity to Provide Survivor Benefit to a Named Person with an Insurable Interest

Age of person named in relation to that of retiring employee	Percent Reduction
Older, same age, or less than 5 years younger	10
5 but less than 10 years younger	15
10 but less than 15 years younger	20
15 but less than 20 years younger	25
20 but less than 25 years younger	30
25 but less than 30 years younger	35
30 or more years younger	40

120 ***Can a former spouse of a deceased annuitant collect a FERS survivor annuity?***

Yes, if provided for by a court order or if the employee designated the former spouse to receive a survivor benefit.

121 ***May an annuitant initiate or end reductions for a survivor benefit after his or her regular annuity payments begin?***

Yes, when the annuitant marries, divorces or remarries, or when a spouse for whom a survivor benefit is provided, predeceases the annuitant. An annuity election can also be changed if a new election is filed not later than 30 days after the date of the retiree's first regular monthly payment. After that 30-day period, but within 18 months from the beginning date of annuity, a retiree who was married at retirement can change his or her decision not to provide a survivor annuity or increase the survivor annuity to the maximum amount.

INFORMATION FOR ANNUITANTS ON MARRIAGE, DIVORCE, REMARRIAGE AND SPOUSAL DEATH

122 ***Can a single annuitant who marries after retirement elect to provide a survivor annuity for his or her spouse?***

Yes. An employee who was not married at the time of retirement and later marries, can request that his or her annuity be reduced to provide a survivor benefit to his or her spouse.

If the employee previously elected to provide a survivor annuity to a named person having an insurable interest, he or she may change the election to have the spouse covered by a survivor annuity. The survivor benefit for the named person with an insurable interest may be continued or dropped (see questions 114-118).

In either case, the change in the annuity election must be executed within 2 years of the marriage by writing to the U.S. Office of Personnel Management (see question 223 for instructions).

123 ***How are annuity benefits affected by an annuitant's divorce after retirement?***

If an annuitant's marriage ends in divorce or annulment, the amount of his or her annuity may be increased by the amount previously deducted for the survivor annuity, unless prohibited by a court order decree or court-approved agreement obtained by the annuitant's former spouse (see question 223 for instructions).

If the annuitant remarries, an election can be made to provide the new spouse a survivor benefit, unless prohibited by a court order decree or court-approved agreement obtained by the annuitant's former spouse.

124 ***How are an annuitant's benefits affected if the annuitant's spouse dies?***

The annuitant can have his or her annuity restored to the single-life rate by writing the U.S. Office of Personnel Management.

If the spouse predeceases the annuitant and that annuitant later remarries, his or her annuity will be actuarially reduced for all the months that the annuity was restored to full annuity in order to provide the new spouse a survivor benefit.

For example, consider the case of an employee who retired in 2000 and provided a survivor annuity for his wife Jane. She predeceased the annuitant and, after contacting the U.S. Office of Personnel Management, his annuity was restored to the single-life rate (eliminating the survivor annuity benefit). Ten years later the annuitant remarries and wants to cover his new wife, Mary, with a FERS survivor annuity. In order to do so, he must contact OPM in writing, within 2 years, to begin making current survivor deductions as well as the actuarial reduction to pay the cost of such survivor deductions over the period his annuity was restored to the single-life rate. This would include 10 years (plus 9 months, the initial period of time when his new wife is not eligible for coverage) of survivor deductions.

SURVIVOR BENEFITS— DEATH OF EMPLOYEE WITH DEFERRED ANNUITY

125 ***Can the spouse and children of a former employee who is entitled to a deferred retirement annuity collect survivor benefits if the former employee dies?***

Yes, provided the employee had at least 10 years of creditable civilian service.

Spouses who meet the marriage requirements will automatically receive survivor benefits, *unless:*

- The marriage took place after the employee left government service and no survivor benefit was selected; or
- The surviving spouse elects to receive the "unexpended" balance in the employee's FERS retirement account unless some other person is designated for the lump-sum credit.

Children of deceased former employees who were in receipt of deferred annuities also qualify for survivor benefits if they meet the eligibility requirements applied in cases where active employees die. No survivor annuity is payable to children of a former employee who dies before becoming an annuitant.

126 ***How much can the spouse of a deceased former employee who was entitled to a deferred annuity receive in FERS survivor benefits?***

If collected at the time the employee would have been eligible to begin receiving retirement benefits, the spouse is entitled to 50 percent of what the deceased former employee would have received. The survivor benefit is reduced if the survivor elects to receive the annuity beginning the day after death.

127 ***How much can the children of a deceased former employee who was entitled to a deferred annuity collect in FERS survivor benefits?***

Survivor benefits for children of a deferred retirement annuitant are calculated according to the same rules as survivor benefits for children of employees who die while still active in government service (see question 105).

How To Claim FERS Survivor Benefits

128 ***What should a survivor do if a FERS-covered former employee or FERS annuitant dies?***

Survivors must apply to receive benefits. They should also:

1) *Immediately Notify the U.S. Office of Personnel Management,* Retirement Operations Center, Boyers, Pennsylvania 16017. The NALC Retirement Department can help with this (202) 393-4695; OR notify OPM online at www.servicesonline.opm.gov/RSR/AnnuitantDeath, by phone 888-767-6738, or in writing. OPM will send the appropriate forms to apply for survivor benefits:

SF 3104—Application for Death Benefits (Survivor Annuity or Lump-Sum Payment).

FE 6— Claim for Death Benefits under the Federal Employees' Group Life Insurance Program. (FEGLI).

OPM will process the request as soon as possible, but be prepared to wait several weeks for forms to arrive. All methods of notification to OPM will require the following information: full name of the deceased, date of birth, date of death, Social Security number, CSA (claim) number, and the name and address of the person to whom OPM should send claim forms.

2) If annuity payments have been sent directly to a bank or other financial institution, promptly notify that institution of the annuitant's date of death. Ask that any payments received after the date of death be returned to the Treasury Department. *Return any uncashed annuity checks* to the return address shown on the Treasury Department's envelope in which the check was delivered.

Returning uncashed checks to the Treasury Department is necessary because government checks made payable to a deceased person cannot be legally negotiated by anyone, even the executor or administrator of the person's estate.

Any unpaid accrued annuity due to the deceased will be paid to the eligible survivor after the proper application has been processed.

3) Obtain certified copies of the death certificate to enclose with the application forms.

Completing an application (SF 3104) for survivor benefits is necessary so that OPM can authorize payment of all benefits to the eligible survivor(s).

Benefits may also include automatic continuation of health insurance coverage if the survivor: l) has been covered by the annuitant's enrollment in one of the government's health benefits plans (FEHBP), and 2) the survivor is eligible to receive a survivor annuity immediately after the death of the annuitant.

When applying for FEGLI life insurance benefits, there is no need for the eligible survivor to contact FEGLI. They can not settle a claim until a certification of the deceased annuitant or employee's insurance status is received from the employing agency/OPM.

FERS Disability Benefits

129 ***How much creditable civilian service must an employee have to be eligible to receive disability benefits under FERS?***

A FERS employee must have at least 18 months of service.

130 ***Under what conditions may an employee retire for disability under FERS?***

An employee must become totally disabled for useful and efficient service in the position held and must have completed at least 18 months of civilian service.

131 ***What constitutes total disability?***

The employee's inability, because of injury or illness, to satisfactorily perform the duties of the position held or the duties of a similar position. It need not be shown that the applicant is disabled for all kinds of work. The law (Section 8451(a)(2)(D) of 5 USC) states: "An employee of the United States Postal Service shall not be considered qualified for a position if such position is in a different craft or if reassignment to such position would be inconsistent with the terms of a collective bargaining agreement covering the employee."

132 ***Who determines whether an employee is totally disabled so as to qualify for an annuity?***

The U.S. Office of Personnel Management makes the determination.

133 ***Must the injury or illness be incurred while on duty?***

No. If it is incurred on the job, however, the employee could have a choice between annuity under FERS or benefits from the Department of Labor's Office of Workers' Compensation Programs, and the employee may choose whichever is to his/her advantage.

134 ***Who files the annuity application if an employee is mentally incompetent?***

The employee's guardian or other fiduciary.

135 ***May the USPS or other federal agency submit an application to have an employee retired for disability?***

Yes. If the agency believes that the employee is totally disabled for useful and efficient service in the position held.

136 ***When does a disability annuity begin?***

It begins on the day after separation or the day after the employee's pay status ends and the employee meets the disability and service requirements.

137 ***How are disability benefits computed under FERS for an individual under 62 and not entitled to an immediate voluntary retirement?***

During the first year of eligibility under FERS, the disabled annuitant receives the GREATER of earned annuity or 60% of his or her high-3 average salary minus 100% of any Social Security benefits. After the first year, he or she receives the GREATER of earned annuity or 40% of his or her high-3 average salary minus 60% of any Social Security payments.

138 ***Is the FERS disability annuity recalculated after the disabled employee reaches age 62?***

Yes. The disability annuity is recomputed at age 62 to an amount that represents the annuity the individual would have received if he or she had continued working until the day before his or her 62nd birthday and then retired under FERS non-disability provisions.

139 ***Are further medical examinations necessary after the employee is placed on the disability annuity rolls?***

Periodic examinations are required until the annuitant reaches age 60 or until it is found that the disability is of a permanent nature.

140 ***Must the annuitant pay for these medical examinations?***

Yes.

141 ***If a disability annuitant under age 60 recovers, what is his/her status?***

The annuity will be discontinued at the end of one year from date of the medical report showing recovery, or upon Federal reemployment, whichever comes first.

142 ***Is reinstatement in the federal service automatic upon recovery or restoration to earning capacity?***

No, the individual must locate a position on his or her own.

143 ***What happens to a disability annuitant whose earning capacity is restored?***

Even if the annuitant remains totally disabled, an annuitant whose earning capacity is restored before reaching age 60 will have his or her annuity discontinued. The annuity stops upon Federal reemployment or at the end of 6 months from the end of the calendar year in which earning capacity is restored, whichever comes first. (Annuity is not discontinued if the annuitant's earning capacity is restored after age 60.)

144 ***When is a disability annuitant's earning capacity considered restored?***

A disability annuitant's earning capacity is considered restored if, in one calendar year, the annuitant's income from wages or self employment (or both) is at least 80% of the current salary of the position from which the employee retired.

145 ***Is income from such sources as rents, dividends, Social Security, pensions, insurance policies, stocks or bonds considered in deciding whether a disability annuitant's earning capacity is restored?***

No. Only income from wages or self employment is considered income for earning capacity purposes.

146 ***If an annuitant who has recovered or whose earning capacity is restored is not reemployed in the government service, may the retiree receive a further annuity after the disability stops?***

Yes. The annuitant is considered involuntarily separated, and may be eligible to draw one of the following annuities:

• a deferred annuity, beginning when the annuitant reaches age 62;

• a discontinued service annuity, provided the annuitant is age 50 or older when the disability annuity stops and had at least 20 years of service (this annuity would begin immediately following the termination of the disability annuity); or

• a discontinued service annuity, provided the annuitant had at least 25 years of service regardless of age (this annuity would begin immediately following the termination of the disability annuity).

• a regular or early retirement (MRA +10) commencing the first day of the month after the disability annuity stops if age and service requirements are met.

COST-OF-LIVING ADJUSTMENTS

147 *Are FERS benefits subject to annual cost-of-living adjustments (COLAs)?*

It depends. COLAs are not payable to regular retirement annuitants, unless they are 62 years old or older. COLAs are payable to disability annuitants, regardless of their age, but generally only after one full year of disability. However, disability annuitants who are receiving 60 percent of their average salary do not receive COLAs. Survivor annuitants receive immediate COLAs.

148 *How are COLAs for FERS benefits calculated?*

FERS COLAs are based on the percentage increase in the average Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) during the third quarter of each year over the same average for the previous year. The actual COLA percentage depends on how much the CPI-W increases:

FERS COLA Formula

Increase in CPI-W	Annual COLA Percentage
2% and less	Same as CPI increase
2 to 3%	2%
3% or more	CPI increase minus 1%

149 *When do FERS COLAs take effect?*

COLAs take effect in December of each year and are reflected in annuity payments beginning in January.

150 *How is the COLA computed for recently retired employees?*

Employees must be retired for a full year in order to receive full COLAs. The COLA year runs from December 1 to November 30. Thus, employees who retire in the *year-to-date prior* to December 1 in any given year, receive the following percentages of that year's COLA:

COLAs for New FERS Annuitants

Month of Retirement	Proportion of COLA	Month of Retirement	Proportion of COLA
December (prior year)	FULL COLA	June	6/12
		July	5/12
January	11/12	August	4/12
February	10/12	September	3/12
March	9/12	October	2/12
April	8/12	November	1/12
May	7/12		

Rules for Employees With CSRS and FERS Credit

151 ***In what circumstances do employees covered by FERS also have credit for service under the Civil Service Retirement System?***

• he or she transferred to FERS with 5 or more years of CSRS service credit; those who transferred into FERS with fewer than 5 years of credit under CSRS had such credit converted into FERS service at the time of transfer.

• he or she separated from government service with service credit under CSRS, was rehired and exercised the option to transfer into FERS within months of being rehired; this option was given to rehired employees who separated for less than a year or, if separated for more than one year, had at least five years of CSRS credit.

152 ***How does CSRS credit affect a FERS employee's eligibility to retire?***

All service (CSRS and FERS) counts toward the number of years needed to be eligible for retirement, disability, and survivor benefits under FERS.

153 ***If a FERS employee with credit for civilian service under CSRS retires, how is his or her annuity benefit calculated?***

Regardless of the type of retirement (early, immediate or deferred), a portion of his or her annuity would be computed using the CSRS benefit formula and a portion would be computed using the FERS formula. Benefits for service under CSRS would be calculated using the CSRS formula while benefits for service under FERS would be calculated using the FERS formula. Both formulas would use the same "high-3" average basic salary.

The sum of the CSRS and FERS benefits would be reduced by 5 or 10 percent to provide a survivor annuity of 25 or 50 percent of the retiree's benefit.

154 ***If an employee eligible to receive a combined CSRS and FERS annuity elects early retirement, is the 5 percent reduction in annuity benefits for each year the employee is under age 62 applied only to the FERS portion of his or her annuity?***

No. Employees with a combined CSRS/FERS annuity who elect early retirement will have the age reduction applied to the sum of the CSRS and FERS benefits, not just to the FERS portion of their annuities.

155 ***How is credit for prior military service and unused sick leave treated for FERS employees with credit for CSRS service?***

Military service performed before the date of transfer may be credited under CSRS rules if the employee has a CSRS annuity component in his or her FERS retirement benefit. If there is no CSRS component, FERS rules apply to the military service.

NOTE: *Unused sick leave* as of the date of retirement or the date of transfer—whichever is less—will be credited in determining the CSRS portion of the employee's annuity benefit.

FERS employees receive full credit for unused sick leave effective January 1, 2014 in accordance with public law 111-84. (See Sick Leave Conversion Chart with question 65.)

156 ***How are disability and survivor benefits calculated for employees who transferred into FERS from CSRS?***

Although CSRS service counts for eligibility purposes, all disabilty and survivor benefits for FERS employees with CSRS service credit are calculated using FERS rules.

157 ***How are cost-of-living adjustments (COLAs) made to annuitants receiving combined CSRS/FERS retirement benefits?***

The CSRS portion of retirees' annuities receive CSRS COLAs (immediate full COLAs) while the FERS portion receive FERS COLAs (CPI minus 1 percent for annuitants who are 62 or older).

Since disability and survivor annuitants with service credit under both CSRS and FERS receive benefits according to FERS rules only, such annuitants receive COLAs according to FERS rules.

Refund and Redeposit Rules

158 ***In the context of FERS, what is meant by the term refund?***

A refund is the return to an employee of his or her payroll contributions to the FERS Basic Benefit Plan, plus the interest earned by such contributions.

159 ***Does a refund include the government's (i.e., Postal Service's) contributions to FERS on the employee's behalf?***

No.

160 ***Under what conditions is a refund payable?***

It is payable when an employee separates from government service for at least 31 consecutive days, providing:

• the employee applies to the U.S. Office of Personnel Management for the refund, using Standard Form 3106 (Application for Refund); and

• the application is received by OPM at least 31 days before the beginning date of any annuity for which he or she may be eligible; and

• the employee notifies his or her current and or former spouse of the application; and

• the employee is not prohibited from receiving a refund because of a court order.

161 ***May an employee eligible for immediate retirement choose to receive a refund instead of an annuity?***

No.

162 ***May a former employee who is eligible for a deferred annuity instead request a refund of his or her retirement contributions?***

Yes, if an application is filed with OPM at least 31 days before annuity payments are scheduled to begin.

163 ***What happens to a former employee's FERS contributions if he or she dies before taking a refund?***

The retirement contributions may be refunded to his or her survivors, or they may help finance the survivor benefits payable to the employee's survivors.

164 ***May an employee redeposit refunded FERS contributions in order to get credit for prior FERS service if he or she returns to government service?***

Yes. See question #67.

165 *Where do you get the forms to apply for FERS Immediate Retirement?*

Use form SF 3107, *FERS Application for Immediate Retirement*, to apply for immediate retirement. You can obtain the form from your employing agency by calling HRSSC at 877-477-3273*.

Submit the completed application to your employing agency. Give your agency at least 60 days notice before the date you intend to retire. Your agency will then complete the Schedule D, *Agency Checklist of Immediate Retirement Procedures*, and the SF 3107-1, *Certified Summery of Federal Service*, which are included in the SF 3107, *FERS Application for Immediate Retirement*.

*When calling HRSSC to request your retirement application, also request a Certified Summary of Federal Service. Your agency will complete the SF 3107-1, *Certified Summary of Federal Service*, and forward it to you for your review and signature. You should review it carefully before signing it. Any errors, omissions, or discrepancies will delay the processing of your application, and may result in incomplete credit for service in the initial computation of your annuity.

If you are applying for disability retirement, ask your employing agency for a copy of the forms package SF 3112, *Documentation in Support of Disability Retirement Application*.

Your agency will forward the application to OPM.

To apply for a Deferred Annuity use form RI 92-19. Forms will be provided by, and submitted directly to, OPM. Call OPM or visit https://www.opm.gov/retirement-services/fers-information/types-of-retirement/#url=Deferred-Retirement.

166 *What Happens After you File your Retirement Application?*

Your employing office will close out your records, using the Agency Checklist to assure that all necessary steps are taken. When this process (which includes paying you any unpaid compensation, such as for unpaid annual leave) has been completed, the agency will forward your application and records to the Office of Personnel Management (OPM). You should receive a notice from your former employing agency when your application and records have been forwarded to OPM. In most cases, the agency should forward the retirement package to OPM so it is received within 30 days after your separation. Until OPM has received the application and supporting documents, OPM does not know that you have retired.

Note: Applications for disability retirement are processed differently. Your agency normally will forward your application, evidence supporting your claim of disability and preliminary records to OPM for a disability determination based on a review of both medical and non-medical evidence.

After it receives your application, OPM will assign your claim number, which will begin with the letters "CSA." This number will be very important to you as a retiree because you will need to refer to it any time you contact OPM in connection with your annuity.

When OPM finishes processing your application, they will send you a booklet explaining your benefits.

Payments

Beginning Date of Annuity

The beginning date of most annuities is the first day of the month after separation. If one retires on the last day of the month, the annuity begins to accrue the following day. Disability annuities, however, begin the day after pay stops and all other requirements for title to annuity are met. Annuities based on involuntary separations begin on the day after separation.

Payment and Accrual of Annuity

All annuities are payable in monthly installments on the first business day of the month following the one for which the annuity has accrued. For example, payments for the month of June will be paid in your check dated July 1.

167 ***What recourse does an applicant for FERS benefits have if his or her application is denied by the U.S. Office of Personnel Management?***

The applicant may appeal to the Merit Systems Protection Board.

Part III: Thrift Savings Plan

General Information On The TSP

168 ***What is the Thrift Savings Plan (TSP)?***

It is a retirement savings program, similar to an Individual Retirement Account (IRA) or a private sector 401(k) plan. The money employees contribute to the TSP is tax-deferred in most cases. This means that they don't have to pay taxes on it until it is withdrawn during retirement. However, the TSP offers a so-called Roth option for TSP contributions (named after the Senator who sponsored this option into law).

This option allows employees to make taxable contributions to TSP and to withdraw the money tax-free when they retire. This option generally only makes sense to a small group of employees who expect their income and taxes to be much higher during their retirement years than their working years. *Example*: uniformed soldiers in the Armed Forces.

169 ***Who can participate in the Thrift Savings Plan?***

All postal and federal employees may participate. However, the rules are different for CSRS and FERS employees. In general, the thrift plan is more valuable to FERS employees.

170 ***Do employees have to participate in the Thrift Savings Plan?***

No. But the Postal Service will automatically contribute a sum equal to one percent of FERS employees' basic pay, regardless of whether they contribute their own money or not.

171 ***How important is it for FERS employees to participate in the Thrift Savings Plan?***

FERS employees who do not participate in the TSP cannot expect to enjoy the same level of retirement income as employees covered by CSRS. By contributing an average of 5 percent of basic pay over their working lives, FERS employees can boost their annual retirement income by as much as 33 percent.

172 ***What factors influence how much an employee can expect to save and earn through the TSP?***

The main factors are how much the employee earns in basic pay, how much he or she contributes, how many years he or she contributes and the rate of return earned by TSP investments.

173 ***If an employee already has an IRA, can he or she still participate in the TSP?***

Yes.

174 ***Can a TSP participant roll his or her IRA into the Thrift Savings Plan?***

Yes. Active or separated employees can roll over (transfer) money from a qualified retirement plan or a traditional IRA into their existing TSP account. However, separated employees cannot roll over money into their TSP account if they have already made a full withdrawal of their account or are receiving monthly payments.

175 ***Do employees who transfer their TSP accounts into IRAs upon separation from government service pay taxes on their TSP savings?***

No. TSP transfers to IRAs are not taxed until they are taken out of the IRAs.

176 ***What are the tax advantages of contributing to the TSP?***

Contributions to the TSP (non-Roth) are not subject to federal and most state income taxes in the year they are made, nor is the interest earned by an employees' TSP accounts. TSP funds are taxed only after they are withdrawn, usually at the time of retirement when the marginal tax rates facing most taxpayers are lower. Contributions to the Roth "balances" in TSP accounts are subject to taxes.

177 ***How are funds withdrawn from the TSP taxed?***

It depends on the method of withdrawal:

• Lump-sum and equal payment distributions of TSP funds are treated like ordinary income and taxed in the year(s) they are received.

• Annuities purchased by the Thrift Investment Board with an employee's TSP account are taxed in the year(s) annuity payments are received.

• TSP savings transferred to an IRA or other eligible plan are not taxed until they are withdrawn from the IRA or plan.

178 ***When is there an early withdrawal penalty tax?***

The IRS imposes a 10 percent early withdrawal tax on amounts received from the TSP if the employee separates or retires before the year in which they reach age 55 and withdraw their account in a single payment or a series of monthly payments. In this case, the employee would be subject to the penalty tax on all amounts received before age 59½ (including financial hardship in-service withdrawals).

However, the penalty tax does not apply to a series of monthly payments based on life expectancy, nor is it imposed on annuity payments made because of death, or payments made to participants who retire on disability.

Employee And Employer Contributions To The TSP

179 ***How do employees make contributions to the Thrift Savings Plan?***

Contributions can only be made through payroll deductions. Thus, participants must be in a pay status (i.e., receiving a paycheck from the government or Postal Service) to make contributions.

180 ***How much can employees put into the Thrift Savings Plan?***

Beginning in 2006 there were no longer any percentage limits on employee contributions to the TSP. TSP contributions will be limited only by the restrictions imposed by the Internal Revenue Code.

The IRS annual elective deferral limit for 2018 is $18,500.

181 ***How much will the government (i.e., the Postal Service) automatically contribute to FERS employees' TSP accounts?***

The USPS will automatically contribute 1 percent of each FERS employee's basic pay to the TSP each pay period, even if the employee contributes nothing. (CSRS employees do not receive the automatic contribution.)

182 ***How much of a FERS employee's contributions to the TSP will the government (i.e., the Postal Service) match?***

The USPS will match 100 percent of the first 3 percent of basic pay contributed to the TSP by postal employees covered by FERS. In addition, it will match 50 percent of the next two percent of basic pay that FERS employees save.

There is no government/USPS matching feature above the first five percent contributed. (CSRS employees do not receive matching TSP contributions from the government.)

183 ***What are "catch-up" contributions?***

"Catch-up contributions" are supplemental tax-deferred employee contributions, which are in addition to regular TSP contributions. The amount of supplemental contributions one may contribute is

$6,000. These contributions can be made by participants age 50 or older who would like to make contributions above the maximum $18,500 amount they could otherwise make to TSP.

However, the combination of regular and catch-up contributions are separate from the elective deferral and the annual limit imposed by the IRS.

TSP INVESTMENT OPTIONS

184 ***How are contributions to the TSP invested?***

TSP savings are invested in five different investment funds, the G, C, F, S and I Funds. Participants may choose how to allocate their payroll contributions and fund balances among these five funds on their own, or they may allow the Federal Thrift Investment Board to automatically manage their investments among the five funds by selecting the Lifecycle Fund or L Fund option. Each investment option is described below:

• **Government Securities Investment (G) Fund.** Contributions to the G Fund are invested in special short-term U.S. Treasury securities. Treasury securities, which are essentially loans to the Federal Government, are the safest investments available to TSP participants.

• **Common Stock Index Investment (C) Fund.** Fund contributions are invested in a representative sample (or index) of all stocks listed on the major domestic stock exchanges. Stocks are certificates of ownership in a company which may appreciate in value over time and frequently pay periodic, variable payments called dividends.

• **Fixed Income Index Investment (F) Fund.** Contributions directed to the F Fund are invested in a representative sample of U.S. government and corporate bonds. Bonds are debt securities, with maturities of between 10 and 30 years, that usually pay a fixed interest rate or coupon. Bonds may be traded and frequently rise and fall in value in response to changes in the economy and, to a lesser extent, corporate performance, interest rates and the fortunes of companies which issue them.

• **Small Capitalization Stock Index Investment (S) Fund.** Contributions to the S Fund are invested in the stocks of smaller companies (i.e., those not included in the S&P 500), shares that often offer higher returns but at much greater risk than the large company stocks of the C Fund.

• **International Stock Index Investment (I) Fund.** Retirement savings invested in the I Fund are used to purchase shares in companies active outside the United States—shares that are subject to currency risk as well as the market and credit risk associated with the C Fund's domestic shares.

• **Lifecycle (L) Fund.** The L Funds are "lifecycle funds" that are invested according to a professionally determined mix of stocks, bonds, and securities. There are five L Fund options, each offering a different combination of investments in the five basic TSP funds (G, C, F, S and I). The precise combination is determined by how many years participants are from withdrawing their TSP funds. Over time, the mix of investments in the L Funds become more conservative—more bonds and fewer stocks—as participants get older.

185 *Can an employee lose money investing in the TSP?*

Yes, it is possible, though all investments carry risk. Investing in the G Fund is considered less risky, even in the short-term. Other funds do involve some risk, with a potential for higher rates of return.

186 *Who manages the TSP's investment funds?*

The Federal Retirement Thrift Investment Board manages the G Fund and the L Funds. The assets of the F, C, S, and I Funds are managed by outside investment firms.

187 *How do employees know how much they have invested in the TSP?*

Employees who have a TSP account are sent periodic statements from the Thrift Investment Board's record-keeper. The statements provide information about the balances in employees' accounts as well as detailed summaries of account activity. The statements also provide information about the rates of return earned by the five investment funds. Employees can access their TSP account information on line at www.tsp.gov

188 *What is the TSP ThriftLine?*

The ThriftLine is the automated telephone service for the TSP and generally available 24 hours a day,7 days a week, from a touch-tone telephone. The ThriftLine, 877-968-3778 can be used to find out plan news, monthly rates of return for the investment funds, the most recent 12-month rates of return, the current loan interest rate, and current annuity interest rate index. The ThriftLine can also be used to request a new PIN.

Participants in the TSP can use the ThriftLine to obtain information about their account or to execute certain transactions. (Social Security number and TSP PIN will be needed.) Participants can find out their account balance, amount available to borrow, and status of any loan or withdrawal request. Participants can also change their existing PIN to a PIN of their choice and request a contribution allocation or an interfund transfer.

189 *What is the TSP Web site?*

The TSP Web site is the most efficient way to get up-to-date information about the TSP, monthly and historical rates of return for the investment funds, the current loan interest rate and annuity interest rate index, and copies of TSP materials. There are interactive calculators to project the growth of a participant's account using different assumptions of salary, number of years until withdrawal, and rates of return, and to estimate annuity payments from different types of TSP annuities. In the case of a lost or forgotten TSP PIN, the Web site can be used to request that a new one be sent.

Participants in the TSP can use the secure area of the Web site to obtain information about their account or to execute certain transactions. Participants can find out their account balance, the amount available for borrowing, and the status of a loan or withdrawal request. The site can also be used to change an existing PIN, change the allocation of future payroll contributions among the funds, and request an interfund transfer in the secure area of the Web site.

190 *May a TSP participant stop making contributions at any time?*

You can stop contributing your own money to the TSP at any time by completing the appropriate sections on Form TSP-1 and submitting it to your agency. Your contributions will stop at the end of the pay period in which your agency accepts the form. You may resume contributions at any time.

If you are a FERS employee, your Agency Automatic (1%) Contributions will continue, and will be invested according to your last contribution allocation on file with the TSP. Agency Matching Contributions will end when your contributions end. Even if you are not contributing, you can change the way your future Agency Automatic (1%) Contributions are invested by making a contribution allocation on this Web site, the ThriftLine, or Form TSP-50 at any time.

191 *May a TSP participant alter the way his or her payroll deductions for the Thrift Savings Plan are invested among the five investment funds at any time?*

Yes.

192 ***What is a TSP interfund transfer?***

An interfund transfer is the movement of past TSP contributions from one investment fund to another (e.g., from the G Fund to the F Fund). TSP participants may make two interfund transfers per month. However, particpants may transfer Funds into the "safe" G Fund at any time, even if they have already made two interfund transfers during the same calendar month.

193 ***Are there restrictions on what contributions and earnings an employee may transfer?***

There are generally no restrictions on Interfund transfers within traditional (tax-deferred) TSP accounts. However, participants with fund balances in both Traditional and Roth investments cannot transfer funds between such segregated funds. Roth-option TSP funds can only be transferred to other Roth-option TSP funds and the same is true for traditional TSP funds.

194 ***How do TSP participants request interfund transfers?***

The TSP Web site, www.tsp.gov and the ThriftLine, 877-968-3778 are the most efficient ways. Participants can also submit an interfund transfer request on Form TSP-50, Investment Allocation, and mail it to the TSP Service Office.

195 ***When will my interfund transfer be effective?***

If you request an interfund transfer on this web site or the ThriftLine before 12:00 noon, eastern time, your request will ordinarily be processed and posted to your account at the close of business on that day. Requests made after 12:00 noon, eastern time, will ordinarily be processed and posted to your account at the close of business on the following business day. If you use Form TSP-50, your request will generally be processed and posted to your account within five business days of the day it is received by the TSP.

Getting Funds Out Of The TSP

196 ***Can a TSP participant withdraw the money in his or her TSP account while still employed by the Postal Service or other government agency?***

Yes, employees who are facing hardship situations or who reach age 59½ and want to make account withdrawals for any reason may now do so. In-service withdrawals before age 59½ will be subject to the 10 percent early withdrawal penalty tax (which does not apply to those making age-based withdrawals). Both forms of withdrawals will be taxable income in the year in which payment is made, and may be subject to the mandatory 20 percent federal income tax withholding unless rolled into an IRA.

197 ***Can a TSP participant who separates from the USPS or other federal agency leave his or her savings in the TSP?***

Yes. After leaving the service, the entire account balance can be left in the TSP until April 1 of the calendar year after the participant reaches age 70½, or in which the participant retires if working beyond that age. If you do not withdraw (or begin withdrawing) your account balance by the required 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.

198 ***May an employee continue to make contributions to the TSP after separating from the Postal Service or other federal agency?***

No. Although they will continue to receive TSP participant statements and continue to have the right to shift their savings among the TSP's investment funds, separated employees may not make additional contributions to the TSP. Their accounts will continue to accrue earnings as long as their savings remain in the TSP.

199 ***What are the basic TSP withdrawal options?***

• Transfer his or her vested account balance to an Individual Retirement Account (IRA) or other eligible retirement plan; or

• Receive his or her account balance in a lump-sum payment; or

• Receive his or her account balance in substantially equal payments over a fixed period of time or in a fixed amount until the account is depleted; or

• Receive a life annuity based on the amount in his or her account.

The TSP Modernization Act of 2017, a 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.

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

200 ***May an employee who qualifies for FERS or CSRS disability benefits withdraw his or her TSP savings?***

Yes. He or she has the same withdrawal options as those described in the answer to question 202.

201 ***If an employee chooses to withdraw his or her funds from the TSP by means of a life annuity, how many different types of annuities are available?***

The TSP offers different types of annuities, which fall into three major categories:

• *Single Life* annuities, payable as long as the participant lives. Variations within this type of annuity include those with cost-of-living adjustments, cash refund options and features which guarantee the distribution of the participant's TSP account balances within 10 years.

• *Joint Life with Spouse* annuities, payable as long as the participant and his or her spouse lives. Variations within this type of annuity include those with cost-of-living adjustments, cash refund options and varying levels of survivor annuities.

• *Joint Life with Other Survivor* annuities, payable as long as the participant and a named person with an insurable interest lives.

Variations within this type of annuity include those with cash refund options and varying levels of survivor annuities.

Additional information is available in a booklet entitled "Summary of the Thrift Savings Plan" January 2018 edition, available online at www.tsp.gov or by calling the NALC Retirement Department.

202 ***How does an employee apply to withdraw his or her savings from the TSP?***

Upon separation, the Postal Service (or other employing federal agency) is required to furnish the employee a TSP Withdrawal Package with the required forms.

203 ***Can an employee borrow from his or her TSP account?***

Yes, there are two types of loans—a general purpose loan and a loan for the purchase of your primary residence. You can apply for a general purpose loan with a repayment period of 1 to 5 years, or you can apply for a residential loan with a repayment period of 1 to 15 years. No documentation is required for a general purpose loan, but you must submit documentation (such as a contract for the purchase of your residence) to support the amount you are requesting for a residential loan. Information about the TSP loans is provided by a booklet entitled "Loans" which is available online at www.tsp.gov.

204 ***How much can an employee borrow from his or her TSP account?***

Loan amounts are limited to the value of the employee's own contributions though not all employees may be able to borrow the maximum, given their salary and ability to repay loans on a timely basis. The minimum loan amount is $1,000. Participants may have one outstanding loan for general purposes and one residential loan at a time.

205 ***What are the terms of TSP loans?***

Prepayment in full is permitted by certified check, money order or cashier's check. Otherwise, employees repay loans against their accounts through payroll deductions and must pay interest. The term of the loan is set in the application and the rate of interest charged is the rate of return earned by the G Fund during the month in which the loan application is received by the TSP Service Office. Employees who separate from government service must repay their loans in full in order to process any withdrawal request.

Spousal Rights and TSP Savings in Cases of Death

206 ***What rights do spouses of participants have with regard to the TSP?***

Spouses have certain rights when participants apply to borrow from their accounts or withdraw funds from the TSP. These rights depend on the participant's retirement plan:

• The spouses of TSP *participants covered by FERS* will be notified when participants apply for a TSP loan or apply to withdraw from their TSP accounts.

• *TSP participants covered by FERS* must obtain the written consent of their current spouses in order to receive a TSP loan or withdrawal.

Furthermore, TSP participants covered by FERS who are eligible for retirement benefits when they leave federal service will automatically receive a joint life annuity which provides a 50 percent survivor benefit for their spouses (payable in level payments with no cash refund option), unless they submit a joint waiver signed by themselves and their spouses.

207 ***What rights do former spouses of participants have with regard to the TSP?***

• TSP participants may not make any decision with regard to their accounts which conflict with an applicable court order, decree, or court-approved agreement obtained by their former spouses.

• TSP accounts may be used to enforce TSP participants' legal obligations to provide alimony and/ or child support payments.

• The former spouses of TSP participants must be notified when participants who leave federal service prior to becoming eligible for retirement benefits transfer their TSP accounts to an IRA or other pension plan.

208 ***Who gets an employee's TSP funds if he or she should die before receiving any TSP payments?***

The person identified by the employee as the beneficiary of his or her account on Form TSP-3, the Designation of Beneficiary form. If no beneficiary is named, the account will be distributed according to the standard order of precedence.

209 ***Who gets an employee's TSP annuity if he or she should die after retirement?***

In the event of death after the TSP office receives a completed annuity request, benefits will be provided in accordance with the former employee's annuity selection.

PART IV: GENERAL RETIREMENT INFORMATION

FEDERAL EMPLOYEES GROUP LIFE INSURANCE

210 ***May an employee, after retirement, keep the basic coverage provided by the Federal Employees' Group Life Insurance (FEGLI) Program?***

Yes. The employee must have been enrolled in the basic coverage for the 5 years immediately preceding retirement or the full period or periods of service during which the basic life insurance was available to the employee, if less than 5 years. On and after December 9, 1980 those who retired had to make a written election as to the amount of their post-retirement basic life insurance coverage they want to retain after age 65, on a form obtained at the employing office. Listed below are 3 choices a retiree may make:

- They may elect to continue under the old system whereby a reduction of 2% per month in the basic life insurance policy value begins at age 65 and declines to 25% of the basic value—no cost to retirees who retired before January 1, 1990. Those who retired after December 31, 1989 and are under age 65 will have to pay for the basic life insurance until they reach 65. The cost for this coverage is $0.325 per thousand dollars of coverage.

- They may also elect that the amount will only reduce by 1% per month at age 65 to no less than 50% of the basic policy value—THE EXTRA PREMIUM FOR THIS LESSER REDUCTION COVERAGE IS $.71 CENTS PER MONTH FOR EACH $1,000 OF BASIC INSURANCE PAYABLE FROM THE COMMENCING DATE OF ANNUITY UNTIL DEATH.

- They may elect that the amount of basic insurance will not reduce after age 65. THE EXTRA PREMIUM REQUIRED FOR NO REDUCTION BASIC INSURANCE COVERAGE IS $2.13 PER MONTH FOR EACH $1,000 OF BASIC INSURANCE PAYABLE FROM THE COMMENCING DATE OF ANNUITY UNTIL DEATH.

If a retiree later decides to cancel the increased post-retirement coverage, the amount of basic coverage would be reduced to 25% of face value.

211 ***May an employee with the standard optional life insurance policy keep it after retirement?***

Yes. A retiree may retain his/her optional coverage if he/she: (1) is eligible to continue the basic insurance coverage provided by FEGLI, and (2) had the standard optional coverage in force for not less than the full period or periods of service during which the coverage was available to him/her, or for the 5 years of service immediately preceding retirement. He/she must pay for this optional insurance until age 65, at which time the coverage will decrease by 2% per month until it reaches 25% of the original face value.

212 ***May an employee keep the additional optional or family optional life insurance after retirement?***

Yes. An annuitant may retain his/her additional optional or family coverage if he/she: (1) is eligible to continue FEGLI basic insurance coverage and (2) had the additional optional or family life insurance in force for not less than the full period or periods of service during which it was available, or for the 5 years of service immediately preceding his/her retirement. He/she must pay for this additional optional or family insurance until age 65, after which the coverage will fall by 2% per month until the coverage ceases to exist (i.e., after 50 months). Employees separating for retirement on or after April 24, 1999 can elect to continue these coverages on an unreduced basis by paying premiums past age 65.

213 ***What are FEGLI living benefits?***

Effective July 25, 1995, employees or annuitants may elect to receive a lump-sum payment (living benefits) if terminally ill and have a documented medical prognosis that their life expectancy is 9 months or less. The form for electing living benefits (FE-8) is only available from the Office of Federal Employees' Group Life Insurance (800-633-4542).

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

214 ***May an employee keep his or her health benefits coverage under FEHBP after retirement?***

Yes, if he or she retires on an immediate annuity and has been continuously enrolled under the FEHBP program (or covered as a family member) over any of the following periods: (1) since his or her first opportunity to enroll, or (2) for the 5 years of service immediately preceding retirement, or (3) during all service in which he or she was eligible to be enrolled.

215 ***If a retiree cancels his or her Federal Employees Health Benefits Program coverage, can he or she re-enroll at a later date?***

No. Once a retiree cancels his or her health insurance coverage under the FEHBP, it cannot be reinstated. However, former military members eligible for TRICARE and CHAMPVA coverage can suspend their FEHBP coverage and later return to the FEHBP if TRICARE or CHAMPVA coverage is terminated.

216 ***If an employee dies, may his or her survivors continue to be covered by the FEHBP?***

Yes, provided there is a survivor annuity payable and the survivor was covered as a dependent by the employee's FEHBP plan at the time of death.

MEDICARE

217 ***What is Medicare?***

Medicare is the portion of Social Security which provides hospital and medical benefits to elderly and disabled persons. It is comprised of three parts—Part A provides mandatory Hospital

Insurance to cover the costs of hospitalization, while Part B provides optional Medical Insurance to cover the cost of physicians' fees and outpatient services.

Medicare Part D, new in 2006—Medicare outpatient prescription drug plan benefits. Medicare contracts with private companies to offer these drug plans. Enrollment is voluntary, but you must have Medicare Part A and B to be eligible.

218 *How is Medicare financed?*

Medicare Part A (Hospital Insurance) is financed via mandatory payroll taxes levied against employees and their employers. The payroll tax is currently set at 1.45% and is applied to employees' total earnings. (The wage base for all Social Security taxes is indexed to average wages in the U.S. economy and will therefore rise over time—see question 8.)

Medicare Part B is financed through monthly premiums paid by those who sign up for the program, and by payments from the Federal government. The law requires an annual review of Medicare premiums and costs to ensure that the program remains on a pay-as-you-go basis.

219 *Who is eligible for Medicare?*

Most Americans who are age 65 or older are eligible for Medicare Part A (the hospital insurance plan), providing they have worked enough to qualify for Railroad Retirement, Social Security or government pension benefits. Persons receiving Social Security disability benefits for 24 months also qualify for Medicare Part A coverage. Those not eligible may purchase coverage under Part A.

Almost all U.S. citizens over 65 are eligible for Medicare Part B (the medical insurance plan), even if they are not eligible for Part A. Citizens are automatically enrolled in Part B at age 65, but may decline the coverage if they wish.

220 *What benefits does Medicare Part A provide?*

Medicare hospital insurance (Part A) helps pay for inpatient hospital care, skilled nursing facility care, home health care, and hospice care.

221 *What benefits does Medicare Part B provide?*

Medicare Part B (medical insurance) may help pay for doctors' services, outpatient hospital services, home health visits, diagnostic x-ray, laboratory and other tests, necessary ambulance services, and other medical services and supplies.

222 *What benefits does Medicare Part D provide?*

Medicare Part D subsidizes the costs of prescription drugs and prescription drug insurance premiums for Medicare beneficiaries.

WHAT AN ANNUITANT SHOULD DO IN CASE OF DIVORCE, DEATH, OR REMARRIAGE

223 ***What should an annuitant do if the person chosen as a survivor annuitant predeceases them or their marriage is terminated by divorce or annulment after retirement?***

In order to request that his or her annuity be restored to the full life rate, the annuitant should write to: U.S. Office of Personnel Management, Retirement Operations Center, Boyers, PA 16017. The annuitant should include his or her handwritten signature on the letter and give his or her CSA (claim) number.

If there are no other dependents, the annuitant may request to change his or her health coverage from "self and family" to "self only".

In addition, the annuitant may wish to file Designation of Beneficiary forms: SF 2823 and SF 3102 regarding life insurance and lump-sum retirement benefits which may be payable upon his or her death. A copy of the death certificate or divorce/annulment decree should be sent, whichever applies.

224 ***What should an annuitant do if a family member dies who is covered by his or her family optional life insurance?***

File form FE6-DEP, which can be obtained from the Office of Personnel Management; alternatively, the NALC Retirement Department will provide it upon request.

225 ***What should an annuitant do if he or she marries or remarries after retirement?***

In order to change an annuity to provide a survivor benefit, the annuitant should write to: U.S. Office of Personnel Management, Retirement Operations Center, Boyers, PA 16017 ***within 2 years of the marriage***. The annuitant should be sure to give his or her full name, CSA (claim) number, Social Security number, and date of birth in all correspondence. He or she should also send a copy of the marriage certificate.

The annuitant may also wish to change the beneficiaries of life insurance and any lump-sum payment which may be payable upon his or her death (request SF 2823 and SF 3102 from OPM).

The annuitant may request OPM to change his or her health benefit plan enrollment to provide family coverage. The enrollment change must be submitted 31 days before to 60 days after the change in family status, if the change occurs outside of FEHB open season.

Finally, the annuitant may wish to change his or her federal income tax withholdings. Call OPM to provide the amount of tax you want withheld.

ANNUITY PAYMENTS, UNION DUES, AND MISCELLANEOUS INFORMATION

226 ***How does an annuitant set up or change direct deposit of their annuity?***

To set up or change direct deposit visit www.servicesonline.opm.gov or call OPM. To do by mail, use form RI 38-128, which can be obtained from OPM or by calling the NALC Retirement Department.

CAUTION: Annuitants who change financial institutions, should not close their old accounts until their first annuity payment arrives at the new bank—this may be 30-60 days after they notify OPM. This will avoid any problem with a missing payment.

227 ***What if an annuity payment is missing?***

Report Missing Payment at www.servicesonline.opm.gov/RSR/MissingPayment or call the OPM.

228 ***Do FERS annuitants receive separate payments from Social Security, the Thrift Savings Plan and the FERS Basic Benefit Plan?***

Yes. Social Security and FERS annuity payments are issued by the U.S. Treasury. TSP payments may be issued by the U.S. Treasury (in cases of lump-sum and equal payment withdrawals) or by private life insurance companies who sell participants annuity contracts.

229 ***If an annuitant receives retirement benefits for both CSRS and FERS service, does he or she receive one or two annuity payments each month?***

FERS and CSRS annuity benefits are combined into a single payment.

230 ***When are annuity payments issued?***

Annuity payments are dated the first business day of the month following the month or other period for which the annuity is payable. Every effort is made to have them delivered on that day.

231 ***May NALC members retain their membership in the NALC upon retirement?***

Yes. The NALC Constitution requires completion of NALC Form 1189 which authorizes dues deductions from your OPM annuity. Retiring union members receive a membership packet within a few months after they retire, containing a Form 1189, which must be submitted to their local NALC branch. Dues, which are generally very minimal compared to active letter carriers' dues, will not be deducted from the annuity until retirement has been finalized.

232 ***When will an annuitant's NALC union dues begin to be withheld from his or her annuity payments?***

There is usually some delay after Form 1189 is filed. Once the U.S. Office of Personnel Management in Washington, D.C. completes final action on a retiree's annuity application, there is a retroactive amount withheld for dues from one of his or her annuity payments. The next month, the normal monthly amount will be withheld for dues.

233 ***Are annuitants who are NALC members covered by the NALC's accidental death insurance program?***

Yes. The Mutual Benefit Association, NALC, 100 Indiana Avenue, NW, Washington, D.C. 20001, provides retired members of the NALC with a $5,000 accidental death insurance policy.

234 ***Do local branches of the NALC provide death benefits?***

A number of local branches of the NALC provide a death benefit when a member dies—the survivor should contact the local NALC branch upon the member's (active or retired) death.

Legal Matters and Annuity Benefits

235 ***Are annuitants covered by the Hatch Act and therefore prohibited from engaging in certain political activities?***

No. Since annuitants are not active employees, they are not covered by the Hatch Act, a law which partially restricts the political activities of active postal and federal employees.

236 ***If an annuitant serves on a jury, will his or her annuity be affected?***

No.

237 ***May annuity checks be negotiated under Power of Attorney?***

No.

238 ***May an employee voluntarily assign his or her retirement payments as security for a loan or other purpose?***

No.

Federal Income Taxes

239 ***Are FERS annuity benefits subject to federal income taxes?***

Yes. However, a small percentage of FERS annuity benefits is excludable from taxable income each year. The exclusion represents that portion of a year's benefits which is considered a return of the annuitant's previously taxed retirement contributions. *See IRS Publication 721*.

240 ***Are funds withdrawn from the TSP subject to federal income taxes?***

Yes.

241 ***May an annuitant have federal income taxes withheld from his or her annuity payments?***

Yes. Annuitants may start, stop or change the amount of tax withheld by calling OPM.

242 ***May an annuitant choose not to have federal income tax withheld from annuity payments?***

Yes. Tax withholding is entirely voluntary.

FORMS USED BY FERS EMPLOYEES AND ANNUITANTS

243 ***What forms are frequently used by employees covered by FERS?***

SF 3102—Designation of Beneficiary

SF 3104—Application for Death Benefits (basic death benefit, survivor annuity, or lump sum benefit)

SF 3112—Documentation in Support of Disability Retirement Application

SF 3106—Application for Refund of FERS Retirement Deductions

SF 3107—Application for Immediate Retirement

SF 3107-1: Certified Summary of Federal Service

SF 3107-2: Spouse's Consent to Survivor Election

SF 3110— Former Spouse's Consent to FERS Election

SF 2809—Health Benefits Registration Form

SF 2810—Notice of Change in Health Benefits Enrollment

SF 2817—Life Insurance Election

SF 2818—Continuation of Life Insurance Coverage as an annuitant or compensationer

SF 2823—Life Insurance Designation of Beneficiary

Form FE6—Claim for Death Benefits (life insurance)

Form SSA-7004 Request for Earnings and Benefit Estimate Statement

244 ***What forms are frequently used by participants in the Thrift Savings Plan?***

TSP-1: Election Form (Postal employees should use Postal/EASE rather than TSP-1.)

TSP-3: Designation of Beneficiary

TSP-9: Change of Address for Separated Participants

TSP-15: Change in Name

TSP-16: Exception to Spousal Requirements

TSP-17: Information Relating to Deceased Participant

TSP-20: Loan Application

TSP-50: Investment Allocation

TSP-60: Request for a Transfer Into the TSP

TSP-70: Request for Full Withdrawal

TSP-72: Request for TSP Materials

TSP-75: Age-Based In-Service Withdrawal Request Package

TSP-76: Financial Hardship In-Service Withdrawal Request Package

IRS Form W-4P: Withholding Certificate for Pension or Annuity Payments

245 ***Retirees sometimes need to correspond with the U.S. Office of Personnel Management. What address should be used:***

The general address for correspondence is:

U.S. Office of Personnel Management
Retirement Operations Center
Boyers, PA 16017

246 ***Where can I find general information from OPM, TSP, Social Security or NALC via the Internet?***

www.opm.gov/retire

www.tsp.gov

www.ssa.gov

www.nalc.org

247 ***Where do I send correspondence with the Federal Retirement Thrift Investment Board about the Thrift Savings Plan?***

• On issues concerning individual accounts:

Thrift Savings Plan
P.O. Box 385021
Birmingham, AL 35238

(The TSP Service Office is the primary contact for participants who have left Federal service.)

• On issues of Thrift Board policy:

Executive Director
Federal Retirement Thrift Investment Board
77 K Street, N.E.
Suite 1000
Washington, D.C. 20002

248 ***Where do I send correspondence to the Social Security Administration?***

Check with the Social Security Administration office in your local area. Office locations are usually listed in local phone listings.

National Association of Letter Carriers, AFL-CIO

National Association of Letter Carriers
100 Indiana Avenue, N.W.
Washington, D.C. 20001-2144

National Association of Letter Carriers
100 Indiana Ave. NW
Washington, DC 20001-2144

www.nalc.org 202-393-4695

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