

PREPARING FOR RETIREMENT

Often the hardest decision regarding retirement is choosing the date. The first step in making this decision is to determine when you are eligible to retire. To determine your retirement eligibility date, you must meet a combination of your minimum retirement age and the number of years of service.

Employees covered by the Civil Service Retirement System (CSRS) must meet the following age and years of service to be eligible to retire:

Type of Retirement	Minimum Age	Minimum Service (Years)	Special Requirements
Optional	62	5	None
	60	20	None
	55	30	None
Special Optional	50	20	You must retire under special provisions for air traffic controllers or law enforcement and firefighter personnel. Air traffic controllers can also retire at any age with 25 years of service as an air traffic controller.
Early Optional	Any Age	25	Your agency must be undergoing a major reorganization, reduction in force or transfer of function determined by the Office of Personnel Management. Annuity is reduced if under age 55.
	50	20	
Discontinued Service	Any Age	25	Your separation is involuntary and not a removal for misconduct or delinquency.
	50	20	
Disability	Any Age	5	You must be disabled for useful and efficient service in your current position and any other vacant position at the same grade or level within your commuting area and current agency for which you are qualified. Must be prior to retirement, or within 1 year of separation, except in cases of mental incompetence.

Employees covered by the Federal Employees Retirement System (FERS) must meet a combination of their minimum retirement age (MRA) and years of service to be eligible to retire. The MRA is determined by your year of birth in the following chart:

MINIMUM RETIREMENT AGE	
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 through 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 months
In 1969	68 and 10 months
In 1970 and after	57

<u>AGE</u>	YEARS OF SERVICE
62	5
60	20
MRA	30
MRA	10 (Reduced Benefits)

The effective date of your retirement under CSRS determines when you are eligible for your annuity. If your retirement is effective within the first three days of the month, your entitlement to an annuity begins the following day. For example, assuming your retirement effective date is 3 Apr, the annuity check you receive 1 May is payment for the annuity, which accrued from 4 Apr to 30 Apr. If you voluntarily retire on the fourth day or after, you will not begin to accrue an annuity until the following month. If you voluntarily retire under FERS, your annuity will begin the first day of the following month that you retired.

Now that you have determined your eligibility and effective date of your retirement, there are several other things you will need to consider. You will want to ensure that your beneficiary forms are accurate and reflect to whom you want to designate your benefits. The forms you should include are the Standard Form (SF) 2823, Designation of Beneficiary, Federal Employee's Group Life Insurance (FEGLI), SF 2808, Designation of Beneficiary-CSRS, SF 3102, Designation of Beneficiary-FERS, SF 1152, Designation of Beneficiary-Unpaid Compensation of Deceased Civilian Employee and Thrift Savings Plan (TSP) 3, Designation of Beneficiary-TSP. These forms may be obtained from your organization's Customer Account

Representative (CAR) or from the Office of Personnel Management (OPM) web page at www.opm.gov/forms/index.htm and the TSP web at www.tsp.gov.

If you were a temporary employee where retirement deductions were not withheld, if you are a rehired federal employee who previously took a refund of your retirement deductions or if you had post-56 military service and have not made a deposit, you may owe a deposit or redeposit in order to receive credit for that period of service. If you owe a deposit/redeposit, a Benefits and Entitlements Service Team (BEST) counselor can compute an annuity estimate for you. This will enable you to determine the benefits/detriment of making a deposit. If you owe a redeposit for refunded service, you will need to contact OPM to obtain the redeposit amount prior to contacting BEST.

Under CSRS, employees receive credit for their sick leave balance in the computation of their annuity. Unused sick leave is computed as months/years of service and is counted for annuity purposes. Under FERS, unused sick leave is not counted for length of service for annuity purposes.

If you retire before the end of the leave year, you will receive a lump sum payment for all of your accrued leave after retirement. However, if you retire after the end of the leave year, your lump sum leave payment will be limited to the maximum amount of leave allowable, which for most employees is 240 hours. Consideration should be taken if you will be receiving a large lump-sum payment for annual leave. Taxes are applied to lump-sum payments in the year you receive the money. Information about taxation of your annuity is explained in IRS Publication 721 and may be obtained by calling 1-800-Tax-Form.

Part of planning your retirement is also planning for the benefits that you would like to leave your spouse if he/she survives you. If you are married, you can elect to leave your spouse a full, partial, insurable interest, combination of current/former spouse or no survivor annuity. If you are covered under CSRS, a full survivor annuity is 55 percent of the full annuity base. If you are covered under FERS, a full survivor annuity is 50 percent of the full annuity base. You also need to consider the effects of any court order that applies to your annuity. If you do not elect a survivor annuity for your spouse, they will not be able to continue health benefits if they survive you.

You will be eligible to carry life and health insurance into retirement, if you retire on an immediate annuity, are insured on the date of retirement and have been covered for 5 years of service prior to retirement or since your first opportunity to enroll. If you were covered under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) during the 5-year period immediately preceding retirement or since your first opportunity to enroll in a FEHB plan, you will be eligible to carry health insurance into retirement as long as you enroll in a FEHB health plan prior to the effective date of your retirement. If you elect to cancel your health coverage, you will have to complete an SF 2809 and include it in your retirement package. If you are eligible to continue your life insurance into retirement, you will need to complete SF 2818, Election of Post Retirement Basic Life Insurance Coverage.

If you have a TSP account, you should look at your TSP withdrawal options at least 6 months before your planned retirement date. At retirement, you will have the option to receive one of several types of annuities, transfer your money to an Individual Retirement Account (IRA), receive a lump-sum payment, receive equal monthly installments or defer your election, if eligible. You will need to complete a TSP 70, Withdrawal Request, to the Federal Retirement Thrift Investment Board once you retire and are ready to withdraw your TSP.

It is important to remember that some or all of an employee's Social Security spouse's benefit may be offset if the employee has a government pension from work not covered by Social Security; this is called the Government Pension Offset (GPO). The GPO does not apply to employees who are automatically covered by FERS, CSRS Offset, or those who elected to transfer to FERS. If you elected to transfer to FERS during the FERS Open Season in 1998, you must be enrolled in FERS at least 5 years to avoid GPO. For employees who receive a federal pension and are also eligible for Social Security benefits, a different formula may be applied. This reduced benefit is considered the Windfall Elimination Provision. If you are a CSRS Offset employee, your annuity will be reduced (offset) when you become eligible for Social Security benefits. The offset is applied when the basic requirement for Social Security is met (usually at age 62) even if you do not apply for Social Security. If you are eligible for Social Security benefits or if your annuity will be affected by Social Security benefits, you should obtain a Request for Earning and Benefits Statement from your local Social Security office. For additional information regarding Social Security benefits contact the Social Security Administration by calling 1-800-SSA-1213 (1-800-772-1213).

Your annuity must be sent through Electronic Funds Transfer; therefore you will need to use an SF 1199A, Direct Deposit Sign-Up Form, to have your annuity check deposited into your account. The completed form must be included in your retirement package.

Additionally, you will be required to sign a Personnel Action Request, which is electronically completed by the Civilian Personnel Flight. As you can see, planning for your retirement involves many aspects to consider. If you have any questions regarding retirement, please contact the Benefits and Entitlements Service Team (BEST) at 1-800-997-2378 and speak to a benefits counselor.