

CSRS AND FERS RETIREMENT QUESTIONS AND ANSWERS



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CIVIL SERVICE RETIREMENT SYSTEM QUESTIONS AND ANSWERS (CSRS EMPLOYEES)

RETIREMENT SYSTEM/ANNUITY INFORMATION

Q: How do I know if I am considered a FERS (Federal Employee Retirement System) employee, or a CSRS (Civil Service Retirement System) employee?

A: If you were hired after December 31, 1983, or voluntarily switched from the CSRS to FERS, then you are considered a FERS employee, with FERS benefits.

Q: What types of retirement are there under the CSRS?

A: There are three types of retirement: 1. Optional- Minimum age 62 with 5 years of service, 60 with 20 years of service, or 55 with 30 years of service. 2. Early Optional- Any age with 25 years of service, or 50 with 20 years of service, however if you are under the age of 55, you will have your benefits reduced by 5% per year.

Q: Is it true that I will receive 2% of my basic annuity for every year of creditable service as a CSRS employee?

A: No, that is not true. A CSRS employee's basic annuity is computed by adding (a) 1.5% of your "high-3 average" pay times your service up to 5 years, (b) 1.75% of your "high-3 average" pay times your years of service over 5 years and up to 10 years, (c) 2% of your "high-3 average" pay times your years of service over 10 years.

Q: What is the maximum percentage of my "high-3 average" pay that I can receive as my annuity?

A: 80 %.

Q: How many years of creditable service must I have to earn 80% of my "high-3 average" pay (CSRS)?

A: 41 years and 11 months.

Q: Does my unused sick leave count towards my creditable service?

A: Yes. 100% of your unused sick leave will count towards your creditable service.

ALTERNATE FORM OF ANNUITY

Q: What happens if I am dying or I have a life-threatening medical condition, is there an alternate form of annuity?

A: Yes. Retirees can choose an alternate form of annuity in this case. Under this option you will receive a reduced monthly benefit, plus a lump sum payment equal to all of your un-refunded contributions to the retirement fund. However, you cannot choose the alternate form of annuity if you are retiring on disability, or if you have a former spouse who is entitled to court-ordered benefits based on your service.

CREDITABLE SERVICE

Q: Does my military service count towards my creditable service?

A: Yes, providing you buy-back your military service.

Q: How much is it going to cost me to buy-back my military service and when can I do so?

A: You must deposit 3% of your military pay to receive credit towards your creditable service. You can buy back your military service at any time. Keep in mind that interest is charged 2 years after you hire into the postal service.

Q: I am a retired veteran, and receiving retirement pay, will I get credit for my time in service towards my creditable service.

A: No, unless you waive your military retirement pay.

CSRS and DISABILITY

Q: I am a CSRS employee and I am retiring on disability. What are my entitlements?

A: You are guaranteed a minimum annuity equal to the smaller of: (a) 40% of your "high-3 average pay", or (b) the regular annuity obtained after increasing your service by the time between your retirement and your 60th birthday.

IF YOU RETIRE BEFORE 55

Q: The minimum retirement age for CSRS employee is 55, but what if I want to retire before I am 55?

A: If you retire before you are 55 years of age, because of a reduction in force, major reorganization, retire voluntarily, or are involuntarily separated, your basic annuity will be reduced by one-sixth of 1% for each full month you are under 55.

IF YOU DIE IN SERVICE

Q: What happens if I die in service?

A: If you have at least 18-months of service, your widow(er) will get an annuity equal to 55% of your basic annuity providing you were married at least 9 months. However, the 9-month requirement does not apply if your death is accidental or there is a child from this marriage.

PROVIDING FOR SURVIVORS ON RETIREMENT

Q: What if I am divorced? Is my former spouse entitled to any benefits?

A: If you have a former spouse from whom you were divorced after May 6, 1985, he or she may receive, by court order all or part of the annuity that your widow(er) would otherwise get.

Q: What about my children?

A: Your UNMARRIED children will also be entitled to annuities if you die in service. Their annuities will continue until they reach the age of 18, or 22 if they remain in school full-time.

Q: I am married, and need to know how much my annuity will be reduced when I retire for survivor annuity?

A: Your annuity will be reduced by 2.5% for the first \$3,600, plus 10% of the annuity over \$3,600. Example: If you earn \$24,000 in annuity per year, the first \$3,600 will be reduced by 2.5% ($\$3,600 / 2.5\% = \90) Since you have taken a reduction on the first \$3,600, you must subtract that from your yearly annuity of \$24,000, which equals \$20,400. Your annuity is then reduced by 10% of the \$20,400, which is equal to \$2,040. Your total reduction would be $\$90 + \$2,040 = \$2,130$ a year. Your spouse would receive an annuity equal to 55% of the amount of your annuity, HOWEVER, if you were divorced after May 6, 1985, your former spouse may receive by court order, all or part of the survivor annuity that your current spouse would otherwise get, unless there is an agreement from your former spouse to receive less. If you are retiring for disability, and are in good health, you can provide a survivor annuity for a person who has an “insurable interest” in you, such as a relative who is in your care, or a current spouse who would not otherwise get a survivor annuity because of

a court award to a former spouse. Your annuity would be reduced from 10 to 40% depending on the age difference in your age and the age of the person of interest.

CSRS OFFSET

Q: I have paid social security taxes in the past. Am I eligible to collect social security benefits as a CSRS employee?

A: Yes, this is considered CSRS offset benefits, and if at age of 62 you are eligible for social security, OPM will re-compute your retirement benefit to “offset” any part of your social security benefit that is based on your years of federal service under the offset plan.

FEDERAL EMPLOYEES RETIREMENT SYSTEM QUESTIONS AND ANSWERS (CSRS EMPLOYEES)

Q: How do I know I am a FERS employee and not a CSRS employee?

A: If you were hired after December 31, 1983, you are considered a FERS employee. You are also considered a FERS employee if you voluntarily transferred over from CSRS to FERS.

COMPONENTS OF THE FERS RETIREMENT PLAN

Q: What does my FERS retirement plan consist of?

A: The FERS retirement plan includes the following components: 1. Social Security Benefits (SRS). 2. Basic Benefit Plan (Annuity). 3. Thrift Savings Plan.

Q: How does the Thrift Savings Plan work?

A: The USPS puts in an amount equal to 1% of your basic pay each pay period into your TSP account. And the USPS will match your contributions.

Q: I was told they match your contributions up to 5% of your basic pay each pay period, is that true?

A: Not exactly. The USPS will match your contributions dollar for dollar for just the first 3%, but only .50 for every dollar for the remaining 2%.

Q: What is the social security benefit about?

A: To supplement your annuity, FERS employee will be provided a Special Retirement Supplement when they retire. They will also be provided with a Social Security Medicare Hospital Insurance plan at the age of 65 or older. This pays a portion of hospital expenses incurred while you are receiving social security disability benefits or retirement benefits.

RETIREMENT REQUIREMENTS FOR FERS

Q: What are the requirements to retire under the FERS?

A: You must be 62 years old with 5 years of creditable service, or 60 years old with 20 years of creditable service, or you have reach the MRA with 30 years of creditable

service, or you have reached the MRA with 10 years or more years of service. Your annuity will be reduced if you retire under the MRA + 10 provision (see below).

MRA + 10

Q: What does MRA or MRA + 10 mean?

A: MRA is an acronym for Minimum Retirement Age. The MRA is that age you must be to retire under the three types of retirement (Immediate/postponed, Deferred, or Early- See page 7) under FERS. MRA + 10 (plus 10) is a provision that allows you to retire when you have reach the minimum retirement age with 10 or more years of service, HOWEVER, there is a penalty. For every year you are under the age of 62, your annuity will be reduced by 5/12 of 1% per month or 5% per year until you reach the age of 62. *To find out what your MRA is, go to page 7!*

SPECIAL RETIREMENT SUPPLEMENT (SRS)

Q: What is SRS?

A: SRS stands for Special Retirement Supplement, and is used as a bridge payment to FERS employees, but NOT CSRS employees who retire before the age of 62, because they are not eligible for social security income until at least the age of 62. The supplement is coordinated by the OPM, not the Social Security Administration, and it is not available FERS covered disability, or to those who retire under the MRA + 10 Provision either. The SRS approximates the social security income you earned while in service as a FERS employee only, it does not count military time that you bought back, in other words if you had 25 years of creditable service with the USPS, and you bought back 5 years of military time, you would have 30 years of creditable service with the USPS that counts towards your retirement, however the OPM does not count the five years of military service when calculating your SRS benefits.

Q: How do I know how much I will be getting with my SRS?

A: To calculate your SRS earnings: The earliest you can collect social security is age 62, so you need to go to www.ssa.gov and see how much your social security benefits will be at age 62. You then would take the number of years that OPM give you credit for (remember to subtract the years you paid into social security to include military buy-back time, and only count the number of years you have been a FERS employee). Divide that number by the maximum number of years (40) to get a percentage of your social security income at age 62, and that will be how much you get a month.

EXAMPLE: You have 35 years of CREDITABLE SERVICE with the USPS, however 5 of those years were military buy-back years, so you only get credit for 30 years by the OPM. 30 Years of service /40 years (maximum years) = 0.75 or 75%. At age 62, the SSA states you will make \$1,500 a month if you collect at age 62, so the formula is as follows: 30/40 =75%. \$1,500/75% = \$1,125. Your SRS benefit is \$1,125 a month. THE AMOUNT OF YOUR SRS IS SET THE DAY YOU RETIRE.IT ISN'T INCREASED BY COLA (Cost of Living Allowance). YOU WILL NOT RECEIVE COLA UNTIL AGE 62.

Q: How do I know if I am eligible for SRS?

A: If you have reached the MRA, with at least 30 years of CREDITABLE service, age 60 with 20 years of creditable service, or voluntary or involuntary (age 50/20 years of service, or at any/25 years of service), however, you will not receive SRS until you reach MRA (Minimum Retirement Age).

Q: Can I collect SRS and hold another job after I retire?

A: Yes, as long as you don't exceed the Social Security annual exempt amount (currently \$15,720(2016)). If you exceed that amount and you are under the age of full-retirement, they can either stop your benefits, or reduce them by \$1 for every \$2 you earn over the exemption. If you have reach full-retirement age, your benefits will be reduced by \$1 for every \$3 you earn. Of that amount, you are taxed 6,20%.

FERS RETIREMENT REQUIREMENTS AND TYPES OF RETIREMENT

Q: I was told that as a FERS employee, I cannot retire until I am 57 years old. Is that true?

A: While it is NOT true that everyone has to be 57 years or older to qualify under the MRA, it depends upon what year you were born; If you were born before 1948, your MRA is 55. That number increases by 2 months for every year between 1948 and 1952. If you were born between 1953 and 1964, your MRA is 56. That number increases by 2 months for every year between 1965 through 1969. If you were born in 1970 or later, your MRA is 57.

Q: Are there different types of retirement under FERS?

A: Yes. There are three types: 1. Immediate or postponed. 2. Early and 3. Deferred. Immediate or postponed you must be 62 years old with 5 years of creditable service, or MRA with 30 years of service or MRA with 10 or more years of service. If you

retire under the MRA plus 10, you will receive reduced benefits, unless you postpone receiving your benefits. Early-retirement is available in certain involuntary or voluntary separation cases such as during VER (Voluntary Early Retirement). The requirement for an Early retirement are: 50 years old with 20 years of creditable service, or any age with 25 years of creditable service. And finally, Deferred retirement is for employee who leave the service before reaching their MRA and service requirements. You must have at least 5 years of service and you can receive benefits once you meet these requirements: 62 years old with 5 years of service, MRA with 30 years of service or MRA with 10 or more years of service (MRA +10).

ALTERNATIVE RETIREMENT SYSTEM/PHASED RETIREMENT

Q: How will the PHASED RETIREMENT system work?

A: To understand the concept of Phased Retirement, consider two half-time employees who fill one full-time job. Employee one retires while employee two continues working. Employee one receives an annuity based on half-time employment, and employee two continues to work half-time for half-pay. Eventually, employee two retires, and receives an annuity based upon half-time service, including credit for the time worked after employee one retired. Now assume that employee one and employee two are the same person. That is in essence how Phased Retirement operates. While there are additional computational details, these are the basics. At entry into Phased Retirement, the employee's annuity will be completed as if fully retired and then divided by two. That annuity would be paid while the individual worked a half time schedule receiving half pay. When the phased Retiree fully retires, there will be a computation of the annuity that would be payable if the employee had been employed full time and then divided by two prior to adjustment for survivor benefits. That amount would then be added to the original Phased Retirement Annuity, and that combined amount would then provide the basis for survivor annuity adjustment and benefits. The individual's income during partial and full retirement appropriately reflects the individual's situation. During the partial retirement period, the income will be between full retirement and full employment, and the Phased Retiree would be increasing their lifetime retirement income. At the time of full retirement, the individual would be appropriately compensated for the value of both full-time and part-time service, with an annuity greater than if they had fully retired at the time of transition to Phased Retirement, but less than if the individual had continued employment on a full-time basis during the period of Phased retirement.

Q: Does the USPS participate in Phased Retirement?

A: Without providing a specific reason as to why they won't participate, the USPS has decided not to participate in the Phased Retirement System at this time.

PROBLEMS WITH MILITARY BUY-BACK

Q: I applied to buy-back military pay, but my annuity hasn't changed, where can I find the status of my application?

A: If you are a federal retiree, contact OPM's Retirement Office at 1-888-767-6738 or orretire@opm.gov to check the status of your request. The phone lines are open from 7:30 am to 7:45 pm (Eastern Standard Time). It is a busy phone number so we encourage you to call early in the morning or after 5:00 pm when the phone lines are less busy.

FERS BENEFIT FORMULA

Q: How is my FERS Basic Benefit Plan (annuity) calculated?

A: Your basic benefit plan does include your military service. Therefore, when calculating your years of creditable service, you add the amount of years you bought back (military). The formula used when calculating your annuity is 1% of your "high-3 average pay" times your years of creditable service. If you are age 62 or older when you retire, then your formula is 1.1% times your years of service.

EXAMPLE: You have 25 years' service with the postal service, and you bought back 5 years of military service, you would have 30 years of creditable service. If your "high-3 average pay" is equal to \$55,000 a year ($1.0\% \times 30 = 30\% \times \$55,000 = \$16,500$ a year) or \$1,375 a month.

Q: Does the Basic Benefit Plan provide survivor benefits for my spouse?

A: Yes. If you are married, and have at least 18 months of creditable service and die while an active employee, your spouse will receive a lump sum payment, plus the higher amount between $\frac{1}{2}$ of your annual pay rate at death or $\frac{1}{2}$ of your "high-3 average pay". The lump sum payment is increase each year for COLA. If you have 10 or more years of service, your spouse receives an annuity equaling 55% (CSRS employees Only) or 50% of your accrued basic retirement benefit. However, you to be eligible, you must have been married at least 9 months, or you have a child born from this marriage, and your death must be accidental.

SURVIVOR BENEFITS

Q: Do I have to pay for survivor benefits?

A: Yes. If you are a CSRS employee, your annuity is reduced 2.5% for the first \$3,600 of your annuity. That amount (\$3,600 is then subtracted from your annual annuity, the remainder is then multiplied by 10%, which gives you your total reduction per year). If you are a FERS employee, your annuity will be reduced by 10% for the full annuity amount.

Q: Do I have to take Survivor Benefits?

A: You and your spouse must jointly waive these benefits in writing, or you can jointly agree to a 5% reduction, however, your spouse will only receive 25% of your unreduced benefits. If you were previously married and divorced, and the court ordered survivor benefits for your ex-spouse, you cannot waive your survivor benefits.

Q: How do I provide Survivor's benefits for my new husband or wife?

A: If you get married after retirement, you can elect a reduced annuity to provide a survivor annuity for your spouse. You must make this election within two years of the date of your marriage. Under the Civil Service Retirement System (CSRS), you can elect any portion of your annuity as a basis for the survivor benefit payable in the event of your death. Under the Federal Employees Retirement System (FERS), a full benefit is 50 percent of your unreduced annual basic annuity and a partial benefit is 25 percent of your unreduced annual basic annuity. If you remarry the same person to whom you were married at retirement, you cannot elect a survivor annuity greater than the one you elected at retirement. There will be two reductions in your annuity if you elect to provide the survivor benefit. One will be the reduction to provide the survivor benefit. The first reduction depends the amount you elect for the survivor annuity. Your annuity is also reduced by a permanent actuarial reduction equal to the difference between the new annuity rate with the survivor benefit and the old one without the survivor benefit since your retirement, plus 6 percent interest. In most cases, the actuarial reduction amount is less than 5 percent of your annuity. The actuarial reduction continues even if the marriage ends. When you contact us, we will send you a statement describing the cost of the election and ask you to confirm your election.

FERS DISABILITY BENEFITS

Q: What are the requirements for FERS disability benefits?

A: Your disabling condition must be expected to last at least one year, and you must have 18 months of creditable service.

Q: What are the FERS disability benefits?

A: The *first year* your benefits are calculated as 60% of your high-3 average pay, minus any Social Security disability benefits you are entitled to. *After the first year*, and until you reach the age of 62, if your disability prevents you from working and you receive no social security benefits, your benefit will be 40% of your high-3 average pay. If you do qualify for social security benefits, your FERS disability benefits will be reduced by 60% of the social security benefit you are entitled to. The resulting total will be at least 40% of your high-3 plus 40% of your social security benefits, not to exceed 80% of your annuity.

Q: What if my earned annuity rate (1% x high-3 average salary x years of service) is higher than those rates after the reduction for social security?

A: If that is the case, you will receive the higher benefit.

Q: Will I receive that rate forever?

A: No. Once you reach the age of 62, you will receive the annuity you would have received had you kept working until the age of 62 and not been disabled. Your disability benefit will then be recomputed to include all FERS COLA that took effect while you were receiving disability annuity.

COLA ADJUSTMENTS

Q: As a FERS retiree, will I receive COLA?

A: Not until you are 62 years of age. Only survivors and disability retirees receive COLA regardless of their age. But if you are a disability retiree, you do not receive COLA the first year if you are receiving 60% of your high-3 pay.

Q: Does that mean that my SRS (Special Retirement Supplement) is not increased by COLA?

A: Yes, that is true. Not until you are 62 years old.

FORM OF PAYMENT

Q: When do I get paid my FERS annuity?

A: Monthly on the first business day of the month after it accrues (payment for December is made on January 2nd).

THRIFT SAVINGS PLAN

Q: I have been told that I cannot withdrawn my funds until I reach the age of 59 ½?

A: Absolutely False! You may begin withdrawing your TSP funds upon retirement, separation or death. However, if you are STILL employed and working, you cannot withdrawal your funds until you reach the age of 59 ½.

Q: I was also told that if I withdraw my funds before the age of 59 ½, there will be a 20% early withdrawal penalty?

A: Once again, absolutely false! You CANNOT withdraw your TSP funds while still working until the age of 59 ½, so how can there be a penalty? If you withdraw funds for a financial hardship, there will be a 10% penalty on the amount withdrawn.

Q: What are the withdrawal options for those who have separated or are retired?

A: There are several options: 1. Life Annuity- A monthly benefit paid to the retiree or his/her spouse for life. 2. Single payment distribution- A single payment of the entire account balance at one time. 3. Monthly payments- A series of payments calculated over a fixed amount of months or in a fixed dollar amount until the depletion of the account balance. 4. Transfer to an Individual Retirement Account (IRA).

Q: How do I find out how much I can take out per month and for how long?

A: Just visit TSP.gov and use their TSP calculator.

Q: I am 70 years old and I am retiring this year. Can I keep a full account balance?

A: Once you reach the age of 70 ½ years of age, you must withdraw your entire account balance or begin receiving monthly payments by April 1st of the year following the year you retire.

Q: Do I need my spouse's permission to withdrawal from my account?

A: FERSA provides certain rights to spouses of TSP participants. Married participants with vested account balances of more than \$3,500, must satisfy their spouses' rights requirements before the withdrawal option requested can be processed.

Q: How long does it take to process a TSP withdrawal?

A: It may take up to eight weeks to process a withdrawal from TSP after all properly completed withdrawal forms and separation data have been received by the TSP Service Office. Furthermore, the TSP Service Office cannot process a withdrawal election until they receive an Employee Data Record from your payroll office indicating that you have been separated (retired). If you have an unpaid TSP loan balance, this may further delay disbursement of your account balance.

HEALTH INSURANCE BENEFITS AFTER RETIREMENT

Q: Someone told me that I had to have health insurance coverage through the FEHB plan five years before I retire. Is that true?

A: Yes, in order to continue your health insurance coverage after retirement, you must have been continuously covered by the FEHB, TRICARE, or CHAMPUS for a period of five years prior to your retirement.

COMPUTING CSRS OFF-SET BENEFITS

Q: I have enough quarters to qualify for social security benefits, but I am a CSRS employee. What are my benefits?

A; You are considered a “CSRS-Offset” employee. Your benefit will be computed in the same manner as if you were not subject to offset. However, it will be reduced when you become eligible for social security benefits. The offset applies when the basic requirements for Social Security are met, generally at the age of 62, even if you do not apply for those benefits. If you are not eligible for Social Security benefits at age 62, there is no offset unless you become eligible later. Your annuity will be reduced when you become eligible for Social Security benefits.

PAY FOR UNUSED ANNUAL LEAVE

Q: I am retiring this year, and I have over 300 hours of annual leave that I have not used. Do I get paid for the unused annual leave when I retire?

A: Yes. You will be paid for any annual leave that you have EARNED and not taken.

Q: I have 43 years of creditable service. Since the CSRS maximum benefit (80% of my “high-3 average salary”) requirement is 41 years and 11 months, does the last 13 months count towards my annuity?

A: No. Your service beyond the years which provides the maximum benefit will not be used to compute your annuity. Instead, the OPM will automatically refund the retirement contributions you made during those 13 months, with interest at the rate of three percent per year, compounded annually. You can then use the refund to purchase additional annuity, as if the contributions and interest are voluntary contributions.

COMPLETING YOUR RETIREMENT APPLICATION

Q: How can I apply for Retirement?

A: To qualify for payments from the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), you must submit a retirement application. YOU DO NOT HAVE TO SUBMIT A WRITTEN REQUEST FOR RETIREMENT

INTERIM PAYMENTS WHEN YOU RETIRE

Q: When do I get paid my annuity after I retire?

A: You will be paid an “interim” payment that generally averages more than 85% of your final benefit. Once your records are complete, you will receive your first interim payment approximately 7 to 14 days after you receive your acknowledgement (of your retirement) letter.

TAX WITHHOLDING WHEN YOU RETIRE

Q: Will OPM withhold federal income tax from my interim payments?

A: Yes. You will find that the federal income taxes withheld from your first interim payment will be higher than the federal tax withholdings from your subsequent interim payments and regular annuity.

Q: Will OPM withhold federal and state income taxes?

A: No. OPM only withholds federal income tax. It will be your responsibility to contact your state income tax department and request the amount you want taken out of your annuity, and when (bi-weekly, monthly).

CHANGING HEALTH INSURANCE COVERAGE

Q: Will I be able to change my health insurance plan?

A: You cannot change from one health insurance plan to another simply because you have retired. However, you will have the opportunity to change your enrollment from one health insurance plan to another during the annual open season.

Q: What about Life Insurance coverage? Can I increase my coverage?

A: No. You can cancel or decrease your life insurance coverage at any time, but you cannot increase your coverage.

Q: Will I continue to have health insurance coverage?

A: Yes. Your health and life insurance coverage will continue.

DEFERRED ANNUITY AND HEALTH INSURANCE COVERAGE

Q: If I choose a DEFERRED annuity, will my life and health insurance still be effective?

A: Generally, since your coverage under these programs effectively ended when you left Federal service, you cannot continue the coverage into retirement when you receive a deferred annuity.

ELIGIBILITY OF A FORMER SPOUSE FOR SURVIVOR BENEFITS UPON DIVORCE

Q: I have recently retired and my divorce has been finalized. Do my survivor benefits stay the same?

A: No. If you divorce, the survivor benefit you elected at retirement is no longer payable. However, a monthly survivor benefit would be payable to your former spouse after your death IF one is provided by court order or you make a new election to do so. Your marriage must have lasted at least 9 months for OPM to allow a court-ordered benefit to be payable.

Q: I know that the maximum survivor's benefit payable after death to a survivor other than children is 55% for CSRS and 50% for FERS, but how does that work under a court order for an ex-spouse?

A: A benefit payable to a wife or husband equals the difference between the court-ordered benefit and the maximum payable benefit (50 or 55%). In other words, if the court awarded a former spouse a benefit equal to 35% of your CSRS annuity

(maximum payable for CSRS is 55%), your spouse would receive a benefit equal to 20%.

VIEWING ANNUITY STATEMENTS ONLINE

Q: How can I view my annuity payment statements?

A: You can go online: www.serviceonline.opm.gov to view your monthly annuity statement. This statement shows your current annuity payment, including the gross amount, up to 35 possible deductions or additions, and the net amount.

VOLUNTARY WITHHOLDINGS

Q: Can I still have allotments taken out of my annuity?

A: Yes, you can voluntarily withhold federal and state income taxes, savings bonds, checking and savings allotments, or allotments to other participating organizations.

Q: How do I go about having my state income taxes withheld?

A: You must specify the dollar amount you want withheld from your monthly payments, and the withholding must be in whole dollars. The minimum amount OPM can withhold for state taxes is \$5.

SOCIAL SECURITY BENEFITS

Q: Can my ex-spouse get benefits from my earnings, even if I am not receiving them?

A: In some situations, he or she can get benefits even if you are not receiving them, but to qualify, he or she must: Have been married to you for at least 10 years, been divorced from you for at least 2 years, be at least 62 years old, unmarried, and not be eligible for an equal or higher benefit based on his or her own work or someone else's work.

Q: Can I receive Survivor and Social Security benefits?

A: You may receive a CSRS survivor annuity and social security payments. You may receive a FERS survivor annuity and social security payments. However, if you are the survivor of a FERS retiree, you cannot receive the FERS survivor supplement if you are eligible for social security mother, father or disability benefits based on the deceased annuitant's account. Please contact the local office of the Social Security Administration for information about social security benefits. If you receive social security benefits based on your own employment, there may be a reduction in the

social security benefit you receive based on your deceased spouse's service. Contact the Social Security Administration for more information about the Government Pension Offset at <http://www.ssa.gov/pubs/10007.html>. See the information below about benefits which may be payable to the surviving spouse of a deceased annuitant who was covered by the Civil Service Retirement System (CSRS) Offset program. Under these circumstances, a survivor may be eligible for both a CSRS annuity and social security benefits.

Q: What are my options for social security benefits if I choose to work past full retirement age?

A: You have two more options: You can continue to work and get full retirement benefits no matter how much you earn; or you can decide not to collect your retirement benefits until age 70 and then get a higher benefit when you do retire.

Q: What if I decide I want to provide a survivor benefit for my ex-spouse, can I do so?

A: Yes, you can. All you have to do is contact the OPM.

Q: How long will monthly survivor benefits be provided to my ex-spouse?

A: Generally, for life, unless he or she remarries before age 55. However, if you were married for at least 30 years, benefits can continue even if he or she remarries before the age of 55.

Q: When I die, who is eligible to collect on my social security benefits?

A: A widow or widower who is 60 years old or older, or 50 or older and disabled; or any age if he or she is caring for your child who is younger than 16 or disabled and receiving social security benefits.

Q: What about my children?

A: They too can receive benefits when you die if they are unmarried and younger than 18 years old; or between 18 and 19 years old, but in elementary or secondary school as full-time students; or they are age 18 or older and severely disabled (this disability must have started before the age of 22).

Q: Can my parents receive benefits?

A: Yes, if they are dependent on you for at least half of their support.

Q: Does my ex-spouse have a right to any social security benefits of mine?

A: Yes, he or she must be at least 60 years old (50 if disabled) and been married to you for at least 10 years; or be any age if he or she is caring for a child who is eligible for benefits based on your work; and not be eligible for an equal or higher benefit based on his or her own work; and not be currently married, unless the remarriage occurred after age 60 or after age 50 if disabled.

Q: As a CSRS employee, I have paid very little into Social Security. Am I eligible for survivor's benefits?

A: Yes. If your spouse has earned a social security benefit and you have earned little or no benefit, you can receive an additional social security benefit based on your spouse's Social Security benefits. If you begin taking this benefit at the age of 65, it will amount to one-half (50%) of the amount your spouse receives. If you start taking this benefit at the age of 62, you will receive only one-third (37.5%) of the amount your spouse receives.

EXAMPLE: Your spouse receives a monthly check from Social Security in the amount of \$1,200. If you start receiving Social Security benefits as a dependent of your spouse at age 65, you will receive a monthly check in the amount of \$600. If you start receiving Social Security benefits at the age of 62, you will receive a monthly check in the amount of \$450.

Q: Can I rollover or refund my retirement contributions?

A: You can roll over lump sum payments representing your retirement contributions, including voluntary contributions, and applicable interest. An eligible payment can be paid either to you or directly to an individual retirement account or other employee sponsored plan. Your choice will affect the amount of taxes you owe. We are required to withhold Federal income tax from taxable payments over \$200 at the rate of 20 percent. However, you may choose to take all or part of these payments in a direct roll over to an individual retirement account or an employer-sponsored retirement plan that accepts roll overs. The taxable portion can be rolled over into the Thrift Saving Plan. If you make this election, we will not withhold the Federal income tax from the taxable payments. You can open an individual retirement account to receive a direct roll over. You must contact the individual retirement account sponsor to find out how to have your payment made to your account. If you are unsure of how to invest your money, you may wish to temporarily establish an account to receive the payment. However, you may wish to consider whether or not you may move any or all of the monies to another account at a later date without penalties or limitations. If you choose to have the payment made to you and it is over \$200, it is subject to the 20 percent Federal income tax withholding. The payment is taxed in the year in which it is received unless within 60 days after receiving it, you roll it over to an individual retirement account or retirement plan that accepts roll

overs. You can roll over up to 100 percent of the eligible distribution, including the 20 percent withholding. To do so, you must replace the 20 percent withholding within the 60 day period. You will be taxed on any amount that you do not roll over. For example, if you roll over only the 80 percent of the distribution, you will be taxed on the remaining 20 percent. You can find more information about the taxation of payments from qualified retirement plans from the following [Internal Revenue Service](#) publications:

Q: I have been collecting Social Security disability benefits for three years now, am I eligible for hospital insurance?

A: Yes. If you have been receiving Social Security disability benefits for at least 24 months, you are eligible for hospital insurance.

FEHB and MEDICARE

Q: I am 65 years old and I am eligible for Medicare Part A. Should I take it?

A: Yes. If you can get Part A Premium free you should take it, even if you are still working because this will help cover some of the costs that your FEHB plan may not cover, such as deductibles, coinsurance, and charges that exceed the FEHB plan's allowable charges.

Q: I am only interested in Medicare managed care plan, do I still have to take Medicare Part A Premium?

A: In order to enroll in Medicare managed plan, you must be enrolled in Medicare Part A.

Q: Can I change my FEHB plan if I am eligible for Medicare?

A: You can change your FEHB plan 30 days before you are eligible for Medicare, but you can use this enrollment change only once, however, you can always change your plan during open season or due to a permitted enrollment change. You may find that with Medicare, you could get by with a cheaper plan or one that has less coverage or both.

Q: If I enroll in a Medicare managed plan, should I keep my FEHB plan?

A: You should always review the benefits of both, but in most cases you will find that with the Medicare managed plan, you won't need an FEHB plan, and you have the right to drop your FEHB plan.

Q: How is the primary payer determined?

A: If you are an active employee, or a reemployed employee and either you or your covered spouse has Medicare, FEHB is the primary payer, unless your employer is excluded from FEHB, or you are enrolled in Medicare Part B only. Medicare is the primary payer if you are enrolled in a managed care plan, if you are an annuitant (retired) or either you or your spouse is covered by Medicare.

Q: How does that all work if I continue to work past the age of 65?

A: FEHB coverage will be your primary coverage until you retire. If you are retired with FEHB and Medicare coverage, and you are also covered under your spouse's coverage from his or her work, your spouse's policy is your primary coverage, Medicare will pay secondary benefits and FEHB third.

Q: How can I arrange for retirement counseling for me?

A: Contact your agency's Benefits Officer. A complete list of Benefits Officers by agency can be found at <http://apps.opm.gov/abo/>

This book does not represent all questions and answers anyone may have regarding postal service retirement for Mail Handlers. These are merely answers to questions that have been asked over the years. The information in this booklet was compiled and prepared by Local 304 Recording Secretary Timothy J. Manning.

For a complete retirement guide, please go to:

<http://www.local304.com/UPLOADED%20FILES/Posting%20Guide.pdf>

RESOURCES

FEDWeek, FERS Retirement Planning Guide, 2017

CSRS/FERS Handbook, Office of Personnel Management (OPM)

www.opm.gov/csrsfers

Federal Soup, Federal Benefits Q&A

www.federsoup/articles/2016/05/16/vol65no4207

FedSmith, FERS

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postalnews.com, “USPS Decides Against Integrating Phased Retirement”, July 6, 2015

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Jefferson, Rosanne, *Postal Retirement Q&A*, Postal Magazine, January 2016