



Federal Employees Retirement System (FERS) Overview

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Introduction

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Retirement Systems

- Civil Service Retirement System (CSRS)
- CSRS Offset (CSRS and FICA coverage)
- Federal Employees Retirement System
- Federal Employees Retirement System-Revised Annuity Employee (RAE/FRAE)



Federal Employees Retirement System (FERS)

- Congress created the FERS effective 1/1/1987
- New system for new employees, certain rehired employees & those who elected
- 3 different sources:
 - Basic Benefit Plan
 - Social Security
 - Thrift Savings Plan



FERS - Revised Annuity Employee (FERS-RAE)

PL 112-96, “Middle Class Tax Relief and Job Creation Act” of 2012

Beginning 1/1/2013:

- **New** Federal employees will have to pay 2.3% higher employee contributions
- **New** Members of Congress & Congressional employees will pay the higher employee contributions and will receive the same retirement benefits as regular employees



FERS - Further Revised Annuity Employees (FRAE)

Section 401 of the “Bipartisan Budget Act of 2013”

Beginning 1/1/2014,

1. Employees hired after December 31, 2013, who are not excluded from FERS coverage become subject to FERS-FRAE coverage and must pay even higher employee contributions for the FERS basic benefit than FERS-RAE employees



FERS - Further Revised Annuity Employees (FRAE) continued

2. Employees who meet the requirements to retain original FERS coverage based on their status as of December 31, 2012, will continue to be subject to original FERS coverage.
3. Employees who are not eligible for original FERS coverage may still be eligible for FERS-RAE coverage based on their status as of December 31, 2013.
4. The basic FERS benefits for congressional employees and Members of Congress covered under FERS-FRAE are the same as the benefits those groups receive under FERS-RAE



Basic Coverage Determinations Employee Retains FERS coverage

An individual hired in 2014 or later will be subject to original FERS coverage if any of these **exceptions** apply:

- the individual on December 31, 2012, was covered under FERS; or
- The individual on December 31, 2012, was performing civilian service which is creditable or potentially creditable service under FERS (*for example, the individual may have been performing service as a Peace Corps volunteer or may have been covered under another retirement system from which service credit may be transferred to FERS, such as CSRS, CSRS-Offset, Foreign Service, Federal Reserve, or CIARDS*), or



Basic Coverage Determinations Employee Retains FERS Coverage, continued

- The individual on December 31, 2012, was not covered under FERS and was not performing civilian service which is creditable or potentially creditable service under FERS, but as of December 31, 2012, had performed at least **five years** of civilian service creditable or potentially creditable under FERS, including service subject to CSRS or CSRS-Offset.
- See [BAL 13-102](#) for additional details relating to an employee's status on December 31, 2012.



Retirement Application FERS , FERS-RAE, FERS-FRAE

- Once you are ready, it is your responsibility to complete and submit a retirement application and submit any supporting documentation with the application
- [SF 3107](#) - Application for Immediate Retirement



Types Of Retirements

- Regular/Optional
- Early Retirement
- Disability
- Special Provisions
- Deferred
- Phased Retirement



Age and Service Requirements FERS - Regular Retirement

<u>Age</u>	<u>Service</u>
MRA	30 years
60	20 years
62	5 years
MRA	10 years



FERS

Minimum Retirement Age (MRA)

If you were born	Your MRA is
Before 1948	55
In 1948	55 and 2 months
In 1949	55 and 4 months
In 1950	55 and 6 months
In 1951	55 and 8 months
In 1952	55 and 10 months
In 1953-1964	56
In 1965	56 and 2 months
In 1966	56 and 4 months
In 1967	56 and 6 months
In 1968	56 and 8 mo
In 1969	56 and 10 mont
In 1970 and after	57



Age and Service Requirements FERS - Early Retirement

Age

Service

Any

25 years

50

20 years



Additional Requirements FERS - Early Retirement

- Early Retirement Authority, or
- Involuntary separation (except for misconduct or delinquency)
- Discontinued Service Retirement (DSR)



Selecting a Retirement Date

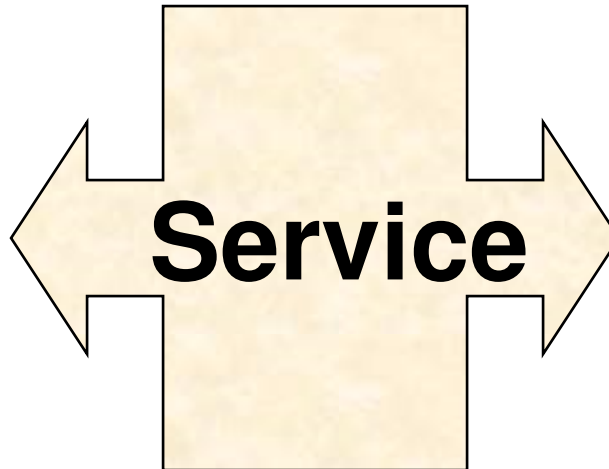
- **CSRS /CSRS Offset** - Last day of the month, or 1st, 2nd, 3rd
- **FERS** - Last day of the month



How To Credit Service



WHEN
you can retire



HOW MUCH
you'll get



Amount of Creditable Service

- Federal Civilian Service is normally credited from the beginning to ending date of an appointment
- **Exceptions**
 - LWOP- 6 month
 - WAE
 - Seasonal WAE



Crediting Military Service

- Honorable, Active-Duty Service
- Military Retired Pay Considerations
- Post 1956 Considerations





Crediting Post-1956 Military Service

- Under FERS, the military deposit equals 3% of the military base pay plus interest.
- A military deposit must be made prior to retirement.



Civilian Service Deposits

- **FERS nondeduction service performed prior to 01-01-1989**
Creditable for eligibility and computation purposes only if a deposit is paid
- **FERS nondeduction service performed on or after 01-01-1989**
Generally not creditable and a deposit cannot be made



Civilian Service Deposits under FERS

- Deposit equals 1.3% of earnings plus interest
- [SF 3108](#) – Application to Make Service Credit Payment



FERS Refunded Service

- P.L. 111-84, Section 1904 permits individuals who are subsequently reemployed to make a redeposit of the amount refunded, plus interest, and to have credit for the service reinstated
- National Defense Authorization Act 2010
- For the purpose of survivor annuities, redeposits may also be made by survivors
- [SF 3108](#) – Application to Make Service Credit Payment



Crediting Unused Sick Leave FERS

- Sick leave may be added to the length of service used to compute an immediate annuity
- Not creditable for establishing retirement eligibility
- FERS Sick Leave
 - 50% credit for retirements through 12/31/2013
 - 100% after 01/01/2014



Crediting Unused Sick Leave FERS continued

For FERS Retirement with CSRS Component

- 100% of sick leave at time of FERS election is added to the CSRS calculation
- Difference between total sick leave at retirement and sick leave used for CSRS component added to the FERS calculation
 - 50% until 12/31/2013
 - 100% after 01/01/2014



How Much Money will I Receive?

Annuity Computation





Basic Annuity

- Annuity is based on a percentage of the High 3-year average salary
- Percentage is determined by the amount of creditable service and the appropriate annuity formula



High-3 Average Salary



The high 3 average salary is the highest basic obtained during any 3 consecutive years of service.



Basic Pay

Basic pay is set by law, and it includes:

- Regular Pay
- Locality Pay
- Night Differential for Wage Employees
- Premium Pay
(for FF and LEOs)



Basic Pay continued

Basic Pay does not include:

- Bonuses
- Overtime
- Allowances
- Special Pay for Recruiting and Retention Purposes



FERS

General Formula

- The General formula is used to compute basic annuities for voluntary, early voluntary, discontinued service, and deferred retirements
- It is also used to compute disability retirements when the employee is over age 60

1% or 1.1% x years of service = Retirement Factor



General Formula

Retirement Factor for 30 Years of Total Service:

$$1 \% \times 30 = 30\%$$

OR

$$1.1\% \times 30 = 33\%$$



FERS Calculation Example

Employee, age 62, has 24 years of service and high-3 average salary of \$98,000

$$1.1\% \text{ of } \$98,000 \text{ or } \$1,078 \times 24 = \$25,872$$

or

$$1.1\% \times 24 = 26.4\%$$
$$26.4\% \times \$98,000 = \$25,872$$



FERS Annuity With a CSRS Component

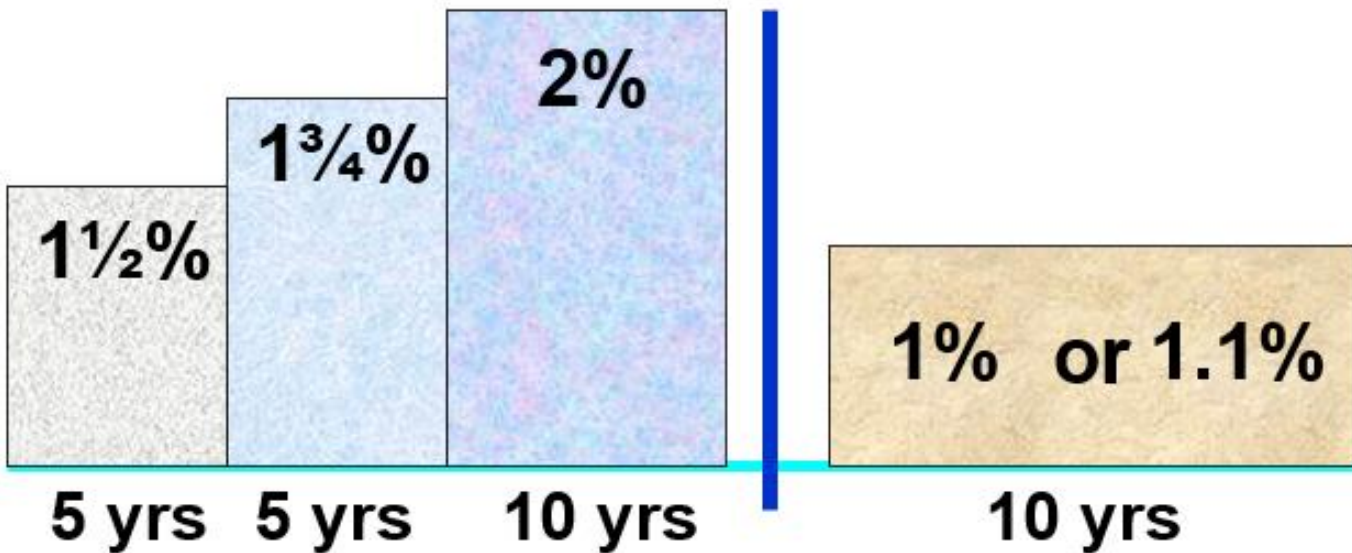
CSRS Part - 20 years

FERS Part - 10 years

36.25%

+

10% (or 11%)





FERS Annuity with a CSRS Component Calculation Example

Employee, age 62, has 20 years of CSRS service, elected FERS and has 10 years FERS Service with high-3 average salary of \$98,000

CSRS Component:

1.5% of \$98,000 (\$1,470) x 5 = \$ 7,350

1.75% of \$98,000 (\$1,715) x 5 = \$ 8,575

2.0% of \$98,000 (\$1,960) x 10 = \$19,600

Basic Annuity = \$ 35,525



FERS Portion of a FERS Annuity with a CSRS Component Calculation Example

FERS Portion:

1.1% of \$98,000 (\$1,078) x 10 = \$10,780

Total Annuity:

\$ 10,780

\$ 35,525

\$ 46,305 per year



FERS Annuity Supplement

- Substitutes for the Social Security part of the total FERS benefit until age 62
- Approximates the Social Security benefit earned under FERS
- Subject to earnings test/\$18,960 for 2021
- Not subject to COLAs but does increase over time



FERS Annuity Supplement continued

To be eligible for the Supplement:

- Employee must have 1 full calendar year of deductions under FERS, and
- Must qualify for an immediate, non-disability retirement (other than an MRA+10 retirement)



Reductions Applied to Basic Annuity under FERS

- CSRS component, if before Age 55
- MRA + 10 Age
- Survivor Annuity Election
- Any Election of (or court ordered) survivor annuity benefits for a spouse and/or former spouse



Age Reduction under FERS

- Applies if the employee retires on an MRA + 10 retirement
- Employee begins receiving annuity before age 62
- **Permanent** reduction equals 5% for each full year under age 62



Reduction for Survivor Annuity

Applies if an employee:

- Elects a survivor annuity for a spouse and/or former spouse
- Has a former spouse entitled to a survivor annuity based on a valid court order, and/or
- Elects to provide someone with an insurable interest annuity



Survivor Annuity Reduction under FERS

Full survivor annuity (50%)

10% of annuity

Partial survivor annuity (25%)

5% of annuity



Insurable Interest

- A person who has a reasonable expectancy of financial benefit in the continued life of the employee
- Reduction to provide a survivor annuity to someone with an insurable interest ranges between 10 and 40%



Insurable Interest continued

- New regulations effective July 20, 2012
- Presumed Insurable Interest for Same Sex Domestic Partners
- The modification of the pre-existing rule now includes same-sex domestic partners in the class of persons presumed as having an insurable interest in the continued life of the employee/retiree
- June 26, 2015- Supreme Court Ruling “Marriage for All”



Other Reductions

CSRS Offset

The offset reduction will be the lesser of :

1. The difference between the Social Security monthly benefit amount with and without CSRS offset services (service after 12/31/1983, covered under the interim CSRS provisions or CSRS Offset provisions); or
2. The product of the Social Security monthly benefits, with federal earnings, multiplied by the employees total CSRS offset service rounded to the nearest whole number of years and then divided by 40



Returning to Government Work After Retirement

- If you are rehired by a Federal Agency after retirement and your annuity continues, your salary is offset by the amount of your annuity
- **Exceptions (under FERS)**
 - Disability annuitants
 - Dual comp waivers



Cost of Living Adjustments (COLAS) under FERS

- Under FERS, COLAS are generally not applied until the December after age 62
- **Exceptions include:**
 - Disability
 - LEO/FF
 - ATC



Cost of Living Adjustments (COLAS) amount

If the percent change in the CPI is:

- 0-2% the COLA equals the CPI increase
- 2-3% the COLA equals 2%
- Over 3% the COLA equals the change in the CPI - 1



Key Contacts

- ***Before you retire....***
 - Your Agency's Benefits Representative and/or Local Retirement Counselor
 - OPM.Gov/retire for retirement planning resources
- ***During your retirement process....***
 - Keep in contact with your Retirement Counselor
 - Make sure all your information is current
 - Submit all required documentation
- ***After you retire...***
 - *You will receive your Claim Number (CSA#) after OPM receives your application*
 - *Your password will be mailed to your mailing address*
 - *Read all OPM mailings*
 - *Call or Log on to Retirement Services*



Additional Information

Sign up to receive the BenefitsInfo listserv emails!

Log into the OPM webpage at:

https://www.opm.gov/listserv_apps



Questions?

