

CSRS Retirement Guide

Handbook EL-502

July 1999



CSRS Retirement Guide

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July 1999
Transmittal Letter

A. Explanation. The *CSRS Retirement Guide* is updated to incorporate revised OPM regulations.

B. Distribution

1. **Initial.** The distribution is made to Human Resources in the Customer Service and Sales district offices, area offices, processing and distribution centers, bulk mail centers, airport mail centers, remote encoding centers, the DC Metro Area Employee Service Center, Headquarters, selected Headquarters field units, Inspection Service divisions and operations support groups, and the Office of Inspector General.


2. **Additional Copies.** Order copies from your material distribution center using Form 7380, *MDC Supply Requisition*, or electronic system.

C. Comments and Questions. Questions, comments, or suggestions concerning this handbook, should be addressed to:

MANAGER COMPENSATION
HUMAN RESOURCES
US POSTAL SERVICE
475 L'ENFANT PLAZA SW ROOM 9670
WASHINGTON DC 20260-4210

D. Effective Date. This material is effective upon receipt.

E. Instructions. Destroy all previous issues of Handbook EL-502.


Yvonne D. Maguire
Vice President
Human Resources

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1 General Information

11 Purpose

If you are planning to retire within the near future and are covered under the regular Civil Service Retirement System (CSRS) or CSRS Offset, this handbook is for you. It is designed to guide you through the retirement process and provide you with information on the following:

- a. Annuity and survivor benefit calculations.
- b. Other benefits — such as health benefits, life insurance, and the Thrift Savings Plan (TSP).
- c. Procedures and time frames involved in applying for retirement.
- d. What to expect in retirement.

Note: For more information on specifics regarding CSRS offset service, see OPM pamphlet RI 83-19, *CSRS Offset Retirement*, available from your personnel office or on the World Wide Web at www.opm.gov/asd.

12 Federal Employees Retirement System

If you are covered under the Federal Employees Retirement System (FERS), contact your employing office for information about that program. FERS booklet RI 90-1 is available in your local personnel office. If you transferred to FERS with frozen CSRS service, refer to Section 8, *FERS Transferees with Frozen CSRS Benefits*.

13 National Retirement Counseling System

The Postal Service implemented the National Retirement Counseling System (NARECS) to ensure that all employees who become eligible for retirement are provided with in-depth information and counseling to make informed decisions to prepare for retirement. A computer-generated report called the *annuity estimate* is mailed twice each year to the home address of those employees currently eligible for retirement. Those employees who are within 3 years of retirement eligibility may request an annuity estimate by contacting their personnel office. A sample estimate appears as Exhibit 21.

2 Overview

21 Overview

The annuity estimate gives you the approximate amount of your benefit and also provides other pertinent information, such as the amount of terminal leave payment and the cost of health and life insurance in retirement. Remember, the annuity is simply an *estimate*. When you retire, the Office of Personnel Management (OPM) computes your benefit and advises you of the exact amount. An example of an annuity estimate is shown in Exhibit 21, and its contents are explained throughout this handbook.

22 Creditable Service

221 Retirement Eligibility Date

The retirement eligibility date is the earliest date you meet both the age and service requirements for optional retirement.

Eligibility Requirements for Optional Retirement	
Age	Length of Service
55	30
60	20
62	5

222 Retirement Computation Date

The retirement computation date is the beginning date of your creditable service for retirement purposes.

Exhibit 21
Annuity Estimate

USPS 26-6367 51-7650 Minneapolis ASC Retirement Branch Report AAF240P1 Finance No. 51-7092 Petersburg VA 23804-9998	National Retirement Counseling System Annuity Estimate As of Pay Period 05 of 1997 Last Name First Name Sex SSAN Title: General Expeditior	Date 03/05/1997 Page 214 EU0072
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<table style="width:100%;"> <tr> <th colspan="4" style="text-align: center;">Creditable Service</th> </tr> <tr> <td>Retirement Eligibility Date</td> <td colspan="3">12/11/1997</td> </tr> <tr> <td>Retirement Computation Date</td> <td colspan="3">10/21/1963</td> </tr> <tr> <td>Date of Birth</td> <td colspan="3">12/11/1942</td> </tr> <tr> <td></td> <td style="text-align: center;">Years</td> <td style="text-align: center;">Months</td> <td style="text-align: center;">Days</td> </tr> <tr> <td>Total Actual Service (Title to Annuity is Determined From This Total)</td> <td style="text-align: center;">34</td> <td style="text-align: center;">02</td> <td style="text-align: center;">10</td> </tr> <tr> <td>Time Represented By Sick Leave</td> <td style="text-align: center;">00</td> <td style="text-align: center;">02</td> <td style="text-align: center;">11</td> </tr> <tr> <td>Total Time</td> <td style="text-align: center;">34</td> <td style="text-align: center;">04</td> <td style="text-align: center;">21</td> </tr> </table>	Creditable Service				Retirement Eligibility Date	12/11/1997			Retirement Computation Date	10/21/1963			Date of Birth	12/11/1942				Years	Months	Days	Total Actual Service (Title to Annuity is Determined From This Total)	34	02	10	Time Represented By Sick Leave	00	02	11	Total Time	34	04	21	<table style="width:100%;"> <tr> <td>Retirement Deductions</td> <td style="text-align: right;">41,536.70</td> <td colspan="2">(Incl MIL Dep. if Any)</td> </tr> <tr> <td>Annual Leave Earned Bal.</td> <td style="text-align: right;">105</td> <td colspan="2"></td> </tr> <tr> <td>Hours Forfeited</td> <td colspan="3"></td> </tr> <tr> <td>Annual Leave Balance</td> <td style="text-align: right;">105</td> <td colspan="2"></td> </tr> <tr> <td>Terminal Pmt.</td> <td style="text-align: right;">1,894</td> <td colspan="2"></td> </tr> <tr> <td>Insurance Coverage</td> <td colspan="3" style="text-align: center;">Deductions</td> </tr> <tr> <td>Life</td> <td colspan="3" style="text-align: center;">USPS/EMPL. Annuitant Monthly</td> </tr> <tr> <td>Basic</td> <td style="text-align: right;">40,000</td> <td style="text-align: right;">9.90</td> <td style="text-align: right;">None</td> </tr> <tr> <td>Option A</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">1.80</td> <td style="text-align: right;">6.50</td> </tr> <tr> <td>Option B (3x)</td> <td style="text-align: right;">114,000</td> <td style="text-align: right;">20.52</td> <td style="text-align: right;">74.10</td> </tr> <tr> <td>Option C (Family)</td> <td style="text-align: right;">Yes</td> <td style="text-align: right;">1.00</td> <td style="text-align: right;">3.25</td> </tr> <tr> <td>Health</td> <td style="text-align: right;">472</td> <td style="text-align: right;">159.68</td> <td style="text-align: right;">25.21</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">108.22</td> </tr> </table>	Retirement Deductions	41,536.70	(Incl MIL Dep. if Any)		Annual Leave Earned Bal.	105			Hours Forfeited				Annual Leave Balance	105			Terminal Pmt.	1,894			Insurance Coverage	Deductions			Life	USPS/EMPL. Annuitant Monthly			Basic	40,000	9.90	None	Option A	10,000	1.80	6.50	Option B (3x)	114,000	20.52	74.10	Option C (Family)	Yes	1.00	3.25	Health	472	159.68	25.21				108.22	RSC P GR/STEP 06/ O S/P Salary 37,520.00 Request Transaction Data: Requestor: Finance No. 517650 Employee RET-FICA-Code: 1 Employee Finance No. 51-7092 Retirement Type: Optional Exceptions:
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1. This is an estimate. When you retire, OPM will compute the exact amount of your annuity and advise you. The estimate is based on the retirement effective date indicated above, using current information. It assumes that your retirement computation date (RCD) is correct and that you have a minimum of 5 years civilian service.
2. The estimate is computed as if retirement deductions are in the fund to cover all creditable service. Retirement deductions shown do not include (1) deposits or redeposits for civilian service, (2) deductions from another agency, (3) deductions transferred to OPM due to prior separations or application for disability retirement, or (4) CSRS voluntary contributions.
3. The high-3 average salary in this estimate is based on the last 3 years of service. OPM will base computation on the 3-year period providing the highest average, if other than this period.
4. If you have military service after 1956 and are eligible for a social security benefit, the annuity may be subject to reduction when you reach age 62 unless you make a deposit for this service. If you were first hired after 9-30-1982, you can receive credit for post-1956 military service only if you made a deposit for this service.
5. If your total service exceeds 41 years, 11 months, the annuity is limited to 80% of your high-3 average salary, except that additional annuity is allowed for unused sick leave.
6. If you have part-time service after 4-6-1986, OPM's actual computation of your annuity will include a proration of your post 4-6-1986 part-time service. Since this estimate does not include this proration, it might be higher than OPM's computation.
7. The survivor annuity amount assumes you will elect a full survivor annuity.
8. The cost of post-retirement basic life insurance coverage depends upon the level of protection you want to retain after you reach age 65 (or when you retire, if later). If you choose the 75% reduction, two-thirds of the cost will be withheld from your annuity. After age 65, withholding will stop. If you choose the 50% reduction or no reduction, the full cost will be deducted from your annuity, beginning at retirement and continuing for life. RI 76-20 gives full details of life insurance cost.
9. If you are contributing to the thrift savings plan (TSP), refer to TSP BK-01, Withdrawing Your TSP Account Balance, and TSP BK-05, for information on TSP annuities.
10. For income tax information on annuities, you should contact the Internal Revenue Service (IRS) or refer to IRS Publication 721.
11. If your retirement type is a deferred annuity, you will be paid this annuity when you reach age 62 unless you give up your right to this annuity by requesting a refund of your retirement deductions.

223 Sick Leave

Once your eligibility for an annuity has been established, your unused sick leave is added to your total actual service, and this combined time is used to compute your annuity. The annuity estimate assumes that your sick leave balance will not change before you retire. Although credit for accumulated sick leave increases the annuity, it is not used to compute the high-3 average salary (see 251.1, *Primary Factors*) or to determine retirement eligibility. For this reason, it is listed as a separate item on the annuity estimate as “Time Represented by Sick Leave.” (See Exhibit 224, Sick Leave Conversion Chart.)

Note: For more information on sick leave credit, see OPM pamphlet RI 83-8, *Credit for Unused Sick Leave Under CSRS*, available from your personnel office or on the World Wide Web at www.opm.gov.asd.

23 Determining Service Credit

231 Civilian Service

231.1 Assumption

The annuity estimate assumes that all periods of creditable civilian service are covered by retirement deductions. This may not be the case in your particular situation.

231.2 Deposit or Nondeduction Service

Any period of service not covered by retirement deductions is called *deposit* or *nondeduction* service. Generally, this is noncareer time such as temporary, indefinite, casual, TE, or RCA service. As explained below, deposit (nondeduction) service performed before October 1, 1982, differs from deposit (nondeduction) service performed on or after that date.

231.21 Service Performed Before October 1, 1982

Service performed before October 1, 1982, for which no retirement fund deductions were made, is creditable in full in counting total time for retirement eligibility. The actual annuity, however, is reduced by 10 percent of the amount of any unpaid deposit, which includes interest computed at the rate of 3 percent. To receive the full annuity, the deposit must be made to cover the period of nondeduction service.

Example: If the deposit and interest due is \$600 when your eligibility to retire is calculated, your annual annuity is reduced by 10 percent of \$600, or \$60 per year, if the deposit is not made. This translates into a reduction of \$5 a month (\$60 divided by 12 months) in your monthly annuity. The reduction remains in effect for the life of the annuity. When determining whether to make the deposit, consider that you have to receive annuity payments for approximately 10 years before you recover the full amount of the deposit. Only then can the advantage of a deposit be realized.

Exhibit 224

Sick Leave Conversion Chart

To convert sick leave hours to retirement service credit, find the number of sick leave hours in the chart under columns b through m. (If you cannot find the exact number, locate the next lower number.) The retirement credit is thus obtained, in months and days, from the months listed at the top of the column and the days noted in the far left column. For example, 1,560 hours equals 9 months of service; 805 hours equals 4 months, 19 days of service (on the basis of 2,080 hours to the year).

a	b	c	d	e	f	g	h	i	j	k	l	m
No. of Days	Under 1 Mo.	1 Mo.	2 Mo.	3 Mo.	4 Mo.	5 Mo.	6 Mo.	7 Mo.	8 Mo.	9 Mo.	10 Mo.	11 Mo.
0	--	173	347	520	693	867	1040	1213	1387	1560	1733	1907
1	6	179	352	526	699	872	1046	1219	1392	1566	1739	1912
2	12	185	358	532	705	878	1052	1225	1398	1572	1745	1918
3	17	191	364	537	711	884	1057	1231	1404	1577	1751	1924
4	23	196	370	543	716	890	1063	1236	1410	1583	1756	1930
5	29	202	376	549	722	896	1069	1242	1416	1589	1762	1936
6	35	208	381	555	728	901	1075	1248	1421	1595	1768	1941
7	40	214	387	560	734	907	1080	1254	1427	1600	1774	1947
8	46	220	393	566	740	913	1086	1260	1433	1606	1780	1953
9	52	225	399	572	745	919	1092	1265	1439	1612	1785	1959
10	58	231	404	578	751	924	1098	1271	1444	1618	1791	1964
11	64	237	410	584	757	930	1104	1277	1450	1624	1797	1970
12	69	243	416	589	763	936	1109	1283	1456	1629	1803	1976
13	75	248	422	595	768	942	1115	1288	1462	1635	1808	1982
14	81	254	428	601	774	948	1121	1294	1468	1641	1814	1988
15	87	260	433	607	780	953	1127	1300	1473	1647	1820	1993
16	92	266	439	612	786	959	1132	1306	1479	1652	1826	1999
17	98	272	445	618	792	965	1138	1312	1485	1658	1832	2005
18	104	277	451	624	797	971	1144	1317	1491	1664	1837	2011
19	110	283	456	630	803	976	1150	1323	1496	1670	1843	2016
20	116	289	462	636	809	982	1156	1329	1502	1676	1849	2022
21	121	295	468	641	815	988	1161	1335	1508	1681	1855	2028
22	127	300	474	647	820	994	1167	1340	1514	1687	1860	2034
23	133	306	480	653	826	1000	1173	1346	1520	1693	1866	2040
24	139	312	485	659	832	1005	1179	1352	1525	1699	1872	2045
25	144	318	491	664	838	1011	1184	1358	1531	1704	1878	2051
26	150	324	497	670	844	1017	1190	1364	1537	1710	1884	2057
27	156	329	503	676	849	1023	1196	1369	1543	1716	1889	2063
28	162	335	508	682	855	1028	1202	1375	1548	1722	1895	2068
29	168	341	514	688	861	1034	1208	1381	1554	1728	1901	2074

231.22 **Service Performed On or After October 1, 1982**

Service performed on or after October 1, 1982, for which no retirement fund deductions are made is creditable in full in counting total time for retirement eligibility but is not creditable for *annuity* computation purposes unless the deposit, with interest, is made (see 231.4, *Deposits Subject to Interest*). Usually, it is to your advantage to make a deposit to cover nondeduction service performed on or after October 1, 1982.

231.23 **Amount of Deposit**

The deposit is computed as if regular retirement fund contributions were paid, as shown in the table below, plus interest.

Percent of Basic Pay	Service Period
2.5	August 1, 1920, to June 30, 1926
3.5	July 1, 1926, to June 30, 1942
5	July 1, 1942, to June 30, 1948
6	July 1, 1948, to October 31, 1956
6.5	November 1, 1956, to December 31, 1969
7	After December 31, 1969

231.3 **Redeposit for Refunded Service**

A period of service for which retirement deductions were withheld and later refunded to an employee following a break in service of 30 days or more is referred to as *refunded service*. This period of service is creditable in full in counting total time for retirement eligibility. However, the rules for crediting refunded service toward the calculation of the *annuity* vary depending on when the service terminated.

231.31 **Refunded Service Terminated Before October 1, 1990**

Retirees whose annuities begin after December 1, 1990, and who owe a redeposit for a period of refunded service that terminated before October 1, 1990, are not required to make a redeposit to receive credit for this service in calculating the annuity. In such cases, if no redeposit is paid, the annuity is actuarially reduced. The formula for calculating this reduction takes into consideration the employee's age at retirement and the amount of unpaid redeposit. The reduction is determined by dividing the amount of the unpaid redeposit by the actuarial factor based on the individual's age at retirement, as shown in the following table and example.

Exhibit 231.3
Present Value Factors

Age at Retirement	Factor	Age at Retirement	Factor
40	294.4	66	156.0
41	290.0	67	150.7
42	285.5	68	145.4
43	280.8	69	140.2
44	276.2	70	134.7
45	270.4	71	129.4
46	264.7	72	124.0
47	259.2	73	118.8
48	253.5	74	113.6
49	247.2	75	108.5
50	240.4	76	103.5
51	235.0	77	98.7
52	229.8	78	93.9
53	224.4	79	89.4
54	218.6	80	84.9
55	212.6	81	80.5
56	207.5	82	76.3
57	202.4	83	72.3
58	197.0	84	68.4
59	192.3	85	64.7
60	188.3	86	61.2
61	182.9	87	57.9
62	177.0	88	54.7
63	171.9	89	51.8
64	166.5	90	48.9
65	161.1		

Example: Using Exhibit 231.3, it is established that for a retiree at age 60, with an unpaid redeposit of \$1,500, the actuarial factor to determine the reduction to the annuity would be 188.3. Therefore: $\$1,500 \div 188.3 = \7.97 reduction to annuity per month.

231.32 **Refunded Service Terminated On or After October 1, 1990**

Retirees whose annuities begin on or after December 1, 1990, who retire and owe a redeposit for a period of refunded service that terminated on or after October 1, 1990, are required to make a redeposit for this service in order to receive credit in the computation of the annuity. The amount of the redeposit

is made up of the exact amount refunded plus interest. (See 231.4, *Deposits Subject to Interest*.)

231.4 **Deposits and Redeposits Subject to Interest**

231.41 **General Information**

Both deposits and redeposits are subject to interest compounded annually. You are charged interest for all periods of employment covering the deposit or redeposit and certain periods of separation. Periods of separation before October 1956 are not subject to interest. However, you are charged interest for all periods of separation that began on or after that date. The variable rate of interest is determined each year by the Secretary of the Treasury on the basis of the average yield of new investments purchased by the retirement fund during the previous calendar year. The variable rates of interest established for each calendar year since 1985 are shown in Exhibit 231.4, *Variable Interest Rates*.

231.42 **Interest on Deposits for Nondeduction Service**

231.421 **Rates for Service Performed Before October 1, 1982**

Interest on deposits for nondeduction service performed before October 1, 1982, are computed at a fixed rate of 3 percent.

231.422 **Rates for Service Performed On or After October 1, 1982**

Interest on deposits for nondeduction service performed on or after October 1, 1982, are computed at the rate of 3 percent through 1984 and at a variable rate starting in 1985.

231.43 **Interest on Redeposits for Refunded Service**

231.431 **Rates for Redeposits for Service Before October 1, 1990**

Interest on redeposits for service performed before October 1, 1990, are computed at the rate of 3 percent.

231.432 **Rates for Redeposits for Service On or After October 1, 1990**

Interest on redeposits for service performed on or after October 1, 1990, are computed at the rate of 3 percent through 1984 and at a variable rate beginning in 1985.

Exhibit 231.4

Variable Interest Rates

Year	Interest Rate	Year	Interest Rate
1985	13.0%	1994	6.25%
1986	11.125%	1995	7.0%
1987	9.0%	1996	6.875%
1988	8.375%	1997	6.875%
1989	9.125%	1998	6.75%
1990	8.75%	All Future	To Be Determined
1991	8.625%	Periods	by the Department
1992	8.125%		of the Treasury
1993	7.125%		

231.5 **Payment of Deposit or Redeposit**231.51 **Application**

You must submit a request to make a deposit or redeposit to OPM through the Minneapolis Accounting Service Center (Minneapolis ASC) Retirement Branch on an SF 2803, *Application to Make Deposit or Redeposit*. Your employing office assists you in completing this form. The request to make a deposit or redeposit need not delay filing an SF 2801, *Application for Immediate Retirement*. When you or your local personnel office submits your SF 2801 to the Minneapolis ASC, the SF 2803 may also be included. OPM notifies you of the exact amount due before your annuity claim is finalized.

231.52 **Exceptions**

In those limited retirement cases when an alternative form of annuity (AFA) lump sum is elected (see 254, *Alternative Form of Annuity or Lump Sum*), OPM does not collect deposit or redeposit money, which simply would be returned as part of a person's lump-sum payment. Instead, OPM gives automatic credit for deposits or redeposits, including interest, thus assuring that the AFA is the maximum amount possible. These are deemed deposits or redeposits that are treated as having been paid and then returned to the person as part of the lump-sum payment.

Note: For more information on all items in Section 23, see OPM pamphlets RI 83-3, *Deposits and Redeposits Under CSRS* and RI 83-7, *Computing Retirement Benefits Under CSRS*, available from your local personnel office. This pamphlet is also available on the World Wide Web at www.opm.gov.asd.

231.6 **Voluntary Contributions**

231.61 **Application**

You may increase your annuity by making voluntary contributions to the retirement fund during employment, prior to retirement, provided you are not subject to the restrictions covered in the following section. Each \$100 of voluntary contributions increases your annuity \$7.00 to \$10.00 a year, depending on your age at the time of retirement. Voluntary contributions earn a variable interest rate compounded annually. (These rates are covered in Exhibit 231.4, *Variable Interest Rates*.) Application is made by filing SF 2804, *Application to Make Voluntary Contributions*, with OPM. This form may be obtained from your employing office. If you have made voluntary contributions and wish to withdraw them, you may do so at any time before you retire.

231.62 **Restrictions**

OPM will not approve an application for voluntary contributions from an employee who (1) owes a deposit or redeposit for civilian service or (2) has previously received a refund of voluntary contributions, unless the applicant was separated for more than 3 calendar days and was again employed under CSRS.

Note: For more information, see OPM pamphlet RI 83-10, *Voluntary Contributions Under CSRS*, available from your local personnel office or from the World Wide Web at www.opm.gov.asd.

232 **Military Service**

232.1 **Service Before January 1957**

All honorable active military service performed before January 1957 is included in the computation of the annuity unless you are receiving military retired pay. (See 232.5, *Military Retired Pay*, for exceptions in allowing credit for military retired pay.)

232.2 **Post-1956 Military Service**

Creditable post-1956 military service is a period of honorable active service performed after December 1956 in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States. Creditable post-1956 military service also includes service performed after June 30, 1960, in the Regular or Reserve Corps of the Public Health Service or, after June 30, 1961, as a commissioned officer of the National Oceanic and Atmospheric Administration (formerly Coast and Geodetic Survey and the Environmental Science Service Administration). The rules for crediting post-1956 military service for retirement eligibility and for the annuity calculation vary depending on the date of your initial period of CSRS employment. These rules are explained below:

232.3 Employed Before October 1, 1982

If you were ever employed by the federal government or the Postal Service before October 1, 1982, in a position covered by the CSRS, the following provisions apply:

- a. You receive credit for all your creditable post-1956 military service in the computation of annuity provided you meet the eligibility requirements for an annuity. However, if at age 62 you are eligible for Social Security benefits, your annuity is recomputed eliminating the years of post-1956 military service. If you currently receive military retired pay, you must waive your retired pay to receive credit for your military service unless you qualify for one of the exceptions cited in 232.5, *Military Retired Pay*. Military retirees who waive their retired pay to receive credit for military service also have their annuity recomputed upon reaching Social Security eligibility. The recomputation (reduction) of annuity occurs only at age 62, if you are entitled to Social Security at age 62, which explains why it is commonly referred to as “catch 62.”
- b. If you do not wish to have your annuity recomputed at age 62 to eliminate post-1956 military service, you must make a deposit to the CSRS Fund for the post-1956 military service (see 232.7, *Deposit for Military Service*).
- c. You should be aware that the recomputation of annuity at age 62 occurs only if you are eligible for Social Security benefits at age 62. If you do not become eligible for Social Security benefits until after age 62 (i.e., age 63 or later) then the CSRS annuity will not be recomputed and full credit will continue for Post 56 military service in annuity, even though a deposit has not been made.

232.4 Employed On or After October 1, 1982

If you were first employed by the federal government or the Postal Service on or after October 1, 1982, in a position covered by the CSRS, the following provisions apply:

- a. You do not receive credit for your post-1956 military service unless you make a deposit to the CSRS Fund for the military service (see 232.7, *Deposit for Military Service*).
- b. If you are receiving military retired pay, you must make the deposit and also waive your retired pay before the commencement date of your annuity to receive credit for your military service (see 232.5, *Military Retired Pay* and 232.6, *Waiver of Military Retired Pay*).

232.5 Military Retired Pay

Military service is not creditable if you receive military retired pay unless one of the following provisions is true:

- a. Your military retired pay was awarded because of a service-connected disability either incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war.

- b. Your military retired pay was awarded under the reserve retiree provisions under Chapter 67, title 10, U.S. Code.
- c. You waive your military retired pay.

232.6 **Waiver of Military Retired Pay**

If you wish to waive your military retired pay, you must request such a waiver in writing. Submit a letter to your Military Finance Center at least 60 days before your retirement date. A copy of your letter, or the letter of acknowledgement from the Military Finance Center, should be attached to your SF 2801. If a waiver does not accompany the SF 2801, your annuity is delayed. The effective date for discontinuance of your military retired pay should be the day before the commencement date of your annuity (see 26, *Annuity Commencement Date*).

232.7 **Deposit for Military Service**

If you wish to make a deposit for your post-1956 military service, you must complete SF 2803, and provide a copy of Form DD 214, *Report of Transfer or Discharge* or equivalent record to verify your service and provide documentation of military basic pay. The deposit is 7 percent of your military basic pay for the period of military service claimed. Contact your employing office for instructions on how to process your request. Deposits for military service must be completed before separation or retirement.

Note: For more information, see OPM pamphlet RI 83-2, *Military Service Credit Under CSRS*, available from your personnel office or from the World Wide Web at www.opm.gov.asd.

233 **Annuity Limitation of 80 Percent**

The maximum possible amount of annuity is 80 percent of high-3 average salary. The 80-percent maximum is attained by a combined total of years of service (civilian and military) of 41 years and 11 months (see 251.12, *High-3 Average Pay*, for an explanation of a high-3 average salary). Additional annuity is allowed only for unused sick leave and for any voluntary contributions made to your CSRS fund. Retirement deductions made after 41 years and 11 months of service are applied toward payment of a deposit or redeposit, with any balance automatically refunded at the time of retirement. The balance may be applied as voluntary contributions if the excess deductions and interest are returned to OPM.

234 **CSRS Offset**

If you are covered by both CSRS and Social Security, you are covered by the CSRS Offset. This means that your CSRS annuity is *offset* by your Social Security benefits. The annuity shown on your estimate is reduced (offset) when you become eligible for Social Security. The amount of the offset is the amount of the Social Security benefits attributable only to service after 1983 covered by both CSRS and Social Security.

24 Salary History

Your annuity estimate under the *Salary History* heading reflects the last 3 years of salary history to calculate your high-3 average salary (see 251.1, *Primary Factors*). An annuity estimate for an employee who worked part-time after April 6, 1986, indicates total earnings for the position, and special attention should be paid to footnote 6 on Exhibit 21. (See 253, *Computation for Part-Time Service*.)

25 Annuity Calculation

251 Factors Affecting the Annuity

251.1 Primary Factors Affecting the Annuity Amount

251.11 Length of Service

This includes credit for unused sick leave, but may not include credit for nondeduction or refunded service (see 23, *Determining Service Credit*).

251.12 High-3 Average Pay

Your high-3 average salary is the highest pay obtainable by averaging your rates of *basic* pay in effect during any 3 consecutive years of service with each rate weighted by the time it was in effect. Basic pay for retirement purposes includes higher-level pay but does not include overtime, night differential, and military pay. The 3 years used in the average salary computation do not need to be continuous, but they must consist of consecutive periods of service. In most cases, the assumption that the last 3 years are the high-3 years is correct. If, however, you had an earlier period of higher earnings, OPM will compute your annuity based on the earlier period.

251.2 Other Considerations Affecting the Annuity Amount

251.21 Reductions

The annuity is reduced if any of the following factors are relevant at time of retirement: (1) retirement begins before age 55, (i.e., discontinued service annuity, a reduction-in-force, etc.), (2) deposits and redeposits have not been made (see 23, *Determining Civil Service Credit*), or (3) an election of an annuity for a surviving spouse, a former spouse, or a person with an insurable interest is made (see 3, *Survivor Benefits*).

251.22 Proration for Part-Time Service

An annuity for an employee who worked part-time after April 6, 1986, is based on the full-time salary for the position, but it is prorated on the basis of hours actually worked (see 253, *Computation for Part-Time Service*).

251.23 **Additional Annuity**

An annuity may be increased by making voluntary contributions to the CSRS Fund (see 231.6, *Voluntary Contributions*).

252 **Determining the Amount of the Annuity**

252.1 **General Formula**

Once a high-3 average has been determined, the annual basic annuity is obtained by applying the following general formula:

Step 1 — Take 1.5 percent of the high-3 average pay and multiply the result by 5, for the first 5 years of service.

Step 2 — Take 1.75 percent of the same high-3 average pay and multiply the result by 5, for the second 5 years of service.

Step 3 — Take 2 percent of the same high-3 average pay and multiply by the number of years of service beyond the first 10.

The total of the products of Steps 1, 2, and 3 equals the annual basic annuity. The annual basic annuity divided by 12 equals the monthly basic annuity.

Example: Here is an example of how the general formula is applied to an employee with 30 years of service and a high-3 average pay of \$18,000:

Exhibit 252.1
General Formula

Step 1	Take 1.5 percent of the high-3 average salary (\$18,000) multiplied by years of service up to 5 (5 years).	$0.015 \times \$18,000 \times 5 =$	\$1,350.00
Step 2	Add 1.75 percent of the same high-3 average salary (\$18,000) multiplied by the years of service between 5 and 10 (5 years).	$0.0175 \times \$18,000 \times 5 =$	+ \$1,575.00
Step 3	Add 2 percent of the same high-3 average salary (\$18,000) multiplied by the years of service over 10 (20 years).	$0.02 \times \$18,000 \times 20 =$	+ <u>\$7,200.00</u>
	The total is the annual basic annuity.		\$10,125.00
	The annual basic annuity divided by 12 is the monthly basic annuity.	$\$10,125.00 \div 12 =$	\$843

252.2 **Service Factor Method**

An easier way to compute the basic annuity is to use the factor identified for the years and months of service as shown in Exhibit 252.3, *Chart for Computing Annuity*, instead of the step-by-step method of the general formula.

To obtain the basic annuity, multiply the high-3 average pay by the appropriate factor from Exhibit 252.3. Divide the annual basic annuity by 12 to find the monthly basic annuity.

Example: Here is an example of how the service factor method is applied to an employee with 30 years 8 months of service and a high-3 average pay of \$18,000:

Exhibit 252.2
Service Factor Method

Multiply the high-3 average salary (\$18,000) by the service factor for 30 years 8 months (0.575833) to obtain the annual basic annuity.	$\$18,000 \times 0.575833$	=	\$10,365.00
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The annual basic annuity divided by 12 is the monthly basic annuity.	$\$10,365.00 \div 12$	=	\$864.00
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253 Computation for Part-Time Service

253.1 Service Performed Before April 7, 1986

Part-time service performed before April 7, 1986, is treated as full-time service for annuity computation.

253.2 Service Performed On or After April 7, 1986

Part-time service performed *on or after* April 7, 1986, is subject to a different annuity formula. This formula reduces an individual's annuity for such service by a fraction called the *proration factor*. The proration factor is generally the number of hours a part-time employee works divided by the number of hours an employee would have worked if he or she had been a full-time employee over the same period of time. Your personnel office will assist you in obtaining a retirement estimate that reflects the proration factor applicable to the part time service.

253.3 Pre- and Post-April 6, 1986, Service

If you have service both before and after April 7, 1986, two separate calculations are made for each period of service. The proration factor method is applied only to the portion of the annuity that represents part-time service performed on or after April 7, 1986.

Exhibit 252.3
Chart for Computing Annuity

Instructions: (1) Find full years of service in far left column. (2) Find full months of service in column headings. (3) Factor is determined where columns intersect.

Computing Basic Annuity Where High-3 Average Pay is \$5,000 or More												
Years of Service	0 mo.	1 mo.	2 mo.	3 mo.	4 mo.	5 mo.	6 mo.	7 mo.	8 mo.	9 mo.	10 mo.	11 mo.
5	.075000	.076458	.077917	.079375	.080833	.082292	.083750	.085208	.086667	.088125	.089583	.091042
6	.092500	.093958	.095417	.096875	.098333	.099792	.101250	.102708	.104167	.105625	.107083	.108542
7	.110000	.111458	.112917	.114375	.115833	.117292	.118750	.120208	.121667	.123125	.124583	.126042
8	.127500	.128958	.130417	.131875	.133333	.134792	.136250	.137708	.139167	.140625	.142083	.143542
9	.145000	.146458	.147917	.149375	.150833	.152292	.153750	.155208	.156667	.158125	.159583	.161042
10	.162500	.164167	.165833	.167500	.169167	.170833	.172500	.174167	.175833	.177500	.179167	.180833
11	.182500	.184167	.185833	.187500	.189167	.190833	.192500	.194167	.195833	.197500	.199167	.200833
12	.202500	.204167	.205833	.207500	.209167	.210833	.212500	.214167	.215833	.217500	.219167	.220833
13	.222500	.224167	.225833	.227500	.229167	.230833	.232500	.234167	.235833	.237500	.239167	.240833
14	.242500	.244167	.245833	.247500	.249167	.250833	.252500	.254167	.255833	.257500	.259167	.260833
15	.262500	.264167	.265833	.267500	.269167	.270833	.272500	.274167	.275833	.277500	.279167	.280833
16	.282500	.284167	.285833	.287500	.289167	.290833	.292500	.294167	.295833	.297500	.299167	.300833
17	.302500	.304167	.305833	.307500	.309167	.310833	.312500	.314167	.315833	.317500	.319167	.320833
18	.322500	.324167	.325833	.327500	.329167	.330833	.332500	.334167	.335833	.337500	.339167	.340833
19	.342500	.344167	.345833	.347500	.349167	.350833	.352500	.354167	.355833	.357500	.359167	.360833
20	.362500	.364167	.365833	.367500	.369167	.370833	.372500	.374167	.375833	.377500	.379167	.380833
21	.382500	.384167	.385833	.387500	.389167	.390833	.392500	.394167	.395833	.397500	.399167	.400833
22	.402500	.404167	.405833	.407500	.409167	.410833	.412500	.414167	.415833	.417500	.419167	.420833
23	.422500	.424167	.425833	.427500	.429167	.430833	.432500	.434167	.435833	.437500	.439167	.440833
24	.442500	.444167	.445833	.447500	.449167	.450833	.452500	.454167	.455833	.457500	.459167	.460833
25	.462500	.464167	.465833	.467500	.469167	.470833	.472500	.474167	.475833	.477500	.479167	.480833
26	.482500	.484167	.485833	.487500	.489167	.490833	.492500	.494167	.495833	.497500	.499167	.500833
27	.502500	.504167	.505833	.507500	.509167	.510833	.512500	.514167	.515833	.517500	.519167	.520833
28	.522500	.524167	.525833	.527500	.529167	.530833	.532500	.534167	.535833	.537500	.539167	.540833
29	.542500	.544167	.545833	.547500	.549167	.550833	.552500	.554167	.555833	.557500	.559167	.559167
30	.562500	.564167	.565833	.567500	.569167	.570833	.572500	.574167	.575833	.577500	.579167	.580833
31	.582500	.584167	.585833	.587500	.589167	.590833	.592500	.594167	.595833	.597500	.599167	.600833
32	.602500	.604167	.605833	.607500	.609167	.610833	.612500	.614167	.615833	.617500	.619167	.620833
33	.622500	.624167	.625833	.627500	.629167	.630833	.632500	.634167	.635833	.637500	.639167	.640833
34	.642500	.644167	.645833	.647500	.649167	.650833	.652500	.654167	.655833	.657500	.659167	.660833
35	.662500	.664167	.665833	.667500	.669167	.670833	.672500	.674167	.675833	.677500	.679167	.680833
36	.682500	.684167	.685833	.687500	.689167	.690833	.692500	.694167	.695833	.697500	.699167	.700833
37	.702500	.704167	.705833	.707500	.709167	.710833	.712500	.714167	.715833	.717500	.719167	.720833
38	.722500	.724167	.725833	.727500	.729167	.730833	.732500	.734167	.735833	.737500	.739167	.740833
39	.742500	.744167	.745833	.747500	.749167	.750833	.752500	.754167	.755833	.757500	.759167	.760833
40	.762500	.764167	.765833	.767500	.769167	.770833	.772500	.774167	.775833	.777500	.779167	.780833
41	.782500	.784167	.785833	.787500	.789167	.790833	.792500	.794167	.795833	.797500	.799167	(1)80%*

(1)*Annuity in excess of 80 percent that is produced by credit for unused sick leave is payable.

254 **Alternative Form of Annuity (AFA)**

254.1 **Eligibility and Payment**

In place of the basic annuity calculated above, *certain* employees may elect an alternative form of annuity (AFA). In general, AFA is limited to employees who separate on a voluntary (optional) retirement with a life-threatening affliction, or who separate involuntarily and qualify for a discontinued service annuity. The AFA allows the retiree to receive a lump-sum payment equal to the total contributions made by the employee to the retirement plan, plus any interest accrued before 1957, and to receive a *reduced* monthly annuity. Individuals eligible for AFA are provided an estimated alternative annuity on their annuity estimate printout under *Lump Sum*.

254.2 **Computation of the AFA**

To determine the reduction to monthly annuity, full annuity must first be calculated as stated in Sections 252 and 253. This amount is then reduced by an amount equal to the lump-sum payment divided by a present value factor for the employee's age at the time of retirement. The value factors (also referred to as actuarial factors) are the same as those used to determine reductions for redeposits not paid to OPM (see Exhibit 231.3, *Present Value Factors*).

Example: The following is a calculation for an employee, age 62 at the time of retirement, with a total lump-sum payment due of \$20,000 and a beginning rate of annuity of \$1,000 per month. If the employee elects the AFA, that annuity is \$892 per month instead of \$1,000 per month. The calculation is as follows:

$$\begin{aligned} \$20,000 \div 186.2 \text{ (value factor for age 62)} &= \$108 \text{ (rounded up)} \\ \$1,000 - \$108 &= \$892 \end{aligned}$$

26 **Annuity Commencement Date**

Under the current retirement law, if you voluntarily retire on day 1, 2, or 3 of the month, your annuity begins on the day after separation. If you retire voluntarily on any other day of the month, your annuity begins on the first day of the month after separation. In either case, if the employee's last day in pay status was prior to the effective date elected on the retirement application and retirement eligibility had been met as of that day, OPM will begin annuity the day following the last day of pay status. These provisions on the commencement date do not apply to disability retirement or retirement based on an involuntary separation.

27 Rounding Down of Civil Service Annuities

Annuities beginning or redetermined on or after October 1, 1982, are rounded down to the next lower dollar rather than next higher. The rounding-down provision applies when annuities are initially computed and redetermined, and also when they are later adjusted by cost-of-living increases.

28 Cost-of-Living Adjustment

After retirement, you are entitled to an annual cost-of-living adjustment (COLA) increase. Under the current retirement law, COLA increases are effective December 1 of each year. Your first COLA increase as a retiree, however, is prorated. You receive 1/12 of the applicable increase for every month (or partial month) you have been in a retired status.

29 Other Annuity Information

291 **Retirement Deductions**

The amount of retirement deductions shown on your annuity estimate does not include (1) refunds, redeposits, or deposits; (2) deductions made by another federal agency or, in some cases, by another postal data center; (3) any deductions transferred to OPM due to prior separations; or (4) voluntary contributions.

292 **Annual Leave Balance — Terminal Leave Payment**

It is to your advantage to retire with an annual leave balance since the payment for terminal leave provides you with funds while you wait for your first annuity check. Note that:

- a. Bargaining-unit employees are paid for their accumulated annual leave hours provided for under the applicable collective-bargaining agreement.
- b. Nonbargaining-unit employees are paid for their accumulated annual leave plus any accrued annual leave earned during the leave year in which they retire.
- c. The annuity estimate reflects your earned annual leave balance and indicates the amount of your lump-sum terminal leave payment, assuming you retire on the effective date shown and you do not take any annual leave after receiving the annuity estimate. You receive additional payment for all holidays observed by the Postal Service that would have occurred had you remained on the rolls and used all your annual leave prior to retirement.

293 **Deductions from Annuity**

The deductions made from your annuity for health benefits, life insurance, etc., may appear excessive. The deductions are larger than when you were an employee because they are made on a monthly basis instead of biweekly.

Note: See Chapter 4 for more information on life insurance, health benefits, the Thrift Savings Plan, and Social Security Administration and Medicare benefits.

3 Survivor Benefits

31 Survivor Benefits Elections

311 Election for Current Spouse

Your annuity estimate provides calculations with and without survivor benefits for your spouse. Note that the estimated survivor benefit assumes you will provide the maximum provision (see 32, *Designating a Base*). Survivor benefit elections made for your spouse at the time of your retirement cannot be changed after you retire unless your spouse dies, the marriage is otherwise dissolved, or you elect less than the full survivor annuity (see 34, *Annuity Election Changes After Retirement*). The cost for electing a survivor benefit is withheld from your annuity (see 33, *Determining the Cost*).

312 Spouse's Written Consent to Reduce Annuity

The law requires that if you are married and elect less than the maximum survivor annuity for your spouse, you must have your spouse's written consent. You are required to complete Part I of SF 2801-2, *Spouse's Consent to Survivor Election*, stating that you elect either *no survivor annuity* for your spouse or *less than the maximum survivor annuity*. Part 2 is completed by your current spouse and must be notarized. The statement indicates that your spouse is aware of the election made by you and consents to the election. This consent is required even if there is a qualifying court order awarding the survivor annuity to a former spouse.

Note: In order for your surviving spouse (and or other family members) to be entitled to continue enrollment in a health benefit plan following your death, a survivor annuity must be established. Health benefit premiums for survivors are withheld from survivor annuities. If an annuity would be insufficient, OPM establishes an alternative direct-pay method to collect premiums.

313 Survivor Annuity for Former Spouse

313.1 Court-Ordered Provision

Retirements effective on or after May 7, 1985, may be affected by a qualifying court order or divorce decree requiring the retiree to provide a

survivor annuity to a former spouse. In those cases annuity is automatically reduced to provide the benefit to your former spouse.

313.2 **Voluntary Provision**

If no court order or decree exists, you may still voluntarily elect to provide a survivor annuity for a former spouse. If you are currently married, your current spouse must consent to the voluntary election.

313.3 **Affect on Current Spouse Survivor Annuity**

The total of survivor benefits cannot exceed 55 percent of your annuity. (See 32, *Designating a Base*.) Therefore, a current spouse will only receive an amount equal to the difference between the amount awarded to a former spouse and 55 percent of your annuity. If a former spouse is awarded the maximum survivor benefit, the current spouse would be ineligible for benefits.

32 **Designating a Base**

If you elect a survivor annuity for your spouse, you may designate any portion or all (maximum provision) of your annuity as a base for figuring the amount of the survivor annuity. Upon your death, your spouse receives 55 percent of the amount you chose as a base, plus cost-of-living increases (unless a qualifying court order has awarded a full survivor annuity to a former spouse (see 313, *Survivor Annuity for Former Spouse*)).

Example:

If your annual annuity is \$19,000 and you designate \$8,000 of your annuity as a base, upon your death your spouse receives a yearly survivor annuity of 55 percent of \$8,000 (i.e., \$4,400), plus cost-of-living increases. If you designate the entire annuity as a base, your spouse will receive 55 percent of \$19,000 (i.e., \$10,450), plus cost-of-living increases.

33 **Determining the Cost**

If you elect a survivor annuity for your spouse, your annuity is reduced by 2-1/2 percent of the first \$3,600 chosen as a base, plus 10 percent of any amount over \$3,600.

Example:

If you chose \$8,000 as a base, your annuity will be reduced as follows:

FIRST	\$ 3,600 of base	x 2.5%	=	\$ 90
REMAINING	\$ 4,400 of base	x 10%	=	\$ 440
	\$ 8,000 base		=	\$ 530 reduction per year

34 Annuity Election Changes After Retirement

341 Election for Current Spouse

If you elect at retirement to provide less than a maximum survivor annuity for a current spouse, you may later change that election to provide an increase to the survivor benefit. (You may not elect to provide a lesser survivor benefit for your spouse.) The request for an increase must be filed with OPM no later than 18 months after the commencement date of your annuity. You are required to pay a deposit (plus interest) representing the difference between the reduction in your annuity for the new survivor election and the original survivor election, plus a charge of \$245 for each thousand-dollar change in the designated survivor's base.

342 Changes in Marital Status

If you elect a survivor benefit and your spouse dies or the marriage is otherwise dissolved, you should immediately notify OPM so that your annuity can be recomputed to eliminate the reduction for the survivor benefit.

343 Marriage After Retirement

If you are not married and you decide to marry after you retire, you may elect a survivor benefit by notifying OPM. However, your spouse is not eligible for survivor benefits unless you have been married for at least 9 months or, if married less than 9 months, there is a child born of that marriage. You are required to make a deposit equal to the total amount by which your annuity would have been reduced if that election had been made at the time of retirement, plus 6 percent interest compounded annually.

35 Insurable Interest Election

351 Eligibility

In addition to the provisions made for survivor annuity for former and current spouses as described in 31 above, you may make provisions for survivor benefits for a person with an insurable interest in your life, i.e., a person who expects to benefit financially from your continued life. You must demonstrate good health to be eligible for this benefit.

352 **Determining the Cost**

The reduction in your annuity may be from 10 to 40 percent depending on the age difference between you and the person named. In order to determine what the reduction is, consult the following table:

Exhibit 352.1

Insurable Interest Reductions

Age of Person Named In Relation to That of Retiring Employee	Reduction in Annuity
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%

353 **Election for Current Spouse**

If you are married and a survivor annuity has been awarded by court order (effective after May 6, 1985) to a former spouse, you may elect an insurable interest survivor annuity for your current spouse. The combined reduction for both elections may exceed the maximum 40 percent reduction in the annuity normally applicable to insurable interest annuities.

36 **Surviving Children**

At the time of an employee's or retiree's death, monthly annuity and continuation of health benefits are automatically established for surviving children who are (1) unmarried and under age 18, or (2) unmarried and under age 22 if a full-time student, or (3) unmarried and incapable of self-support (regardless of age, provided the disability was established before age 18). There are no reductions to your annuity for these benefits.

Note: For more information, see OPM pamphlet RI 83-5, *Survivor Benefits Under CSRS*, available from your personnel office or from the world Wide Web at www.opm.gov.asd.

4 Insurance and Other Benefits

41 Federal Employees' Group Life Insurance (FEGLI)

411 **Description of Coverage**

The life insurance information on the annuity estimate shows the types of insurance in which you are enrolled, its current cost to you and to the Postal Service, and the monthly deductions that will be made if you continue enrollment into retirement (see Exhibit 21, *Annuity Estimate*).

412 **Requirements for Continuation**

In order to carry life insurance into retirement, you must have been enrolled for 5 years immediately preceding the effective date of your annuity, or, if enrolled less than 5 years, from the date of your first opportunity to enroll. These provisions apply to both Basic Life Insurance and any optional insurance (Option A — Standard, Option B — Additional, or Option C — Family) you may have. Accidental Death and Dismemberment Insurance *does not* continue into retirement. The value of the coverage for basic and each optional insurance is set forth in Exhibit 41.

To continue your Basic Life Insurance you must complete SF 2818, *Continuation of Life Insurance Coverage*, at the time of retirement. Your decision will determine the level of coverage you take into retirement and the cost of that coverage. Continuation of any of the optional insurance is not possible unless an election is made to continue Basic Life Insurance.

413 **Reduction in Basic Life Insurance Coverage After Retirement**

Your Basic Life Insurance may be retained at full value, or gradually reduced by 50 or 75 percent of value over a fixed period, depending upon the election you make at retirement. If you choose the 50-percent reduction, your coverage reduces at the rate of 1 percent of value per month starting the month after you reach age 65. If you choose the 75-percent reduction, your insurance reduces at the rate of 2 percent of value per month, starting the month after you reach age 65. Premiums vary for each of the three Basic Life Insurance elections (see Exhibit 41, *Premiums and Reductions to Value*).

414 **Reduction in Optional Insurance Coverage After Retirement**

If you are enrolled in any of the Optional insurance benefits as an employee, at time of retirement you must make a decision on each option to either cancel the coverage or continue to pay premiums as a retiree and retain the coverage.

If you elect to retain optional coverage, the month after you reach age 65 Options A, B, and C insurance begin reducing in value by 2 percent each month. Option A reduces to 25 percent of the face amount of the insurance. Options B and C reduce until the insurance value reaches zero, with no extension of coverage or right of conversion.

Premiums for the optional insurance are age-based and, in the case of Option B insurance, depend upon the amount of coverage purchased (see Exhibit 41, *Premiums and Reductions to Value*).

415 **Certification of Insurance Status and Conversion**

Your local personnel office completes SF 2821, *Agency Certification of Insurance Status*, at the time of your retirement, and forwards it to OPM with your retirement application. If you wish to convert your individual policy (because you were not enrolled for 5 years immediately preceding retirement or from your first opportunity to enroll) or for any other reason, the procedures are clearly explained on this form.

416 **For More Information**

Complete details on the kinds of insurance, types of coverage, and premiums are available in the Office of Personnel Management handbook, RI 76-20, *Federal Employees' Group Life Insurance*, which is available from your local personnel office.

Exhibit 41
Premiums and Reductions to Value

Insurance Value	Value Reduction Rate and Eventual Value	Monthly Deductions From Annuity	
		Before You Reach Age 65	After You Reach Age 65
Basic Life (basic salary increased by \$2,000, rounded up to next \$1,000)	No reduction; 100% preretirement value continues for life	\$2.0475 per \$1,000	\$1.69 per \$1,000
	For 50% total reduction: 100% preretirement value until age 65. Beginning at 65 (or date of retirement if 65 or older at retirement), 1% per month reduction until 50% preretirement value reached	\$0.8775 per \$1,000	\$0.52 per \$1,000

Insurance Value	Value Reduction Rate and Eventual Value	Monthly Deductions From Annuity	
		Before You Reach Age 65	After You Reach Age 65
	For 75% total reduction: 100% preretirement value until age 65. Beginning at 65 (or date of retirement if 65 or older at retirement), 2% per month reduction until 25% preretirement value reached	\$0.3575 per \$1,000	No further deductions
Option A — Standard (\$10,000)	100% preretirement value until age 65. Beginning at 65 (or date of retirement if 65 or older at retirement), 2% per month reduction until 25% preretirement value reached (\$2,500)	Depends on age; For \$10,000: 50–54 \$ 3.90 55–59 \$6.50 60–64 \$15.17	No further deductions
Option B — Additional (1–5 multiples of salary, as elected)	100% preretirement value until age 65. Beginning at 65 (or date of retirement if 65 or older at retirement), 2% per month reduction for 50 months; then coverage ends	Depends on age; Per \$1,000: 50–54 \$.390 55–59 \$.650 60–64 \$1.517	No further deductions
Option C — Family (\$5,000 for spouse and \$2,500 for each eligible dependent child)	100% preretirement value until age 65. Beginning at 65 (or date of retirement if 65 or older at retirement), 2% per month reduction for 50 months; then coverage ends	Depends on age; 50–54 \$2.17 55–59 \$3.25 60–64 \$5.63	No further deductions

42 Federal Employees Health Benefit Program (FEHB)

421 Description

The health insurance information on the annuity estimate shows both the amount presently being deducted from your pay check each pay period for your present health benefits plan and the amount that will be deducted *monthly* in retirement for that same plan (see Exhibit 21, *Annuity Estimate*).

422 Requirements for Continuation

You may continue your health benefits into retirement if you have been enrolled in the Federal Employees Health Benefits Program (FEHBP) for the 5 years immediately preceding retirement or, if enrolled less than 5 years, from the date of your first opportunity to enroll. Military health coverage (Civilian Health and Medical Program of the Uniformed Services — CHAMPUS) and enrollment as a family member under another employee's FEHBP enrollment count toward the 5-year requirement. If you elect to

continue health benefits into retirement under FEHB, you are not allowed to change plans or options until the next open season or unless you have a qualified life status change. A change to self only is allowed.

Annuitants who at the time of their retirement do not meet the criteria to continue enrollment into retirement may qualify to enroll under the Temporary Continuation of Coverage (TCC) Program. This program provides health benefits enrollment opportunities to allow continuation of benefits beyond the 31-day extension period that follows termination. Under TCC, election is allowed in any plan or option available for which the individual meets the enrollment criteria, if any. For additional information, contact your local personnel office.

423 **Employee Organization Plan**

If you are enrolled in an employee organization health plan, you may be required to maintain membership in the employee organization. Check with the plan. If this is required, make arrangements to pay your membership fees individually to the organization or as an automatic allotment from your annuity.

424 **Benefits**

Annuitants are entitled to the same benefits as active employees enrolled in the same plan, including open season changes and other opportunities to change enrollment. Your survivors may also continue health benefits if they are covered under your enrollment as a retiree and a survivor annuity has been established.

425 **Cost of Coverage**

The Postal Service contributes a larger share of its employees' health benefit costs than other government agencies. During retirement, the Postal Service's contribution for annuitants reverts to the government's rate of contribution and, therefore, your share of the cost of your health insurance premium may increase. The cost of your health insurance premium may change from year to year, just as it did when you were an employee.

Furthermore, your employee health benefit premiums are paid every other week (26 times per year), while your annuitant health benefit premiums will be paid monthly (12 times per year). Making fewer payments means making bigger payments. For most postal employees, health benefit premiums are paid on a pre-tax basis, with tax savings reducing the net cost of the premium. However, the pre-tax premium program is not available for annuitants, so there are no tax savings from the net cost of the premium.

426 **Medicare**

Medicare eligibility qualifies as an opportunity for employees and annuitants to change health benefit plans or options. You are entitled to a *one time* opportunity to use Medicare eligibility as a reason to change. The eligibility period begins the 30th day before you become eligible for Medicare (usually

age 65) and has no ending date. This option offers you an opportunity to elect a plan or option with lesser benefits and a lower health benefit premium, but still also take advantage of the Medicare benefits.

43 Thrift Savings Plan

431 **Statement of Earnings**

If you participated in the Thrift Savings Plan (TSP), your contributions and investment earnings are reported to you every 6 months by the Federal Retirement Thrift Investment Board. As an annuitant, this report or statement will continue to be provided twice each year in mid-May and mid-November.

432 **Withdrawing and Distributing Accounts**

Depending on your eligibility for basic retirement benefits, you have four distribution options available for your TSP account:

- a. Transfer your account balance to an IRA or other eligible retirement plan.
- b. Receive a lump-sum payment.
- c. Receive your account balance in equal monthly payments.
- d. Receive a life annuity.

At the time of your retirement or upon request at any time, your local personnel office will provide you with the Thrift Investment Board's publication entitled *Withdrawing Your TSP Account Balance*, which outlines in more detail the options described briefly below, the appropriate forms to process your selected option, and other information regarding IRS withdrawal penalties, future TSP account activity, etc.

432.1 **Transfer to IRA**

You may transfer your account balance to an IRA or other eligible retirement plan. The balance is not taxed until you withdraw it from the IRA or plan.

432.2 **Lump-Sum Payment**

You may request a lump-sum payment to be received when you are eligible to receive your basic CSRS retirement benefits. Taxes are due in the year the payment is issued.

432.3 **Installment Payments**

You may request equal payments of your account balance to begin when you are eligible to receive your basic CSRS retirement benefits. You may choose payments for a fixed period — for example, 5, 10, or 15 years — or in a fixed amount until your account is depleted. Once payments have begun, the balance remaining continues to accrue earnings. Once you receive all payments for the time period you have chosen, all benefits end. If you die

before receiving all of your installments, your beneficiary will receive the balance of your account in one lump-sum payment.

432.4 **Life Annuity**

You may request an immediate or deferred life annuity based on the balance in your account. There are a number of annuity options. Payments are made to you for life. Some life annuities provide that, after your death, your surviving spouse (or other beneficiary) also receives a monthly benefit for life. This is referred to as a *joint and survivor* annuity. Life annuities are provided by insurance companies selected by the Thrift Investment Board. You may choose to receive your annuity immediately after you leave the service, or defer the annuity until a later date.

44 Social Security Administration and Medicare Benefits

441 **Qualifying for Benefits**

To qualify for Social Security Administration (SSA) benefits, you must be age 62 or older and must have at least 10 years of work under Social Security. Benefits are payable based on your earnings shown on the individual Social Security wage record and the age at which you retire. The receipt of a civil service annuity does not prohibit anyone from receiving Social Security benefits. However, the calculation of these benefits may be affected.

442 **How a Civil Service Retirement Annuity Can Affect Your Social Security Benefits**

Two provisions in the Social Security law may cause your civil service annuity to reduce your Social Security benefits. These provisions are commonly referred to as the *Windfall Elimination Provision* and the *Government (Public) Pension Offset*. It is important to mention that these provisions apply only to postal and federal workers who were employed before January 1, 1984, and who receive their entire pension or a portion of their pension under CSRS rules. These two provisions are briefly covered in this section.

442.1 **What the Windfall Elimination Provision Means**

Persons who first become eligible for Social Security benefits *after 1985* and who also become eligible for CSRS retirement benefits *after 1985* are subject to computation of Social Security benefits under the Windfall Elimination Provision. Social Security benefits are intended to replace a percentage of a worker's preretirement earnings, giving a higher percentage replacement of earnings to a lower paid worker than to a higher paid worker.

Lower paid workers could receive a Social Security benefit up to 90 percent of their preretirement earnings, while highly paid workers could receive a Social Security benefit of about 42 percent of their preretirement earnings. To determine benefits, the SSA uses the total of the past 30 years of Social

Security earnings in all computations. As CSRS employees have most of their past 30 years of earnings under CSRS and not Social Security, if they have any Social Security earnings they may appear to be lower paid workers. Therefore, a special computation rule, the Windfall Elimination Provision, is used to make sure that CSRS employees are not treated as lower paid workers and consequently receive an unfairly higher percentage of their preretirement earnings as a Social Security benefit. The Windfall Elimination Provision corrects the Social Security benefits computation by recognizing that CSRS employees have preretirement earnings that are not subject to Social Security, and that those employees are to receive retirement benefits outside the Social Security system.

The number of years you have worked in employment covered by Social Security deductions is the determining factor in the amount of Social Security benefit you may receive. If you have 30 years or more of substantial Social Security contributions (perhaps through self-employment, a job within the private sector, etc.) even though you retire under CSRS, your Social Security benefit is not reduced.

Note: For more information, see Social Security Administration (SSA) Publication No. 05-10045, *A Pension From Work Not Covered by Social Security*, available at local Social Security Offices, your local personnel office, or on the World Wide Web at www.ssa.gov.

442.2 **What the Government (Public) Pension Offset Means**

All CSRS annuitants who became eligible for CSRS retirement benefits beginning after November 1982 have their entitlement to benefits *under their spouse's Social Security* affected by the Government (Public) Pension Offset provision.

Social Security spousal benefits were established to provide income to husbands and wives with little or no entitlement to retirement benefits in their own right. If your spouse (who is not a Federal employee) receives a Social Security benefit earned due to his or her employment, you are entitled to a spousal or widow's benefit. As with the Windfall Elimination Provision, the normal Social Security computation is adjusted to recognize that a CSRS employee receives a retirement benefit outside the Social Security system.

Pursuant to Pension Offset rules, two-thirds of your CSRS annuity is offset against the spousal benefit computed by the SSA. If two-thirds of your CSRS annuity is greater than the spousal Social Security benefit, you receive no spousal Social Security benefit. If the spousal Social Security benefit is greater than two-thirds of your CSRS annuity, then you receive the difference between the two figures.

Note: For more information, see Social Security Administration (SSA) Publication No. 05-10007, *Government Pension Offset*, available at local Social Security Offices, your local local personnel office, or on the World Wide Web at www.ssa.gov.

443 Medicare Benefits

Medicare is a medical insurance program enacted in 1965 to provide health insurance to people who qualify for Social Security benefits. The hospital insurance (HI) program (Part A) of Medicare is financed through a portion of the total FICA tax. Beginning January 1, 1983, all career federal and postal employees became subject to the HI portion of the FICA tax. Consequently, your postal and other federal employment counts toward eligibility for the Medicare Program in the same way that work covered by Social Security counts.

444 Social Security Publications

The Social Security Administration produces many publications targeted to specific subjects and audiences. The following publications are available through your local Social Security office and may be of interest to you:

- a. SSA Publication 05-10035, *Retirement*.
- b. SSA Publication 05-10070, *How Your Retirement Benefit is Figured*.
- c. SSA Publication 05-10007 *Government Pension Offset — How It May Affect You*.
- d. SSA Publication 05-10043, *Medicare*.
- e. SSA Publication 05-10084, *Survivors*.
- f. SSA Publication 05-10045, *A Pension From Work Not Covered By Social Security*.

5 Counseling Services

51 Postal Service

Your local personnel office provides you with individual retirement counseling. Group sessions are also available at many offices. You are encouraged to attend and include your spouse in all individual or group retirement counseling sessions. As an *employee*, you should contact your district local personnel office for assistance and information.

52 Office of Personnel Management

The Office of Personnel Management (OPM) administers the Civil Service Retirement System (CSRS) and is responsible for counseling and assisting retirees and survivors on retirement and insurance matters. As an *annuitant*, you may contact OPM by writing to:

CIVIL SERVICE RETIREMENT SYSTEM
OFFICE OF PERSONNEL MANAGEMENT
1900 E STREET NW
WASHINGTON DC 20415-0001

If you find it necessary to communicate with that office, you should provide complete identifying information, such as your full name, date of birth, agency where you were employed and the dates of such employment, and the civil service account (CSA) number assigned to you as an annuitant.

53 Social Security Administration

The Social Security Administration is responsible for providing information and assistance regarding Social Security benefits. Specific inquiries and questions should be referred to your local Social Security office.

54 Federal Retirement Thrift Investment Board

The Federal Retirement Thrift Investment Board is responsible for providing information to retirees concerning their Thrift Savings Plan accounts. If you have a Thrift Savings Plan account, at retirement you receive from your employing office a copy of the booklet, *Withdrawing Your TSP Account Balance*. This booklet provides information you need concerning your account (see 43, *Thrift Savings Plan*).

6 Processing the Retirement Application

61 Employee Responsibility

611 **Selecting the Date**

You may select any date for retirement after you become eligible. However, you should carefully consider the retirement law provisions concerning the commencement date of annuities (see 26, *Annuity Commencement Date*). If you are retiring voluntarily, remember that if your retirement date is between the fourth and the last day of the month, your annuity will not begin until the first day of the following month. These provisions on the commencement date do not apply to a disability retirement or retirement based on an involuntary separation. Annuities under these conditions begin the day after separation or the day after the last day in a pay status.

612 **Contacting a Counselor**

Contact your designated district retirement counselor early enough to allow that person time to answer any questions you may have or to resolve any problems you may be experiencing. This is especially important if you are combining your military service with civilian service, or your local personnel office needs to verify creditable service time. Advance planning gives you time to assess carefully whether to make a deposit or redeposit for certain service, if applicable. Someone in your local personnel office designated to perform retirement counseling will assist you.

613 **Application for Retirement**

613.1 **General Information**

You may obtain an SF 2801, *Application for Immediate Retirement*, from your employing office. Your counselor will gladly assist you in completing the form. This form should be submitted to your employing office as far in advance as possible, but not less than 6 weeks before your actual retirement date. The retirement application package contains the following:

- a. A summary of basic eligibility requirements for civil service retirement.

- b. Instructions for the completion and submission of all required forms contained in the package.
- c. Additional information about retirement, including:
 - (1) How to file your application.
 - (2) What happens after you file your retirement application.
 - (3) What to do if your address changes before processing is completed.
 - (4) How to have your annuity payments sent to a bank or other financial institution.
 - (5) How annuities are paid and accrued.
 - (6) How cost-of-living increases are determined.
 - (7) How annuities are computed.

613.2 **Reminder**

It is important that you understand that your election on the *Application for Retirement* form to provide or not to provide survivor benefits for your spouse is, in most instances, an irrevocable decision after the application has been processed by OPM. It can be changed only during retirement if there is a change in your marital status or if you elected less than a full survivor annuity for your spouse. You may *increase* the survivor annuity within 18 months of your retirement (see 34, *Annuity Election Changes After Retirement*).

614 **Review of Official Personnel Folder**

Ask your local personnel office for a chance to review your official personnel folder (OPF) to make sure that all your service is documented. Check all information in your OPF; be sure nothing is missing and all information is accurate.

614.1 **Review of Documentation**

Make sure your OPF includes official documentation of the following:

- a. Service dates for all of your postal and other federal employment.
- b. Effective dates for each adjustment to your pay or tour of duty.
- c. A record of time worked under part-time or intermittent appointments.
- d. Documentation of any military service.
- e. Current SF 2823, *Federal Employees' Group Life Insurance Program — Designation of Beneficiary*, if you have filed one.
- f. Records of your health benefits and life insurance coverage.

Note: If you have not been enrolled for the 5 years of service immediately preceding your annuity commencement date (or from your first opportunity to enroll), you *cannot* continue your health benefits or life insurance coverages into retirement. Federal health benefits coverage as a family member counts toward the 5-year requirement.

614.2 Missing Documentation

If any documentation is missing from your OPF, inform the person assisting you and request that your local personnel office obtain the missing documentation. All service and insurance coverage should be verified and documented before your retirement package is submitted to OPM. Otherwise, the final processing of your retirement application may be delayed until the missing documentation is obtained.

614.3 Verifying Retirement Eligibility

Get advice from the person assisting you about whether the records in your OPF verify that you meet the age and service requirements on your proposed retirement date.

615 Military Discharge Certificates

If you are claiming military service for retirement purposes, you should provide complete copies of all your Forms DD 214, *Report of Transfer or Discharge*, with your SF 2801, *Application for Immediate Retirement*.

62 Employing Office Responsibility

As soon as you submit your SF 2801, *Application for Retirement*, your employing office completes an SF 2801-1. This form provides a cumulative record of your complete federal service, both civilian and military. After the form is completed, you must review and sign it. Entries reflect only service verified by official documents in your OPF or other official documents the Postal Service possesses. OPM cannot use unverified service for retirement purposes, and you should be aware of the impact that unverified service has on your annuity.

Upon completion of all paperwork, personnel proceeds as follows:

- a. Forwards your retirement application, the SF 2801-1, and documentation of your health benefits and life insurance enrollments to the Retirement Branch of the Minneapolis Accounting Service Center (Minneapolis ASC) for a second review and verification.
- b. Prepares a Form 50, *Notification of Personnel Action*, effecting your retirement. You should receive your copy of this Form 50 within 3 to 4 weeks after your separation date.

63 Office of Personnel Management

631 Receipt of Retirement Package

Shortly after they receive your application for retirement, OPM will send you an acknowledgment and your retirement claim number, which will begin with the letters *CSA*. This number is very important because you must refer to it

any time you call or write OPM about your claim. You should not attempt to contact OPM before you receive your CSA number.

632 **OPM Review**

OPM reviews your application package and any retirement records they have on file from service at a previous agency and assembles them into a retirement file.

633 **Interim Annuity Payments**

If your entitlement to annuity is clear, OPM authorizes interim annuity payments to provide you with an income until your claim is finalized. Interim annuity payments are usually about 85 percent of your estimated monthly payment and begin within 30 days after OPM receives your retirement package from the Minneapolis ASC.

634 **Processing by Claims Examiner**

Your case is assigned to a retirement claims examiner for verification of your application. The claims examiner reviews your entitlement to benefits and follows up to obtain any outstanding documentation needed to process the application. When your retirement file is complete and accurate, the claims examiner determines the amount of your monthly annuity benefit and sends you an annuity statement and other informational material concerning your retirement benefits. (See Exhibit 647, *OPM Annuity Statement*, pp.1–3.) OPM completes the final verification of fully documented claims within 50 to 55 days from the date they receive the retirement package.

64 Direct Deposits

641 **Required Method of Payment**

Public Law 104-134 requires all federal payments, for which the first date of eligibility for payment is on or after July 26, 1996, to be paid by Direct Deposit through Electronic funds Transfer (EFT) into a savings or checking account at a financial institution. The only legal exception is if you do not have a savings or checking account in any financial institution and do not establish one or have one established for you by an authorized payment agent. If you do not already have an account, and do not establish one or have one established for you, you must certify to that fact *in writing*.

642 **Required Form**

You can arrange Direct Deposit by completing Form 1199A, *Direct Deposit*, which you can obtain from your financial institution. This form will be forwarded with your retirement application by your personnel office.

65 Taxing Your Annuity

651 Federal Income Tax Withholding

651.1 Provision

The Tax Equity and Fiscal Responsibility Act of 1982 requires OPM to automatically withhold federal income tax from the taxable portion of your annuity unless you elect not to have withholding apply. The income tax is scheduled to be withheld at a rate applicable to a married person claiming 3 withholding allowances. However, OPM will provide you with Form W-4P-A, *Election of Federal Income Tax Withholding*, shortly after interim payments begin, to allow you to change or terminate the amount being withheld.

651.2 Taxable Portion of Annuity

Annuities effective after November 18, 1996, are subject to the Internal Revenue Service (IRS) Simplified Method to determine the taxable portion of your annuity. For a detailed explanation of how your annuity is taxed, request IRS Publications 721, *Comprehensive Tax Guide to U.S. Civil Service Retirement Benefits*, and 525, *Taxable and Nontaxable Income*, from the IRS.

If after reviewing Publication 721 you need assistance to determine how your annuity is taxed, follow the directions provided in this publication for obtaining assistance from the IRS. Neither OPM nor your local personnel office *can* provide you with advice concerning your federal income tax liability. If you need assistance to determine the taxability of your annuity, contact your tax advisor or the IRS.

652 State Income Tax Withholding

652.1 Voluntary Withholding Program

You may have state income tax withheld from your regular annuity payments only if your state participates in the Voluntary State Income Tax Withholding Program. Contact your state tax office to determine if you live in one of the states that does participate and you wish to have state income taxes withheld from your annuity.

652.2 Withholding Request

State tax deductions cannot be taken from interim payments. You may contact OPM by phone at (888) 767-6738 after receipt of your CSA number to establish this deduction. You must specify the monthly amount you want withheld, with the minimum being \$5.

66 Avoiding Delays

Your annuity claim may be delayed if the Postal Service encounters problems when reviewing your OPF or processing your application, or if OPM has problems verifying your service. It is essential, therefore, that you initiate your retirement process at least 6 weeks before your planned retirement date. Check your OPF several months before your retirement date to ensure that all your pertinent papers are ready for processing. By taking these precautions, you can avoid a delay of weeks, or even months, in receiving your annuity.

67 Mailing Instructions

671 Final Pay and Terminal Leave Payment

The Minneapolis ASC sends your final pay and terminal leave payment to your employing office. Therefore, make sure your employing office knows where to forward your last payroll check.

672 Annuity Payments

If your address changes after you submit your retirement application, check with your local personnel office staff to see if they forwarded the change to OPM. If they have not, notify OPM of your change of address by writing to or calling:

RETIREMENT OPERATIONS CENTER
 OFFICE OF PERSONNEL MANAGEMENT
 PO BOX 440
 BOYERS PA 16017-0440
 PHONE: 1-888-767-6738 OR 1-724-794-5945

If writing, provide OPM with your name, date of birth, Social Security number, date of retirement, the post office from which you retired, and your CSA number, if you have received it. (You *always* need to refer to this number when you write to OPM.)

Note: Write to OPM only if your local personnel office forwarded your application to that office. Also, be sure to notify your former local personnel office of your forwarding address.

673 Ensuring Receipt of Annuity Payments

If you change banks, do *not* close out your old bank account until you begin receiving Direct Deposit annuity payments at the new address. This will prevent a break in your receipt of annuity payments.

68 Information Assistance

681 Documenting CSA Number

After OPM assigns you a CSA claim number, keep a record of it in several places and tell your spouse, or at least one other person, where to find it.

Note: Since this CSA number identifies you and must be included on all correspondence with OPM, make sure your designee knows how to access it in case of emergency.

682 Requesting Information

After retirement, all requests for information must be addressed to OPM.

- a. Address correspondence about retirement to:

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

- b. Telephone inquiries should be made to:

1-888-767-6738 or 1-724-794-5945 or TDD 1-800-878-5707 (for the hearing impaired).

OPM customer service specialists are available from 7:30 a.m. to 5:30 p.m. Eastern time, Monday through Friday. By phone, the specialists provide general information and make changes to mailing addresses, payment addresses, federal and state income tax withholdings, and various health benefits.

You may also access an automated telephone service 24 hours a day, seven days a week, using your Personal Identification Number (PIN). Once your annuity application is processed, OPM mails your annuity explanation with instructions on how to obtain your PIN. Using your PIN you may make various changes to your own retirement account, request verification of personal information, or request OPM informational material. OPM continually updates this system adding new options as they become available. You may currently use the automated telephone service to do the following:

- (1) Report a death.
- (2) Change an address.
- (3) Change federal and state income tax withholding amounts.
- (4) Request verification of income.
- (5) Request current value of life insurance.
- (6) Request verification of the survivor benefits.
- (7) Ask OPM to mail various retirement forms and brochures.

Exhibit 647

OPM Annuity Statement

United States
Office of Personnel Management
Washington, DC 20415

YOUR ANNUITY CLAIM NUMBER IS: **CSA**

PLEASE KEEP THIS STATEMENT. IT PROVIDES IMPORTANT INFORMATION REGARDING YOUR BENEFITS AS A RETIRED EMPLOYEE OF THE UNITED STATES GOVERNMENT.

Your **ANNUITY ADJUSTMENT PAYMENT** will be mailed to you by:

The Annuity Adjustment Payment will reflect the total benefits due you to date. REFER TO PART III OF THIS STATEMENT FOR A DETAILED EXPLANATION OF YOUR ANNUITY ADJUSTMENT PAYMENT. (If you elected Direct Deposit, the payment will be sent to your bank or financial institution.)

After your ANNUITY ADJUSTMENT PAYMENT is sent, you will receive **REGULAR MONTHLY ANNUITY PAYMENTS** that will be dated the first business day of the month. PLEASE REMEMBER THAT YOUR ANNUITY IS PAID AFTER IT ACCRUES; for example, the annuity due you for the month of January, will be paid on the first business day in February. WE WILL SEND A SEPARATE NOTICE TO YOU THAT WILL EXPLAIN THE AMOUNT OF YOUR REGULAR MONTHLY ANNUITY PAYMENTS. We will also notify you whenever the amount of your regular monthly annuity payment changes.

PART I. RETIREMENT PLAN: CIVIL SERVICE RETIREMENT PROGRAM (CSRS)
TYPE OF RETIREMENT: VOLUNTARY NON-DISABILITY CONTRIBUTIONS
RETIREMENT CONTRIBUTIONS: \$ **

** This amount includes regular retirement deductions, military service credit deposits, and other service credit deposits or redeposits made. If you elected the Alternative Annuity, the amount shown includes any deposits, redeposits and interest that were not paid, but were "deemed" paid for the purposes of lump sum service credit, computation and tax liability.

PART II. BASED ON YOUR ELECTION(S) OR VALID COURT ORDERS ON FILE AT OPM, YOUR ANNUITY WILL REFLECT THE FOLLOWING BENEFIT PROVISION(S):

SURVIVOR ANNUITY BENEFITS:

NAME OF SURVIVOR BENEFICIARY	CURRENT MONTHLY RATE \$
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Please note that the reduction to provide the above survivor benefits is made from your basic annual annuity at retirement. **THERE ARE NO SEPARATE MONTHLY DEDUCTIONS FOR PROVIDING SURVIVOR ANNUITIES.**

OPM Annuity Statement (p. 1)

ANNUITY CLAIM NUMBER: **CSA**

FEDERAL EMPLOYEES HEALTH BENEFITS COVERAGE:

CARRIER NAME: TYPE PLAN:
 CARRIER CONTROL NUMBER: ENROLLMENT CODE:

COSTS ASSOCIATED WITH YOUR HEALTH BENEFITS ENROLLMENT ARE SHOWN IN PART III.

FEDERAL EMPLOYEES GROUP LIFE INSURANCE COVERAGE:

<u>TYPE</u>	<u>AMOUNT AT RETIREMENT</u>	<u>MONTHLY REDUCTION*</u>	<u>AMOUNT AFTER FINAL REDUCTION</u>
POST RETIREMENT BASIC	\$	\$	\$
STANDARD OPTIONAL	\$	\$	\$
ADDITIONAL OPTIONAL	\$	\$	\$
FAMILY OPTIONAL	\$	\$	\$

* Reduction in coverage begins at age 65 (or retirement, if later).

COSTS ASSOCIATED WITH YOUR LIFE INSURANCE ELECTION ARE SHOWN ON PART III.

ALTERNATIVE ANNUITY ELECTION:

You elected to receive a reduced monthly annuity with a lump sum payment of your retirement contributions (referred to as the "Alternative Annuity Election"). The reduction in your annuity is based on your age and the total amount of your Lump Sum Credit, including any amount "deemed" paid. PLEASE REMEMBER THAT, WHILE THEY ARE PART OF THE TAXABLE AMOUNT, "DEEMED" AMOUNTS ARE NOT PART OF THE PAYABLE LUMP SUM AMOUNT. Also, since you have elected the Alternative Annuity, you cannot later change to a Disability Retirement.

YOUR ALTERNATIVE ANNUITY ELECTION HAS REDUCED YOUR REGULAR MONTHLY ANNUITY PAYMENTS BY: \$

PART III. EXPLANATION OF YOUR ANNUITY ADJUSTMENT PAYMENT:

THE ANNUITY ADJUSTMENT PAYMENT COVERS ALL BENEFITS DUE YOU FROM THROUGH

YOUR FINAL **INTERIM PAYMENT** WAS/WILL BE SENT TO YOU ON:

THE MONTHLY RATES FOR THE PERIOD COVERED BY THIS ANNUITY PAYMENT ARE SHOWN BELOW. Dates shown reflect the effective date of changes to the gross or net annuity as a result of cost of living adjustments, changes in health benefit premiums or life insurance deductions, or other authorized entitlements or adjustments. Gross Monthly Annuity amounts reflect any reductions resulting from survivor benefit and Alternative Annuity elections.

<u>Beginning Date (mm/dd/yy)</u>	<u>Gross Monthly Annuity</u>	<u>Monthly FEHB Premium</u>	<u>Monthly Deductions For Life Insurance</u>				
			<u>Post-RET Election</u>	<u>Basic Life</u>	<u>Standard Optional</u>	<u>Additional Optional</u>	<u>Family Optional</u>
	\$	\$	\$	\$	\$	\$	\$

ANNUITY CLAIM NUMBER: **CSA**

TOTAL GROSS ANNUITY DUE THROUGH: \$ _____

ADDITIONS AND DEDUCTIONS AFFECTING YOUR TOTAL GROSS ANNUITY:

<u>DESCRIPTION OF ADDITIONS</u>	<u>AMOUNT</u>
** ALTERNATIVE ANNUITY LUMP SUM PAYMENT	+ \$ _____

<u>DESCRIPTION OF DEDUCTIONS</u>	
** GROSS INTERIM PAYMENTS MADE THRU 08/01/90 (INCL FED TAX)	- \$ _____
** FEDERAL INCOME TAX WITHHELD FROM ADJUSTMENT PAYMENT	- \$ _____
ACCRUED HEALTH BENEFITS PREMIUMS	- \$ _____

TOTAL ADDITIONS AND DEDUCTIONS: + \$ _____

**** ANNUITY ADJUSTMENT PAYMENT DUE YOU AT THIS TIME:** \$ _____

** NOTE: Current law requires that your Alternative Annuity Lump Sum be paid in two installments. An additional Alternative Annuity Payment of \$ _____, plus interest, will be paid on **JANUARY 1**, _____. TOTAL FEDERAL INCOME TAX WITHHELD DURING THE CURRENT TAX YEAR WILL BE REPORTED TO YOU ON YOUR ANNUAL W-2 FORM.

PART IV. REGULAR MONTHLY ANNUITY PAYMENTS WILL BEGIN _____ FOR THE MONTH OF _____.

IF YOU HAVE ANY QUESTIONS REGARDING THE INFORMATION PROVIDED IN THIS STATEMENT PLEASE WRITE TO THE FOLLOWING ADDRESS:

OFFICE OF PERSONNEL MANAGEMENT
 RETIREMENT OPERATIONS CENTER
 PO BOX 45
 BOYERS, PA 16017-0045

IF YOU HAVE GENERAL QUESTIONS ABOUT RETIREMENT MATTERS, PLEASE CALL THE **RETIREMENT INFORMATION OFFICE** AT THE FOLLOWING NUMBER:

1-888-767-6738
 TDD: 1-800-878-5707
 FOR RESIDENTS IN (202) AREA CODE: 202-606-0500

*** PLEASE REFER TO YOUR CLAIM NUMBER WHENEVER YOU WRITE OR CALL OPM ***

7 Death Benefits

71 General Information

The Postal Service has a sincere interest in your well-being and that of your family. This retirement guide is designed primarily to assist you in your retirement planning, but it can also be used as a source of general information and guidance for your survivors. We suggest you tell your family, a friend, or the individual you select as the executor of your will, not only where to find your will, but also where you keep your retirement and insurance papers, this retirement guide, and other important information. It will save a great deal of time and facilitate a smooth handling of your affairs should you become too ill to do so. It will also facilitate filing for death benefits upon your death. See Exhibit 71, *Personal Records Locator* for help in organizing this information.

Exhibit 71

Personal Records Locator

Information Source	Location of Documents Or Person to Contact
Employment-Connected Insurable Benefits	_____
Pension Benefits	_____
Social Security Benefits	_____
Proof of Age	_____
Marriage Certificate	_____
Children's Birth Records	_____
Military Service Records	_____
Death Benefits	_____
Savings Accounts	_____
Checking Accounts	_____
Savings and Loan Accounts	_____
Your Life Insurance	_____
Spouse's Life Insurance	_____
Children's Life Insurance	_____
Household Insurance	_____

Information Source	Location of Documents Or Person to Contact
Health Insurance	
Automotive Insurance	
Medicare	
Other Insurance	
Bonds	
Stocks	
Real Estate Taxes	
Mortgage	
Real Estate Insurance	
Safety Deposit Box	
Wills	
Executor or Attorney	
Financial Obligations	
Memberships	
Diplomas	
Licenses	
Health Records	
Other	

72 Survivor Annuity

721 Death in Service

If your death occurs while you are employed, your surviving spouse and children qualify for a monthly survivor annuity provided:

- a. You were subject to the Civil Service Retirement System (CSRS) at death and had completed at least 18 months of creditable civilian service.
- b. You and your spouse were married for at least 9 months at the time of death or your spouse is the parent of a child born of your marriage. The 9-month requirement does not apply in case of accidental death.
- c. The children are unmarried and under age 18, or under age 22 if full-time students in recognized educational institutions, or unmarried and incapable of self-support at the time of your death, regardless of age, provided the disability occurred before age 18.

722 Death After Retirement

If your death occurs after you retire, and if you accepted a reduced annuity with survivor benefits at retirement and your surviving spouse has been

married to you for a total of at least 9 months at the time of your death or is the parent of your child, your surviving spouse qualifies for an annuity. The marriage duration requirement does not apply if your death is accidental. Children described above automatically qualify for survivor annuity regardless of your survivor annuity election.

723 **Exception**

OPM must honor qualifying court orders that provide survivor annuity benefits for a former spouse. If you have a former spouse who is entitled to a full survivor annuity based on a qualifying court order, your current spouse receives monthly survivor benefits after your death only if the former spouse loses entitlement to the court-ordered survivor benefits, unless you elect to provide an insurable interest annuity for your spouse when you retire. A court order providing survivor benefits to a former spouse does not affect survivor benefits for eligible children (see 313, *Survivor Annuity for Former Spouse* and 353, *Election for Current Spouse*).

724 **Duration of Survivor Annuity**

A survivor annuity for a spouse continues for life unless the spouse remarries before age 55. A child's annuity ends when the child is married, reaches age 18 (or age 22 if a full-time student), or, if disabled, becomes capable of self-support.

73 Lump-Sum Benefits

731 **Amount**

Lump-sum benefits consist of the total amount you contributed to your retirement fund. However, no lump-sum benefits of retirement contributions are paid if your current spouse, former spouse, or children are eligible for a survivor annuity. If your survivor annuity terminates before your retirement contributions are exhausted (paid out in the form of annuity), the balance remaining in your account is payable in a lump sum. Any unpaid accrued annuity due you at death is also payable in a lump sum.

732 **Order of Precedence**

A lump sum is payable in this order:

- a. Designated beneficiary.
- b. Spouse.
- c. Child or children in equal shares.
- d. Parents.
- e. Executor or administrator of estate.
- f. Next of kin.

74 Death Claims

741 Death in Service

741.1 Notification

If your death occurs while you are in service, your survivors should notify your local personnel office immediately.

741.2 Documentation Required

When your local personnel office is notified of your death, they offer to assist your survivors in filing the necessary claim forms for death benefits. The following documents are required:

- a. Three certified copies of the death certificate.
- b. Copies of all military discharge certificates, Forms DD 214, *Report of Transfer or Discharge*.
- c. Copy of marriage certificate.
- d. Copies of birth certificates of dependent children under age 22.

741.3 Obtaining Claim Forms

Your local personnel office provides the applicable claim forms — SF 2800, *Application for Death Benefits*; FE-6, *Claim for Death Benefits (Federal Employees' Group Life Insurance)*; and SF 1153, *Claim for Unpaid Compensation of Deceased Civilian Employee*. When the forms are completed, they are sent immediately to the offices responsible for processing them.

742 Death After Retirement

742.1 OPM Notification

Your survivors should notify OPM of your death giving your full name, CSA claim number, date of birth, date of death, and the name and address of the person entitled to death benefits. They should write or call:

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045
PHONE: 1-888-767-6738 OR 1-724-794-5945
TDD: 1-800-878-5707

742.2 Return of Annuity Checks

Your survivors should return uncashed annuity checks with a statement stating the date of your death to:

DIRECTOR DISBURSING CENTER
US TREASURY DEPARTMENT
PO BOX 8670
CHICAGO IL 60680-8670

742.3 Notification to Financial Institution

If your checks are being deposited directly into your bank account by OPM, your survivors should contact your bank and any other financial institutions, notifying them of the date of your death.

742.4 Obtaining Claim Forms

When OPM receives notice of your death, they review your retirement records and send applicable claim forms to the person entitled to the death benefits.

8 FERS Transferees With Frozen CSRS Benefits

81 Introduction

The main section of this guide discusses the CSRS portion of your annuity. This appendix covers the FERS portion. See also OPM booklet FERS RI 90-1, *Federal Employees Retirement System*.

82 Eligibility

Employees subject to FERS may retire optionally under the following conditions:

Age	Length of Service
Minimum Retirement Age (MRA)	30 Years
60	20 Years
62	5 Years
Minimum Retirement Age (MRA)	10 Years*

*A FERS employee may take an optional *reduced* retirement at minimum retirement age (MRA) with at least 10 years of service (MRA+10), or retire at MRA+10 and defer benefits to avoid the reduction. (See Exhibit 82 and 833 below.)

Exhibit 82
Minimum Retirement Age Chart

If Year of Birth Is . . .	The Minimum Retirement Age Is . . .
Before 1948	55
1948	55 and 2 months
1950	55 and 4 months
1951	55 and 6 months
1952	55 and 8 months
1953–1964	55 and 10 months
1965	56
1966	56 and 2 months
1967	56 and 4 months
1968	56 and 6 months
1969	56 and 8 months
1970 and After	57

83 Annuity Computations

831 **High-3 Average Salary**

The high-3 average salary used to compute the FERS portion of your annuity is the same as that used for the CSRS portion (see 251.12, *High-3 Average Pay*).

832 **Service**

The FERS portion of your annuity is computed at the rate of 1 percent of your high-3 average salary for every year of service under FERS. If you are 62 or older at retirement and your combined CSRS and FERS service equal 20 or more years, your FERS annuity is calculated at the rate of 1.1 percent for every year of FERS service.

833 **Reduction**

Your annuity will be subject to reduction in the following instances:

- a. **Early Retirement.** Should you retire under the minimum retirement age (MRA) and 10 years of service provision, your annuity is reduced by 5 percent for every year you are under age 62. This reduction applies to your entire annuity not just the FERS portion.
- b. **Survivor Benefits.** If you elect survivor benefits for your current (or former) spouse, or if there is a court order on file with OPM that grants a former spouse a survivor annuity, your total annuity is reduced by 10 percent to provide the survivor annuity.

84 Credit for Sick Leave

You receive credit in the CSRS portion of your annuity only for sick leave you had when you transferred to FERS (or what you have when you retire, if it is less). Sick leave earned since you transferred to FERS is not creditable for retirement purposes.

85 Annuity Commencement Date

Your annuity (both the CSRS and FERS portions) begins the month following your retirement. This means that if you retire on April 30, your annuity will begin May 1. If you retire on May 1, your annuity begins June 1.

86 Cost-of-Living Adjustments

The CSRS portion of your annuity receives full cost-of-living adjustments (COLA) in accordance with information previously discussed (see 28, *Cost-of-Living Adjustment*). The FERS portion of your annuity does not receive COLA until you reach age 62. From then on, the adjustment is usually 1 percent less than the rate of inflation.

If the Increase in CPI Is...	Then the Annual FERS COLA Is...
Up to 2.0%	Same as CIP
2.0% to 3.0%	2.0%
Above 3.0%	3.0%

87 Survivor Benefits

The benefit payable to your surviving spouse is 50 percent of your annuity based on the joint election you and your spouse make at retirement. The amount payable to your survivor and the reduction are based on your combined annuity (CSRS and FERS).

88 Public Pension Offset

The Social Security Public Pension Offset provision (see 442.2, *What The Government (Public) Pension Offset Means*), does not apply to an employee who made an election to transfer to FERS by December 31, 1987, or during the belated period ending June 30, 1988. Elections to transfer made subsequent to these dates require that an employee be covered by FERS for 5 years in order not to be subject to the Public Pension Offset.

89 FERS Application for Retirement

An employee who wishes to apply for retirement benefits and is subject to FERS at the time of retirement must complete an SF 3107, *FERS Application for Immediate Retirement*. This form may be obtained from your local personnel office.