

# 2002

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# CSRS Retirement Handbook



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# 2002 CSRS Retirement Handbook

Published by Federal Handbooks, Inc.

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Publisher: G. Jerry Shaw

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*Updated: November 2001*

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## Overview

Retirement is one of the most important events in your life as an employee. And a successful retirement takes careful planning on your part - planning that hopefully began early in your working career to insure that you will have the income you need when you want to retire.

The retirement process itself is very simple for most people. However, if at all possible, there are several things that should be done in advance of your planned retirement so that there are no surprises. Understanding your role in the retirement process, and the roles played by your supporting agency and OPM, is an essential part of that planning. By working closely with your agency, you can assure your retirement from Federal service will be smooth and worry free.

### **The Civil Service Retirement System**

The Civil Service Retirement System (CSRS) originated in 1920 and has provided retirement, disability and survivor benefits for most civilian employees in the Federal government. Prior to that time, many of the civilian employees in the Federal government simply worked until they died because there was no means of support for them if they were to quit their jobs. In fact, one Congressman noted in 1920 that “any observing person who during the last third of a century has walked through the corridors of the departments of the Government, or watched the clerks entering the various Government buildings in the mornings or leaving them at the close of day, must have noticed the large proportion of elderly and infirm among them.”

While the original intent of the system was, in part at least, to provide for a means of replacing elderly and infirm employees, the system has evolved into an employee-oriented system. Since then, the CSRS has been a progressive element in the personnel management system. A strong retirement system is a significant part of the attraction to work for an employer, and has allowed the Federal government to attract and retain a professional and dedicated workforce. A Chairman of the former Civil Service Commission noted that the retirement system would operate “...for the mutual benefit of the Government and employees, contributing more effectively than ever to good Government, to good working conditions, and to happy retirements.”

Upon enactment in 1920, over 4,000 employees, some in their 80's and 90's, took advantage of the new retirement law. The first to retire was Mr. Edwin B. Simonds, who was 89 years old and had worked in the Pension Office for 37 years. By the end of the year, over 6,000 people had retired. Employees with over 30 years of service received 60 percent of their average salary - averaged over the previous 10 years. The maximum benefit was \$720 a year.

Just as the functions of the retirement system have changed, so have its provisions. These changing provisions have enabled the CSRS to remain an important piece of the Federal personnel management structure. The system was originally administered by the Department of the Interior. In 1930, it moved to the new Veterans Administration, and then in 1934, it moved again to the Civil

Service Commission. Finally, in 1979, responsibility for administering the CSRS was given to the Office of Personnel Management (OPM).

Benefits have continued to evolve to the present time. They are now financed by both employee and government contributions to the retirement fund. Benefits are based on length of service and the average salary over the highest three years of pay.

This continuing need to modernize benefits resulted in the creation of a new Federal Employees Retirement System (FERS) to replace the CSRS in 1987. However, there are still many civilian Federal employees covered by the CSRS, and more than 2 million people continue receiving CSRS retirement and survivor benefits each month.

## **Preparing to Retire**

If at all possible, you should start specific planning for retirement about 5 years before your planned retirement date. If you cannot start that early, use the time that is available to do whatever advance planning you can.

The most valuable step in planning for retirement is to contact your personnel office for pre-retirement counseling. Your personnel office will help you determine:

1. whether you will be eligible to retire on the date you have in mind,
2. whether you will be eligible to keep your health and life insurance coverages as a retiree,
3. if your agency has records of all your service,
4. whether there are deposits or redeposits you may want to pay in order to maximize your annuity, and
5. the amount you can expect to receive as an annuitant.

If your retirement package is not complete when your agency sends it to OPM, the final processing of your application for retirement may be delayed until the missing information is obtained. The steps outlined below will assist you in preparing for retirement.

### **Five or More Years Before Your Planned Retirement Date**

Contact your personnel office and ask to attend a pre-retirement counseling seminar, if available at your agency.

Make sure your records are complete. Ask your servicing personnel office for the following:

1. A listing of all periods of civilian and military service that are verified in your Official Personnel Folder (OPF). The preferred way to document your service history is for your agency to complete an SF 2801-1, "Certified Summary of Federal Service." Compare this listing to your own records, and make sure the list is complete. Ask that a copy be filed in your personnel folder for when you retire. If your check reveals that service is missing from the agency list, ask your personnel office for assistance in documenting the service. If you have had part-time or intermittent service, the listing should show time worked for this kind of service. If you have service that was not covered by

retirement that can be used in computing your annuity, and have not paid a deposit for it, the date and amount of each pay rate and any adjustment to the tour of duty needs to be recorded.

2. Verification that you will meet the age and service requirements (and any other applicable requirement) for retirement on your proposed retirement date.

3. An annuity estimate should be made to determine whether your annuity, along with any expected income from other sources, will meet your needs at the time you plan to retire. The estimate should take into account any survivor elections you plan to make. In addition, if there are payments for civilian or military service that you can make that will increase your annuity, you need to know how much these payments are and what your annuity will be with and without the payments.

Since the interest continues to accrue on deposits and redeposits, if you intend to make payment, you may want to complete it as quickly as possible. Also, if you owe a substantial amount, you may need time to acquire the amount needed. Remember, while payments for civilian service may be made to OPM when you retire, military service deposits must be paid to your agency before you separate. If you are a military retiree who must waive military retired pay to have the service used in your annuity, you also need to decide whether you want to do this, if you have not already made a decision.

4. If you are enrolled in the Federal Employees Health Benefits (FEHB) program, ask for verification that your personnel file contains your latest enrollment form that identifies your present plan, type of enrollment (self only or self and family), and option (high or standard). Normally, to continue coverage after retirement, an employee must have been continuously enrolled (or covered as a family member) in a plan (not necessarily the same plan) for the 5 years of service immediately preceding retirement. If you want to continue Federal health benefits coverage after you retire, therefore, you must remain covered in a plan within the program until you retire.

If you are not enrolled (or covered as a family member) in the program, consider acquiring coverage now if you are interested in having the coverage after you retire. Ask your agency benefits officer about opportunities to acquire coverage.

5. If you are in the Federal Employees Group Life Insurance (FEGLI) program, ask for verification that your present coverage is documented in your personnel file. You will be able to continue your present coverage as long as you have been covered for the 5 years before you retire. You should also consider the type of coverage you will want after you retire, and whether your current coverage will meet your needs.

If you are not in the life insurance program, but are interested in having coverage after retirement, ask your agency benefits officer about opportunities to acquire coverage. You must have coverage for the 5-year period before retirement to be able to continue it after retirement. This includes both basic coverage and any optional coverage you want to keep after retirement.

6. Confirm who would be entitled to receive life insurance and other monies that would become payable in the event of your death. If you previously completed a life insurance Designation of

Beneficiary form and the form is in your personnel file, be sure it reflects your current wishes. Also check other designations of beneficiary that you have on file. Designations for the CSRS are filed with OPM. Thrift Savings Plan (TSP) designations are filed with the Thrift Savings Plan Service Office. If you have not filed designations of beneficiary, make sure that the normal order of precedence will meet your needs.

7. Find out if you will be eligible for a Social Security benefit. Call the Social Security Administration at (800) 772-1213 to ask for SSA-7004-PC, "Request for Earnings and Benefit Statement," to get a record of your earnings under Social Security, and if you will be eligible, an estimate of the payment you may receive. You should be aware, though, that this estimate is not adjusted for the Windfall Elimination Provision, which is a provision of the Social Security law that reduces the Social Security-covered benefits of many former Federal employees. In addition, you may also be entitled to benefits based on the Social Security-covered earnings of your spouse or former spouse. However, this benefit may be affected by the Government Pension Offset, another provision of Social Security law. Ask your agency representative if you will be affected by either of these provisions, or visit your local Social Security office for assistance.

### **One Year Before Retirement**

This is the point at which you need to take some more detailed actions to plan for your retirement. First, confirm that nothing has changed that would affect your planning for retirement. Additional steps you may want to take include the following:

- You may want to attend another pre-retirement seminar, if available. Many agencies encourage employees to invite their spouses.
- Request an updated retirement estimate. Since you are approaching your planned retirement date, this estimate should be very close to your actual annuity amount.

Make an appointment with your servicing personnel office to go through everything and verify that any needed action to verify or document your service and insurance coverage has been done.

- If you have unpaid deposits or redeposits, review the topic of paying for service, including post-1956 military service.
- If you want to pay deposits or redeposits, you should already have asked for a billing.
- If you now need a billing, ask your personnel office for assistance.
- Remember, a deposit for post-1956 military service needs to be paid to your agency before separation.

Review your survivor benefits options. Review your survivor benefit options, including the types of benefits that may be elected, the eligibility requirements for survivor benefits, their cost, and the necessity for spousal consent if you want to have less than full benefits for him or her. Also, remember that if you do not provide any annuity for your spouse, he or she will not be able to continue FEHB coverage upon your death.

Obtain current information about expected income from other sources. Consider your thrift plan withdrawal options, estimate the relative monetary advantages of different ways of withdrawing

thrift plan funds, and consider the tax effects of each. Also, if you have not already done so, obtain information about Federal and, if applicable, State taxation of your annuity and other income.

If you are enrolled in the FEHB program, verify that you are eligible to continue your coverage as a retiree. Ask whether your personnel folder contains documentation that you have been enrolled in a plan under the program for the 5-year period before your retirement. If you will not meet the 5-year requirement as of your planned retirement date, you may want to delay retirement until you meet it. If your health insurance coverage will not continue into retirement, ask about the 31-day extension of coverage and Temporary Continuation of Coverage.

Note: If you are a military retiree, your Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) coverage counts toward the 5-year requirement. However, you must be enrolled in the health insurance program when you retire in order to have health insurance coverage after retirement.

If you are in the FEGLI program, verify that you will be able to continue your coverage into retirement, and ask how much the amount of insurance you want to keep as a retiree will cost you. If you were not enrolled in the program for the 5 years of service immediately preceding retirement or for all service since your first opportunity to enroll, you cannot continue your life insurance into retirement. This rule applies to all optional life insurance coverage, too. If you will not meet the 5-year requirement for some or all of your coverage as of your planned retirement date, you may want to delay your retirement. You are entitled to convert your life insurance coverage to a private policy whether or not you are eligible to continue it into retirement.

Check any designations of beneficiary you have on file to be sure they reflect your current needs. If you have not filed designations of beneficiary, make sure the normal order of precedence for payments will meet your needs.

If you have not already done so, inform your supervisor of your intended retirement date.

### **Six Months Before Retirement**

Clear up any indebtedness you may have to your agency - for example, for an outstanding travel advance or advanced leave.

If you are a military retiree who wants to waive your military retired pay, you should notify the Retired Pay Operations Center from your branch of service in writing at least 90 days - but no later than 60 days - before your planned retirement date.

### **Two Months Before Retirement**

Choose your exact retirement date, if you have not already done so. Remember that for voluntary retirements, CSRS annuities can begin on the first, second, or third day of the month.

Obtain all the necessary forms and complete them. Pay particular attention to the information in the application regarding Workers Compensation and payments from OPM. Ask your servicing personnel office for assistance if you have any questions. Remember that failure to complete any form or item of information may cause your personnel office or OPM to delay the final processing

of your application for retirement. Submit all your forms to your supervisor or servicing personnel office. Be sure to keep a copy for your own records.

### Thrift Savings Plan

If you have a Thrift Savings Plan (TSP) account, your agency will provide you with a TSP withdrawal package after you retire. The package contains information and forms necessary to withdraw your account. When you are ready to make a withdrawal election - but not before separation from service - submit the Withdrawal Request (Form TSP-70) to the TSP Service Office in New Orleans, Louisiana.

### Social Security Benefits

If you are within 3 months of age 62 or older, contact the Social Security Administration directly to apply for any Social Security retirement benefit for which you may be eligible. You can apply for benefits by going to any Social Security office or by calling toll-free 1-800-772-1213.

Also, if you are within 3 months of age 65 or older, contact the Social Security Administration to apply for Medicare, in addition to the Social Security retirement benefit.

### Voluntary Contributions Account

If you have a voluntary contributions account, you should be aware that interest stops accruing when you separate for retirement. If you plan to request a refund of your account, you should complete form RI 38-124, "Voluntary Contributions Election," and send it to OPM to avoid having a gap between the date interest stops accruing and the date you receive a refund of the money in the account.

## **How Your Agency Processes Applications for Retirement**

### Your Personnel Office

The processing of your retirement application begins at your personnel office. The appropriate official in your personnel office will check your personnel folder to ensure that you meet the age and service requirements for retirement and for continuing any insurance coverages you may have. Your personnel office will also prepare a "Certified Summary of Federal Service," which lists your verified Federal civilian and military service. You will then be given an opportunity to review and sign the Certified Summary for completeness and accuracy. Your personnel office will also take the following actions, if applicable in your case:

- Certify your Federal Employees' Group Life Insurance coverage to OPM, if you appear eligible to continue this coverage into retirement.
- Forward any current designations of beneficiary that are in your personnel folder.
- Process the Personnel Action necessary to separate you from the Federal service for retirement.
- Complete and certify the personnel office portion of your retirement application and the "Agency Checklist of Immediate Retirement Procedures."

After your personnel office completes all of its actions, your application and related records are sent to your payroll office.

## **Your Payroll Office**

Your payroll office will authorize your final salary payment after you separate for retirement and a lump sum payment for any unused annual leave you may have. The payroll office will then certify and close out your Individual Retirement Record, which is the official record of your Federal service history. It reflects your retirement deductions for your current service, pay rates, unused sick leave credit for retirement purposes, last day of pay, date and type of separation, and other data that are necessary for OPM to determine your retirement benefits. Because this record reflects your total retirement deductions for your last period of service, it cannot be closed out until your final salary check has been issued.

Your payroll office will also:

- Complete its portion of the “Agency Checklist of Immediate Retirement Procedures,” and
- Certify your annual basic pay for life insurance purposes, if applicable.

After completing all the actions necessary in your case, your payroll office will forward your retirement package on a “Register of Separation and Transfers” to OPM’s Retirement Operations Center, in Boyers, Pennsylvania.

Depending on your agency’s procedures, your payroll office may then send you a letter that provides you with information about the Register on which your retirement package was sent to OPM. This information includes the Register number, the transmittal and mailing dates, and your payroll office number. You should not contact OPM until your retirement package has been sent there. OPM will not be able to assist you until it has received your retirement package. If your agency has not given you information about the Register on which your retirement package was sent to OPM, contact your payroll office for this information before you contact OPM.

Under OPM's current standards, your agency is expected to complete its personnel office and payroll office processing actions and forward your retirement package to OPM so that it is received within 30 days after you separate. However, this timeline is not always met.

Note: Applications for disability retirement are not processed as described above. If you are applying to retire on disability, your agency will normally send your retirement application, evidence supporting your disability claims, and preliminary retirement records to OPM. OPM will review the records and determine if you qualify for disability retirement. If you are eligible, OPM will notify your agency to separate you from its rolls. The final records showing your separation for disability retirement will then be sent to OPM.

## **How OPM Processes An Application For Retirement**

Shortly after it receives an application for retirement, OPM’s Retirement Operations Center will send you an acknowledgment and your retirement claim number. Your claim number will begin with the letters “CSA” (Civil Service Annuity). This number is important. You should refer to it any time you call or write to OPM about your claim.

If you need to contact OPM before you receive your CSA number, be sure to provide them with the following information about the Register on which your retirement package was sent: the Register number, its transmittal and mailing dates, and the payroll office number. This information is available at your payroll office.

The Retirement Operations Center will review your application package (and any retirement records OPM has on file from service at a previous agency) and assemble them into a retirement file. If the entitlement to annuity is clear, OPM will authorize recurring interim annuity payments to provide you with an income until your claim is completed. If necessary, OPM will request additional information to develop any incomplete service history or insurance documentation that was not provided by your agency that may be needed to process your claim.

Interim annuity payments are usually between 85% and 95% of your regular monthly payment after deductions - such as for health insurance. OPM tries to authorize the Department of the Treasury to make payment within 5 working days after receiving your retirement records. The time frame within which you can expect to receive your first interim payment can vary from about 5 days to 2-3 weeks.

The length of time it takes for your payment to arrive depends on whether your agency transfers retirement information via electronic medium or only on paper. If your retirement information comes to OPM electronically, OPM would usually deposit your first payment to your account in your financial organization within 5 working days after receiving your retirement information. Note that by law OPM must deposit your payment directly, unless you qualify for an exception to this requirement.

If your agency is submitting only paper records and you qualify for payment by check, it may take as long as 3 weeks for the first check to come. This amount of time is needed for someone at OPM to review your information and compute the amount of the interim payment, for the Department of the Treasury to print and mail a check, and for the U.S. Postal Service to deliver the check to you.

OPM will send you a notice informing you of the amount of your interim payments. If Federal income tax is withheld, the notice will show the amount. If you are enrolled in the health benefits or life insurance programs, the notice will not show the cost of your enrollment. Instead, the gross interim payment amount will be reduced to cover the insurance cost.

Annuity benefits accrue through the end of the month and are payable on the first business day of the following month. Once interim payments are authorized, they continue until final adjudication of your application for retirement is completed.

After the Retirement Operations Center completes initial actions, it forwards your retirement file to a claims adjudication office. Your case will then be assigned to a retirement benefits specialist for final adjudication. The benefits specialist will review your entitlement to benefits and will follow up to obtain any outstanding documentation needed to process the retirement application. When your retirement file is determined to be complete and accurate, the benefits specialist will determine the amount of your monthly annuity benefit and will authorize payment of your regular annuity benefit.

The processing time to complete the final adjudication of claims will vary according to whether the retirement package your agency submits is fully documented and accurate. You can help with this process by actively participating in the documentation of your retirement package.

OPM’s goal is to try to complete the final adjudication of fully documented claims within 45 days from the date of receipt from the payroll offices. Incomplete retirement claims can take much longer because OPM will have to write or call the agency that has the needed information and then wait for a response. OPM will send you an Annuity Statement and other informational material concerning your retirement benefits when your regular annuity payments are authorized.

If you have questions concerning the status of your retirement application, you can call OPM’s Retirement Information Office at (202) 606-0500 or TDD (202) 606-0551. If your agency has not given you information about the register on which your retirement package was sent to OPM, contact your payroll office for this information before you contact OPM.

### When You May Retire

You may retire under the CSRS at the following ages, and receive an immediate annuity, if you have at least the amount of Federal service shown:

Type of Retirement	Minimum Age	Minimum Service (Year)	Special Requirements
<b>Optional</b>	62	5	None
	60	20	None
	55	30	None
<b>Special Optional</b>	50	20	<b>Special Optional</b> – 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.
<b>Early Optional</b>	Any Age*	25	<b>Early Optional</b> – Your agency must be undergoing a major reorganization, reduction-in-force, or transfer of function as determined by OPM.
	50*	20	
<b>Discontinued Service</b>	Any Age*	25	<b>Discontinued Service</b> – Your separation must be involuntary and not a removal for misconduct or delinquency.
	50*	20	
<b>Disability</b>	Any Age	5	<b>Disability</b> – You must be disabled for useful and efficient service in your current position and any other vacant position at the same grade or pay level within your commuting area and current agency for which you are qualified.**

\* Annuity is reduced if under age 55.

\*\* Application must be prior to retirement, or within 1 year of separation, except in cases of mental incompetence.

## **How Annuities Are Computed**

Your basic annuity is computed based on your length of service (which includes unused sick leave if you retire on an immediate annuity) and “high-3” average pay. To determine your length of service for computation, add all your periods of creditable service, and the period represented by your unused sick leave, then eliminate from the total any fractional part of a month. Your “high-3” average pay is the highest average basic pay you earned during any 3 consecutive years of service. Generally, your basic annuity cannot be more than 80 percent of your “high-3” average pay, unless the amount over 80 percent is due to crediting your unused sick leave.

Your yearly basic annuity is computed by adding the following:

- a. 1 1/2 percent of your “high-3” average pay times service up to 5 years;
- b. 1 3/4 percent of your “high-3” pay times years of service over 5 and up to 10; and
- c. 2 percent of your “high-3” pay times years of service over 10.

Your basic annuity will be reduced if you:

- a. Retire before age 55 (unless retiring for disability or under the special provisions for law enforcement officers, air traffic controllers, and firefighters);
- b. Did not make a deposit for service performed prior to October 1, 1982, during which no deductions were taken from your pay. (Non-deduction service after that date is not used in the computation of benefits if the deposit is not paid);
- c. Did not make a redeposit of a refund for a period of service that ended before October 1, 1990; or
- d. Provide for a survivor annuitant.

Your annuity will be increased periodically by cost-of-living increases that occur after you retire. Your initial cost-of-living increase will be prorated based on how long you have been retired when that cost-of-living increase is granted.

## **Credit for Military Service**

As a general rule, military service in the Armed Forces of the United States is creditable for retirement purposes if it was active service terminated under honorable conditions, and performed prior to your separation from civilian service for retirement. Military service performed on or after January 1, 1957 is normally creditable for Social Security benefits at the age of 62. Individuals first employed before October 1, 1982 have the option of either:

1. Making a 7 percent deposit for post-1956 military service, thereby avoiding a reduction in their CSRS annuity at age 62, or
2. Not making the deposit and having their annuities reduced at age 62 if they are then eligible for Social Security benefits. Employees first hired by the Federal Government on or after October 1, 1982 must make the deposit or receive no credit at all, including eligibility to retire, for military service.

## **Disability Retirement**

If you retire for disability, you may be guaranteed a minimum annuity equal to the smaller of:

- a. 40 percent of your “high-3” average pay, or
- b. The regular annuity obtained after increasing your service by the time between your retirement and your 60th birthday.

This guaranteed minimum applies if you are under the age of 60 when you retire and your earned annuity based on your actual service is less than this minimum.

Exception: The guaranteed minimum does not apply if you are receiving military retired pay and/or VA compensation in lieu of all or part of the military retired pay. However, if your earned annuity plus your military benefit (or compensation) is less than what it would have been under the guaranteed minimum, the annuity is increased to bring it up to that level.

## **Retirement Before Age 55**

If you voluntarily retire during a major reorganization, reduction-in-force, or transfer of function, or if you are involuntarily separated and are younger than age 55, your basic annuity will be reduced by one-sixth of 1 percent for each full month you are under age 55. However, there is no age reduction if you retire under the disability provision or under the special provisions for air traffic controllers, law enforcement officers, and firefighters.

## **Death During Service**

If you die after 18 months of civilian service, your widow(er) will get an annuity, provided you were married for a total of 9 months. This 9-month requirement does not apply if your death is accidental or there is a child of the marriage.

Generally, a widow(er) is entitled to 55 percent of the basic annuity earned by creditable service and average salary. However, if it will produce a higher annuity, your widow(er) will receive 55 percent of the guaranteed minimum benefit.

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

Your unmarried children will also be entitled to annuities if you die in service. Their annuities will continue until they reach age 18, or age 22 if they remain in school full-time. The annuity of a child who is incapable of self-support because of a disability incurred before age 18 will continue indefinitely unless the child becomes capable of self-support.

## **Providing for Survivors on Retirement**

If you are married when you retire, your annuity will be reduced to provide a full survivor annuity for your spouse (unless he or she consents to a lesser benefit). To provide for a survivor annuity, your annuity will be reduced by 2.5 percent of the first \$3,600, plus 10 percent of the annuity over \$3,600. The survivor annuity will be 55 percent of the amount of your annuity before this reduction.

Note: If you were divorced after May 6, 1985, your former spouse may receive, by court order, all or part of the survivor annuity that your current spouse would otherwise get. You can also elect a survivor annuity for a former spouse (but if you are married, you must get your current spouse's consent).

If you are not retiring for disability, and are in reasonably good health, you can provide a survivor annuity for a person who has an "insurable interest" in you, such as a relative who is in your care, or a current spouse who would not otherwise get a survivor annuity because of a court-ordered award to a former spouse. To provide this benefit, your annuity would be reduced from 10 to 40 percent, depending on the difference in your age and the age of the person named. This reduction would be added to any reduction required to provide a survivor annuity for a spouse or former spouse.

### **If You Leave the Service**

If you leave Federal employment before you are eligible for an "immediate" annuity, you can either have your deductions returned or leave your money in the retirement fund. If you have completed at least 5 years of civilian service and leave your money in the fund, you will be entitled to a "deferred" annuity at age 62.

### **Making Payments For Previous Service**

If retirement deductions were not taken from your pay during certain periods of service, you will need to pay these deductions into the retirement fund to receive full credit for the service. If you had a refund of retirement deductions for prior service, you must repay this money into the retirement fund to receive credit for service in your retirement benefits.

Exception: If you retire (other than on disability) while owing a redeposit of a refund for service that ended before October 1, 1990, you will not be required to pay the redeposit in order to receive credit for that refunded service. Instead, full credit for the refunded service will be allowed in computing your annuity, but the annuity will be actuarially reduced.

### **Alternative Form of Annuity**

Some retirees can choose to receive an Alternative Form of Annuity, if they are eligible due to a life-threatening illness or other critical medical condition. Under this option, you receive a reduced monthly benefit, plus a lump sum payment equal to all your unrefunded contributions to the retirement fund. The amount of reduction in monthly benefits depends on:

- your age at the time you retire, and
- the amount of your retirement contributions.

Your election of an Alternative Form of Annuity will not affect the potential survivor annuity payable to your spouse or children. However, spousal consent is necessary to make this election.

You cannot choose the Alternative Form of Annuity if you are retiring for disability or if have a former spouse who is entitled to court-ordered benefits based on your service. In addition, you may not elect the Alternative Form of Annuity unless you have a life-threatening medical condition.

## **CSRS Offset Employees**

You are a “CSRS Offset” employee if you are one of the employees covered by CSRS and Social Security at the same time. You will be eligible to receive a CSRS annuity just as if you were covered by CSRS alone, except that the annuity payment will be reduced when you become eligible for Social Security benefits (usually at age 62). The amount of the reduction will be the amount of the Social Security benefit attributable to your service after 1983 that was covered by both CSRS and Social Security. A survivor annuity based on your service will be reduced for any survivor Social Security benefits in the same manner.

## Computing Retirement Benefits Under CSRS

### Computing Retirement Benefits

The amount of the basic annuity payable upon your retirement under the CSRS is directly related to your length of service and your highest 3 years' average salary. Once the basic annuity is computed, based on length of service and your earnings, it may be reduced for any service for which you did not make retirement contributions ("deposit service"). The basic annuity may also be reduced to provide survivor benefits for your spouse or former spouse after your death or because you are retiring before age 55. Service for which you have received a refund of retirement contributions ("redeposit service") will be used to determine your eligibility for retirement, but cannot be considered when computing your basic annuity, unless you have paid the entire redeposit due or are eligible for, and elect, the Alternative Form of Annuity (except when the refund covered service that ended before October 1, 1990, as discussed below).

### Computing Annuities Under the General Formula

Annuities are expressed as a percentage of your "high 3" average salary. Your "high 3" average salary is the highest 3 years of base pay or salary you earned in any consecutive 3-year period (usually your last 3 years). Your high 3 percentage is determined by a three-part formula based on your length of creditable service. You earn:

1.50% per year for the first 5 years	(or 7.50%), plus
1.75% per year for the next 5 years	(or 8.75%), plus
	16.25%
2.00% per year for service over 10 years.	

Thus, after 10 years of service, you have earned 16.25% of your "high three" and after 30 years you have earned 56.25% ( $16.25\% + 2\% \times 20 = 56.25\%$ ). By law, the percentage is limited to 80% (reached after 41 years and 11 months of service). However, unused sick leave can be used in the formula to produce a greater result. (See Chapter 3, "Credit for Unused Sick Leave.") Your unused sick leave is converted into months and days and added to your other service. Credit is given for whole months only (deemed to be 30 days). However, the time representing days of unused sick leave is not counted toward your "high 3" years average salary or for establishing eligibility for retirement. The sample illustration below shows how you can compute the precise "high-3" average salary for a given period.

### Calculating "High 3" Salary

For example, using the average salary of \$20,000 and assuming that you have worked for the Government for 33-1/2 years, are age 55, and have the equivalent of 6 months of unused sick leave, the computation (before any applicable reductions) would be:

\$20,000 x 1.5% x 5 years =	\$ 1,500
\$20,000 x 1.75% x 5 years =	1,750
\$20,000 x 2% x 24* years =	<u>9,600</u>
(Basic annuity)	\$ 12,850

\* (Includes 6 months of unused sick leave)

A quick way to estimate your basic annuity is to determine your total length of service (34 years) and subtract two (32 years). Multiply that by two (32 x 2 = 64) and use that as a percentage (64 percent) of 90 percent of your final salary. If, for example, your final salary was \$22,340 per year, then 90 percent of \$22,340 would equal \$20,106. Therefore, \$20,106 x .64 = \$12,867 for a basic annuity. This quick formula is not precise, but will provide you with an approximation of your basic annuity.

Period Salary was in Effect*		Annual Salary	Gross Pay for this Period
Months	Days		
3	11	@ \$17,541	\$ 4,921.23
11	28	@ 18,779	18,674.67
11	29	@ 20,203	20,146.88
8	22	@ 22,340	16,258.56
33	90		\$60,001.00
<b>36 months</b>			

\*For purposes of calculating average salary, 1 month = 30 days, and 1 year = 360 days.

## Annuity Reductions

### Reduction for Deposit Service

In the example of a voluntary separation, the first reduction would be for any unpaid deposit service. Say for instance that the first year you worked for the Government was under a temporary appointment during which you were not eligible to pay into the CSRS. This would represent a period of deposit service. Assume that the amount you would have paid in as a permanent employee, plus interest to the date of your retirement, equals \$900. Your basic annuity will be reduced by one-tenth of that amount, or \$90. Therefore, your basic annuity of \$12,850 would be reduced to \$12,760 per year. For periods of deposit service performed on or after October 1, 1982, a deposit must be made (unless you are eligible for and elect an Alternative Form of Annuity) or the time cannot be used in computing your annuity. The time will be used to determine your eligibility to retire whether or not you make the deposit payment.

### Reduction for Survivor Benefits

If you are married, your annuity will be reduced automatically to provide the maximum survivor annuity for your spouse, unless you and your spouse jointly agree to provide a lesser amount or none at all. A spouse's survivor annuity would be 55 percent of your basic annuity or any lesser amount you and your spouse agree to. Your annuity would be reduced by 2 1/2 percent of the first \$3,600 in basic annuity and 10 percent of the remainder of your basic annuity.

### **Reduction for Age**

If you retire before reaching age 55 due to an involuntary separation, such as in a reduction-in-force, your basic annuity would be reduced by one-sixth of 1 percent for each full month you were under 55.

### **Reduction for Alternative Annuity Election**

Your basic annuity will be further reduced if you are eligible for, and elect, an Alternative Form of Annuity (AFA). Under this option, you receive an actuarially reduced monthly benefit, plus a lump-sum payment equal to all of your contributions into the retirement fund. You may not elect the AFA unless you have a life-threatening medical condition. Also, you cannot choose the AFA if you are retiring for disability or if you have a former spouse who is entitled to court-ordered benefits based on your service. To determine the monthly amount of reduction in your annuity if you are eligible, and do elect the AFA, you divide the amount of contributions to your credit in the retirement fund by the appropriate “present value” factor for your age at the time of retirement. They may be changed in the future to conform to changes in the economic assumptions on which they are based. For example, assuming you retire at age 55, and your retirement contributions are \$40,000, your monthly annuity of \$979 would be reduced by \$192 (\$40,000 divided by 208.5) to provide you an annuity of \$787 per month if you elect the AFA. The survivor annuity of your spouse would not be affected by the election.

<b>Present Value Factors</b>			
<b>Age at Retirement</b>	<b>Factor</b>	<b>Age at Retirement</b>	<b>Factor</b>
40	271.2	66	156.8
41	267.1	67	152.0
42	263.3	68	147.1
43	259.9	69	142.3
44	256.5	70	137.1
45	252.5	71	131.9
46	248.4	72	126.7
47	244.4	73	121.5
48	240.2	74	116.2
49	235.8	75	111.0
50	230.9	76	105.9
51	226.7	77	100.8
52	222.6	78	95.8
53	218.2	79	90.9
54	213.5	80	86.2
55	208.5	81	81.6
56	204.0	82	77.1
57	199.4	83	72.8
58	194.7	84	68.7
59	190.2	85	64.7
60	186.1	86	61.0
61	181.2	87	57.4

62	176.0	88	54.1
63	171.3	89	50.9
64	166.4	90	47.9
65	161.5		

**Reduction Because of Unpaid Redeposit for Certain Refunded Service**

If, when you retire, you owe a redeposit for a refund of retirement contributions covering a period of service that ended before October 1, 1990, you will not have to pay the redeposit in order to receive credit for the service (unless you retire for disability). Instead, full credit for the refunded service will be allowed in computing your annuity, but the annuity will be actuarially reduced based on your age and the amount of redeposit you owe at the time you retire. To calculate the monthly amount of the reduction, you divide the deposit you owe at that time of retirement, including interest, by the appropriate “present value” factor, using the table shown above. The procedure is the same as that used to compute the AFA reduction. Remember, this alternative to payment of a redeposit does not apply to any refund you receive for service that ends on or after October 1, 1990. However, you may elect to pay the redeposit, plus interest, and avoid the actuarial reduction.

**Reduction Because of CSRS Offset**

If you are a “CSRS Offset” employee (one of the relatively few employees covered by CSRS and Social Security at the same time), your annuity will be reduced when you become eligible for Social Security benefits, usually at age 62. The amount of the reduction will be the amount of the Social Security benefit attributable to your service after 1983 that was covered by both CSRS and Social Security. If you are not eligible for a Social Security benefit, there will be no reduction in your annuity.

**Deductions From Gross Monthly Annuity**

The annuity would be further reduced for any applicable health benefits and life insurance premiums, and Federal and State income tax withholding.

**Commencing Date**

If you retire voluntarily during the first 3 days of the month, the annuity will commence the following day. Otherwise, the annuity begins on the first day of the month following the month in which you retire. This “first-of-the-month after” provision does not apply to survivor annuities, disability annuities, or discontinued service annuities. These annuities commence on the day after separation, death, or last day of pay, as appropriate.

## Credit For Unused Sick Leave

As an employee under the CSRS, if you (1) retire on an immediate annuity, or (2) die leaving a widow, widower, or former spouse entitled to a survivor annuity, your service will be increased by the days of unused sick leave to your credit under a formal leave system. The days of unused sick leave that are added are used only in counting your number of years and months of service for annuity computation purposes. The sick leave cannot be used in computing the “high-3” average salary or for meeting the minimum length of service for retirement eligibility.

In general, if your leave system charges 8 hours of sick leave for 1 day’s absence, 8 hours of unused sick leave constitutes 1 day of credit. Days are converted to months and years on the basis of a 2087-hour work year. To compute the additional credit for sick leave at retirement, add the months and days of sick leave to the months and days of actual service.

For example:

Actual service	30 years, 4 months, 16 days
*Sick leave at retirement:	<u>4 months, 24 days</u>
Total credit:	30 years, 9 months, 10 days

\* Using the table below, 835 hours of sick leave converts to 4 months and 24 days of credit.

Only years and full months of service are used in the annuity computation. Odd days are dropped. In the example, the 10 days would be dropped. Use the conversion table below to find the additional service time credit provided by unused sick leave. If your regular tour of duty is other than an average of 8 hours per day, you cannot use this table. Check with your personnel or payroll offices on how to convert unused sick leave into additional service.

## How to Use This Table

Find the number in the table closest to the number of hours of your unused sick leave. In the horizontal column you will find the number of months and in the vertical column the remaining number of days. For example: 441 hours equals 2 months and 16 days. Another example: 1452 hours equals 8 months and 11 days. If the number of hours falls between two figures shown on the table, use the next higher figure.

Table for Converting Unused Sick Leave Into Additional Service												
Mo.	0	1	2	3	4	5	6	7	8	9	10	11
Days												
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	702	875	1049	1223	1397	1571	1745	1919
2	12	186	360	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1931
4	23	197	371	545	719	893	1067	1241	1415	1589	1762	1936
5	29	203	377	551	725	899	1073	1246	1420	1594	1768	1942
6	35	209	383	557	731	904	1078	1252	1426	1600	1774	1948
7	41	215	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1960
9	52	226	400	574	748	922	1096	1270	1444	1618	1791	1965
10	58	232	406	580	754	928	1102	1275	1449	1623	1797	1971
11	64	238	412	586	760	933	1107	1281	1455	1629	1803	1977
12	70	244	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1989
14	81	255	429	603	777	951	1125	1299	1473	1646	1820	1994
15	87	261	435	609	783	957	1131	1304	1478	1652	1826	2000
16	93	267	441	615	789	962	1136	1310	1484	1658	1832	2006
17	99	273	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2018
19	110	284	458	632	806	980	1154	1328	1502	1675	1849	2023
20	116	290	464	638	812	986	1160	1333	1507	1681	1855	2029
21	122	296	470	644	817	991	1165	1339	1513	1687	1861	2035
22	128	302	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2047
24	139	313	487	661	835	1009	1183	1357	1531	1704	1878	2052
25	146	319	493	667	841	1015	1189	1362	1536	1710	1884	2058
26	151	325	499	673	846	1020	1194	1368	1542	1716	1890	2064
27	157	331	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1902	2075
29	168	342	516	690	864	1038	1212	1386	1560	1733	1907	2081

## Military Service Credit Under CSRS

### Credit for Military Service

Your military service in the Armed Forces of the United States is creditable for Civil Service Retirement purposes only if:

1. It was active service and terminated under honorable conditions, and
2. You performed it before separating from a civilian position under the Retirement System.

This covers service in the Army, Navy, Air Force, Marine Corps and Coast Guard, including the service academies. After June 30, 1960, it also covers service in the Regular Corps or Reserve Corps of the Public Health Service, and, after June 30, 1961, service as a commissioned officer of the National Oceanic and Atmospheric Administration.

An exception to the general rule cited above is that you cannot receive credit for any military service if you receive military retired pay unless you were awarded the retired pay:

1. On account 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, or
2. Under the provisions of Chapter 67, Title 10, U.S.C. (pertaining to retirement from a reserve component of the Armed Forces).

Service in the National Guard, except when ordered to active duty in the service of the United States, is generally not creditable. However, you may receive credit for National Guard service, followed by Federal civilian reemployment that occurs after August 1, 1990, when all of the following conditions are met:

- The service must interrupt civilian service creditable under the CSRS (or FERS) and be followed by reemployment in accordance with the appropriate chapter of the laws concerning Veterans Benefits.
- It must be full-time, not inactive duty, and you must be a member of the U.S. Army National Guard or U.S. Air National Guard.
- It must be under a specified law, and you must be entitled to pay from the U.S. (or have waived pay from the U.S.) for the service.

If you have any questions concerning National Guard credit, see your personnel office.

## **Waiving Military Retired Pay**

If you are an employee receiving military retired pay that bars credit for military service, you may elect to waive the retired pay and have the military service added to your civilian service in computing the annuity. If you do not waive your military retired pay, your retirement rights (and those of your surviving spouse, if any) will be based on your civilian service only and military service will not be included in computing the annuity. You may then receive both your military retired pay and your civil service annuity at the same time.

## **Making Deposits for Post-1956 Military Service**

If you were first employed by the Federal Government under retirement coverage on or after October 1, 1982, you will receive Civil Service Retirement credit for any post-1956 military service at the time of retirement only if you make a deposit for the military service. Under current law, the deposit is 7 percent of military basic pay. If you made this deposit before October 1, 1986 (or within 3 years of being hired if that date was later than October 1, 1986), no interest will be charged.

When military service including the National Guard interrupts your civilian service under retirement coverage, and you are reemployed after August 1, 1990 under chapter 43 of title 38, U.S. Code, the deposit payable may not exceed the amount that would have been deducted and withheld from you during civilian service, if you had not entered into the military. This rule also affects CSRS Offset employees.

If you were first employed by the Federal Government under retirement coverage before October 1, 1982, you have two options:

1. You can make the 7 percent deposit for any post-1956 military service, or a comparison amount for qualifying military service performed after August 1, 1990, to avoid a reduction in your annuity at age 62 (and a reduction in any survivor annuity payable to your spouse after your death), or
2. You can decide not to pay the deposit and have your annuity reduced at age 62 if you are then eligible for Social Security benefits.

If you are eligible, your annuity will be recomputed to eliminate all credit for post-1956 military service. (Any survivor annuity payable to your spouse after your death would also be recomputed to eliminate all credit for post-1956 military service when he/she attains age 60 and becomes eligible for Social Security benefits.) You had until October 1, 1986, or 3 years from the date you were rehired, if that is later, to make the 7 percent deposit without having to pay interest. Otherwise, you can make the 7 percent deposit any time before retirement, but you will have to pay interest.

Deposits for military service must be made to your employing agency before you separate for retirement. They cannot be made to OPM. Agencies may accept your actual military pay vouchers for complete periods of military service to calculate the military deposit. If you do not have those records, you must obtain a certified estimate of your military earnings from the appropriate branch of service. Your agency will provide you with the form and instructions for obtaining the certified estimate. Agencies may not accept tax forms (W-2's), Social Security

statements of earnings, or documentation of military ranks held and dates of promotion as evidence of military pay received.

### **Credit for Military Service Prior to January 1, 1957**

At the time of retirement, you will receive credit for military service performed prior to January 1, 1957, without making any deposit. In addition, you will not have your annuity recomputed at age 62 even if you become eligible for Social Security benefits. (But if you also have military service after 1956, a reduction may be required as explained above.) However, using the military service performed prior to January 1, 1957 in computing your Civil Service Retirement benefits will eliminate any credit you might have received from Social Security for that period of service.

### **Interest Charges**

You will not be charged interest on a deposit for military service if you make that deposit within 3 years of the date you first become covered under the CSRS. If you do not make your deposit for military service during this “grace period,” you will be charged interest on the outstanding balance, compounded annually, from a date 2 years from the date you first become a covered employee, until payment is completed. The interest rate charged on deposits for military service will be at the yearly rate of retirement fund earnings, as determined by the Secretary of the Treasury.

You should carefully review your estimated Civil Service Retirement benefits with your personnel department to determine the amount of your annuity with and without credit for post-1956 military service, and especially, the possible reduction at age 62, if the military deposit is not made.

### **Refund of Deposit**

If you separate from service before becoming eligible for retirement, and apply for a refund of all retirement deductions, your deposit for military service will be included in the refund. However, no interest will be paid on your deposit. With very limited exceptions, a deposit will not be returned to you if you are entitled to annuity benefits when you separate. See your personnel office if you have questions or need further information.

## Deposits and Redeposits

### Deposit Service

Practically any employment you have had with the Federal Government or the District of Columbia (if first employed by the D.C. Government before October 1, 1987) that was not covered under the CSRS, including employment covered by Social Security withholdings, is creditable for retirement purposes, as long as you become covered by CSRS at some later date. A period of service not covered by CSRS is called “deposit service.” It is called deposit service because you are allowed to pay a monetary deposit for it, either to avoid a reduction in the amount of your annuity, or in some cases, to receive credit for the service at all. Even employment covered by another Federal retirement system (such as TVA, Foreign Service, etc.) is creditable provided you are not receiving any benefits for that time under the other system. Generally, you obtain a refund of your contributions under the other system and deposit the refund, with interest, in the Civil Service Retirement and Disability Fund to receive credit for that period of time.

### Employment Before October 1, 1982

If you worked for the Federal Government or the District of Columbia prior to October 1, 1982 in positions for which deductions for the CSRS were not made, you will receive limited credit for this service in the computation of your CSRS annuity benefits. Specifically, the period will count when computing your length of service. However, your annuity will be reduced by one-tenth of the amount that you would have paid in to the CSRS plus interest had the service been covered by the CSRS.

For example, if you entered Federal service under a temporary appointment in July 1973 and paid into Social Security rather than the CSRS until you were converted to a career-conditional appointment in January 1974, you would have a period of deposit service totaling approximately 6 months. If the amount of CSRS deductions (7 percent of basic pay at that time) and interest amount to \$840 at the time you retire, your yearly annuity would be reduced by one tenth of the amount due at that time - \$84 a year or \$7 per month. Again, if you make the deposit, there would be no reduction in your annuity.

### Employment After October 1, 1982

If you worked for the Federal Government or the District of Columbia after October 1, 1982 in positions for which CSRS deductions were not made, you will have to make the required deposit before that service can be used in any annuity computation.

Note: If you were first hired by the District of Columbia on or after October 1, 1987, that service is not creditable under CSRS.

If the deposit is not made, you can still count the time involved for “title purposes” - i.e., for meeting the minimum length of service for an immediate annuity, and for determining “high-3” average salary. However, no credit will be allowed in the computation of the annuity - i.e., the time will not be multiplied by a percentage of the “high-3” average salary.

### **Redeposit Service**

Except as explained below, if you are now employed but later separate from service and receive a refund of your CSRS contributions, you must repay that money, plus any applicable interest, before the period of time covered by the refund can be credited in the computation of your annuity benefits. This period of service is called redeposit service. You must be employed under retirement coverage to apply to make the redeposit, if you received a refund of your retirement deductions.

If you do not make the redeposit, you can still count the time involved for “title purposes,” as explained above, and for determining the “high-3” average salary. However, no credit will be allowed in the computation of the annuity unless you pay the total amount owed by the time you retire, unless the refunded service ended before October 1, 1990 or you are eligible to receive the Alternative Form of Annuity.

If you have received a refund that covers a period of service that ended before October 1, 1990, including employment covered by another Federal retirement system, you will not have to pay the redeposit to receive credit for that service when you retire, except if you retire for disability. Instead, full credit for the refunded service will be allowed in computing your annuity, but the annuity will be actuarially reduced based on your age and the amount of redeposit, including interest, you owe at the time you retire. You can elect to pay the redeposit if you prefer, and avoid the actuarial reduction.

### **Periods of Nonpay**

Full credit is given without deposit to the CSRS for periods of furlough or leave-without-pay that do not exceed 6 months in any calendar year. The entire period of time you are receiving benefits from the Office of Workers’ Compensation Programs due to an on-the-job injury is credited without deposit if you later return to Federal service.

### **Interest Rates**

Deposits for service performed before October 1, 1982, and redeposits for refunds applied for prior to October 1, 1982, are subject to an interest rate of 4 percent per year up to December 31, 1947, and an interest rate of 3 percent per year after 1947, compounded annually. Deposits covering employment on or after October 1, 1982 and redeposits of refunds applied for on or after that date are subject to an interest rate of 3 percent per year through December 31, 1984, and, thereafter, at a yearly rate equivalent to the rate of interest earned by new Retirement Fund investments as determined by the Secretary of the Treasury, compounded annually.

Your application to make either a deposit or redeposit (Standard Form 2803) must be filed with your current personnel office. Staff there will estimate the amount you actually owe and explain further how your future retirement benefits may be affected by any outstanding deposit or redeposit.

## **Deemed Deposits and Redeposits**

If you elect to receive the Alternative Form of Annuity when you retire, any unpaid redeposit and most deposits for service that you still owe at that time will be deemed to have been paid. However, this option is now available only if you have a life threatening medical condition. In other words, if you elect the Alternative Form of Annuity, you would not actually have to pay the deposit or redeposit. OPM would simply consider it paid when determining the amount of your creditable service. The deemed deposit/redeposit would also be added to your total lump-sum credit used in determining the amount by which your annuity must be reduced under the Alternative Form of Annuity option.

## Voluntary Contributions Under the CSRS

### Eligibility

If you are an employee covered by the CSRS or the CSRS Offset provisions and you want to receive a larger annuity than would be payable based on your service and “high-3,” you may make voluntary contributions to purchase additional annuity. However, if you owe a deposit or redeposit for civilian service, you will be eligible to make voluntary contributions only after the deposit or redeposit is paid. Also, if you previously made voluntary contributions, and you received a refund of those contributions, you may not make voluntary contributions again, unless you had a break in service after receiving the refund.

### Amount of Additional Annuity

At retirement, each \$100 in a voluntary contributions account (including interest earned) will provide an additional annuity of \$7 a year, plus 20 cents for each full year you are over age 55 at the time you retire. You may also choose to share the additional annuity by electing to provide a survivor annuity. However, your additional annuity would then be reduced by 10 to 40 percent depending on the difference between your age and the age of the person designated to receive the survivor annuity. Any person, related or unrelated to you, may be designated, and need not be the same person for whom regular survivor annuity benefits were elected.

Note: Voluntary contributions annuities are not increased by cost of living increases.

### Interest

Voluntary contributions earn a variable interest rate determined by the Treasury Department each calendar year, based on the average yield of new investments purchased by the Retirement Fund during the previous fiscal year. The interest credited to each voluntary contributions account is compounded annually on December 31.

Interest accrues to the date of the refund calculation, separation, or transfer to a position not subject to CSRS, whichever is earliest. If you separate from Federal service with entitlement to a deferred annuity at age 62, interest continues to accrue to the beginning date of annuity or death, whichever is earlier. If you separate from Federal service with entitlement to a deferred annuity at age 62 and request a refund of the voluntary contribution account, interest will only be paid to the date of separation regardless of whether you receive a deferred annuity.

### Limitations on Voluntary Contributions

Voluntary contributions may be made only in amounts of \$25 or in multiples of \$25 (\$50, \$75, etc.). Total contributions may not exceed 10 percent of the total basic pay you received during all of your Federal service. The 10 percent limit test applies at each point of time that a deposit is made and is not based upon a projection of lifetime earnings.

## **Refund of Voluntary Contributions**

You may withdraw all voluntary contributions with interest at any time before receiving additional annuity based on those contributions. If you die while still in Federal service (or after leaving but before you begin to receive annuity benefits), the voluntary contributions account, plus interest, will be paid to your survivors as a lump-sum payment. See the information below on expediting refunds of voluntary contributions.

If you die after retirement, but before having received additional annuity payments equal to the voluntary contributions plus interest, the difference will be paid either as a lump sum or in additional survivor annuity payments, depending upon your election at retirement.

## **Federal Taxation of Voluntary Contributions**

If you take a refund of voluntary contributions, any accrued interest is taxable in the tax year in which you receive it. In addition, if you receive the refund before you attain age 59 1/2, the interest portion of the refund is subject to an additional 10 percent early distribution tax.

Payments to survivors are not subject to the 10 percent tax. To determine whether the 10 percent tax applies, you should get IRS Form 5329 (and instructions) from the Internal Revenue Service office. The interest portion of the refund is eligible for rollover treatment.

Note: If you will receive an additional annuity as a result of your voluntary contributions, it will be taxed under the “General Rule.” Refer to IRS Publication 721, “Comprehensive Tax Guide to U.S. Civil Service Benefits,” for further information.

## **Expediting Refunds of Voluntary Contributions**

You can elect to roll over the interest to an Individual Retirement Account (IRA), or other qualified retirement plan, to defer income tax. To expedite payment, you may submit your rollover election with your refund request. You should submit your refund/rollover elections directly to OPM. Since interest generally stops at separation, if you are retiring you should submit your refund request to OPM at least 60 days before retirement. You should complete a “Voluntary Contributions Election” form, RI 38-124. Contact your agency personnel office to obtain this form, and the election form (RI 38-125).

## **Application Form and Payments**

If you want to make voluntary contributions, file a Standard Form 2804 (Application to Make Voluntary Contributions) with your agency personnel office. After the application is forwarded to OPM by your agency and approved, OPM will assign you an account number, and send instructions for making contributions.

Do not send money with your application. Contributions will not be accepted until the application is approved. OPM will not approve an application from you if:

1. You have not deposited amounts covering all civilian service, or
2. You have previously received a refund of voluntary contributions, unless you were separated for more than 3 calendar days, and were again employed under CSRS after the refund was paid.

## CSRS Offset Retirement

Prior to January 1, 1984, there was only one major retirement system for Federal employees. Federal employees who were eligible for retirement coverage were covered by the CSRS. By law, federal employees covered by CSRS were excluded from Social Security coverage and taxes.

The Social Security laws were changed in 1983 to require Social Security (FICA) coverage for most new Federal employees hired after December 31, 1983, or employees who were rehired after December 31, 1983 after a break in CSRS coverage of more than 1 year. These employees were placed in an interim retirement plan that provided for full Social Security (or OASDI) deductions from pay and reduced CSRS deductions. This was the precursor of the CSRS Offset plan.

On January 1, 1987, the new Federal Employees Retirement System (FERS) started. Most Federal workers are covered by either CSRS or FERS. However, in the legislation that created FERS, Congress also created the CSRS Offset plan.

Typically, CSRS Offset retirement applies to employees who had a break in service that exceeded 1 year and ended after 1983, and had 5 years of creditable civilian service on January 1, 1987. CSRS Offset retirement coverage also applies to employees hired before January 1, 1984, who acquired CSRS coverage for the first time after that date, and had at least 5 years of creditable service by January 1, 1987.

Check with your personnel office if you are unsure about your retirement system coverage, or if you have questions about your coverage.

### **What Is Different About Being Under CSRS Offset?**

While employed under the CSRS Offset provisions, you are covered under both CSRS and Social Security. You are earning retirement credits under the relatively generous CSRS formula while you also have the portability of Social Security coverage. You are adding to any Social Security benefits you have already earned, and if you continue to work after you leave Federal employment, you will continue to add to your Social Security benefit.

When you retire, your CSRS annuity will be computed under the same rules that apply to other CSRS retirees. However, when you become eligible for Social Security benefits (usually at age 62), your annuity will be reduced, or offset, by the value of the Social Security benefit you earned during your CSRS Offset service. In other words, instead of getting one check from OPM reflecting all your Federal service, some of the payment will come from the Social Security Administration (SSA) when you become eligible for a Social Security benefit. If you are not eligible for a Social Security benefit, there is no offset in your CSRS annuity.

If you become disabled or die, your disability annuity or your survivor's benefits will also be reduced in a like manner. If no disability or survivor's Social Security benefit is payable, there is no offset of CSRS benefits.

The amount you pay for CSRS coverage is reduced, or offset, by Social Security taxes. Most CSRS employees will pay 7.0 percent of pay for CSRS coverage. If you earn more than the maximum Social Security wage base, the Social Security tax stops when you reach this maximum, and your CSRS deductions increase to the full CSRS rate for the remainder of the calendar year. When the next year begins, FICA tax resumes and the CSRS deductions drop to the offset amount until you reach the maximum taxable wage base for that year. Note that your taxable wage base for FICA purposes includes wages, such as overtime and awards, which are not counted for CSRS purposes. This means that FICA deductions may stop before your CSRS deductions revert to the full rate.

### **When You May Retire**

The age and service requirements for retirement as a CSRS Offset employee are the same as those for a regular CSRS employee.

### **How CSRS Offset Annuities Are Computed**

As a CSRS Offset employee, you are covered under both CSRS and Social Security at the same time. You will receive a full CSRS annuity at retirement that is computed under the CSRS rules, using average salary and years of service. However, as explained below, your CSRS Offset annuity will be reduced when you become eligible to receive Social Security benefits (usually at age 62).

Your basic annuity is computed based on your length of service (which includes unused sick leave if you retire on an immediate annuity) and "high-3" average pay. To determine your length of service for computation purposes, add all your periods of creditable service and the period represented by your unused sick leave, and then eliminate from the total any fractional part of a month. Your "high-3" average pay is the highest average basic pay earned during any 3 consecutive years of service.

Your basic annuity cannot be more than 80 percent of "high-3" average pay, unless the amount over 80 percent is due to crediting your unused sick leave.

Your yearly basic annuity is computed by adding:

1. 1 1/2 percent of your "high-3" average pay times service up to 5 years;
2. 1 3/4 percent of your "high-3" pay times years of service over 5 and up to 10; and
3. 2 percent of your "high-3" pay times years of service over 10.

A quick way to estimate your annuity is to determine your total length of service and subtract 2. Multiply that result by 2, and use that as a percentage of 90 percent of your final salary. If, for example, you have 34 years of service and your final salary was \$50,000 per year, your annuity would be approximately \$2,400 per month. (Thirty-four years of service minus 2 = 32 multiplied by 2 = 64. Ninety percent of \$50,000 is \$45,000. Sixty four percent of \$45,000 equals \$28,800,

or \$2,400 per month.) This quick formula is not precise, but it allows you to estimate your benefits before the offset is applied.

Your basic annuity will also be reduced if:

1. You retire before age 55, unless you retire for disability or under the special provisions for law enforcement officers, air traffic controllers, and firefighters;
2. You did not make a deposit for service performed prior to October 1, 1982, during which no deductions were taken from your pay (non-deduction service after that date is not used in the computation if the deposit is not paid);
3. You did not make redeposit of a refund for a period of service ending before October 1, 1990 (if your refunded service ended after September 30, 1990, you must pay a redeposit of the refund with interest in order to receive credit for the service in the computation of your annuity); or
4. You provide for a survivor annuity.

### **CSRS Offset Annuity Reduction**

Your CSRS Offset annuity is reduced by the portion of your total Social Security benefit that is payable based on Federal service performed after 1983 while covered by both the CSRS and Social Security. Your annuity will not be reduced by any portion of your Social Security benefit that is based on service other than CSRS Offset employment.

### **When Will the CSRS Offset Annuity Be Reduced?**

Normally, OPM will contact the Social Security Administration (SSA) when you are close to age 62 (the normal age of Social Security eligibility) to obtain an entitlement determination. If you are eligible to receive Social Security benefits, SSA will provide OPM with information concerning your benefits. Note that even if you do not apply for Social Security benefits when first eligible, the reduction in your annuity must still be made if you are eligible for Social Security benefits.

If you retire at age 62 or later and already are entitled to Social Security benefits, the offset in your annuity will be made at retirement. If you never become eligible for Social Security benefits based on your own employment, there is no offset.

### **How is the Offset Computed?**

The SSA takes the Federal earnings in the period(s) when you are covered by both Social Security and CSRS and computes a Social Security benefit with those earnings included, and then without those earnings included. These two amounts are sent to OPM to determine the CSRS Offset amount. Your CSRS benefit is computed as explained above. The offset reduction is then subtracted from the annuity rate to become your new gross annuity rate.

The offset reduction is the lesser of:

1. The difference between the Social Security monthly benefit amount with and without CSRS Offset service (service after December 31, 1983 covered under the interim CSRS provisions or the CSRS Offset provisions); or

- The product of the Social Security monthly benefit amount, with Federal earnings, multiplied by a fraction where the numerator is the employee's total CSRS offset service rounded to the nearest whole number of years and the denominator is 40.

$\text{Social Security Benefit} \quad \times \quad \frac{\text{Total Years of Offset Service}}{40}$
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**Example**

In this example, the employee has 3 years and 8 months of Offset service.

Computation number 1

Social Security monthly benefit with Federal offset service	\$600
Social Security monthly benefit without Federal offset service	\$550
Difference	\$ 50

Computation number 2

Social Security amount with Federal earnings	$\$600 \times 4 \text{ years}^* = \$2400$
	$\$2,400 \text{ divided by } 40 = \$60$

\*Nearest whole year to 3 years 8 months.

Result: Since the offset is determined by taking the lesser amount of the two computations, the reduction in this case would be based on method number 1, or \$50.

**Cost of Living Increases**

Under CSRS Offset, you will receive the same cost-of-living adjustment (COLA) increases as other CSRS retirees. Your annuity will be increased periodically by COLAs that occur after you retire. Your initial COLA will be prorated based on how long you have been retired when the COLA becomes payable. For retirees covered by CSRS or CSRS Offset, the COLA for 2002 is 2.6 percent. For Social Security benefits, the COLA for 2002 is also 2.6 percent. (For retirees covered by the Federal Employees Retirement System (FERS), the COLA for 2002 is 2 percent.)

**Credit for Military Service**

Retirement credit for military service is the same as under regular CSRS retirement. As a general rule, military service in the Armed Forces of the United States is creditable for retirement purposes if it was active service terminated under honorable conditions and performed prior to your separation from civilian service. Military service performed on or after January 1, 1957 is normally used to compute your Social Security benefits at age 62.

Individuals first employed with CSRS coverage before October 1, 1982 may either:

1. Make a deposit that is 7 percent of military basic pay, plus interest if applicable, for post-1956 military service, to avoid a reduction in their CSRS annuity at age 62 when they become eligible for Social Security benefits; or
2. Not make the deposit and have their annuities reduced at age 62 if they are then eligible for Social Security benefits.

Employees first covered under CSRS on or after October 1, 1982 must make the deposit or their military service cannot be used to determine their eligibility to retire or to calculate their annuity.

Since you are likely to be entitled to Social Security benefits, review your CSRS benefits carefully with and without post-1956 military service credit, well before retirement, so that if you need to make a deposit for military service you can do so before interest charges increase the amount you need to pay. Most people find it advantageous to make the deposit. The deposit must be paid to your agency while you are still employed. Your personnel office can assist you.

Note: Service in the National Guard, except when ordered to active duty in the service in the United States, is generally not creditable. However, you may receive credit for National Guard service, followed by Federal civilian reemployment that occurs after August 1, 1990, under certain circumstances. For Offset employees, the deposit for such service may not exceed the amount that would have been deducted from your pay as retirement deductions if you had not performed the military service.

### **CSRS Offset Disability Retirement**

If you retire for disability when you are under age 60, you will receive the greater of:

- a. The annuity you have earned, based on your service to date, or
- b. A guaranteed minimum amount.

To figure the guaranteed minimum, compute:

- a. 40 percent of your “high-3” average pay, and
- b. An annuity using your “high-3,” but increasing your service by the time between your retirement and your 60th birthday.

The guaranteed minimum is the lesser of these two amounts.

The guaranteed minimum does not apply if you are over age 60 or receiving military retired pay and/or VA compensation in lieu of all or part of the military retired pay. However, if your earned annuity plus military benefit (or compensation) is less than what it would have been under the guaranteed minimum, the annuity is increased to bring it up to that level.

If you retire under the disability provisions and also qualify for a Social Security disability benefit, the law requires OPM to reduce your CSRS benefit by the value of your Offset service in your Social Security disability benefit. The calculation is the same as was described earlier for a regular retirement. Since OPM does not know how much annuity to pay you until it knows whether or not SSA will award benefits, you must provide OPM proof that shows you have filed

for Social Security disability benefits, or a statement from SSA that says you are not eligible for Social Security disability benefits.

Social Security often awards disability benefits later than OPM because of differences between the rules for Social Security benefits and CSRS benefits. If this happens to you, it is important that you notify OPM immediately when SSA awards benefits. In addition, if SSA awards retroactive benefits, you should set aside the amount you are overpaid. OPM must reduce your annuity retroactively to the beginning of your Social Security benefit, and will bill you for any overpayment.

### **If You Retire Before Age 55**

The same rules for retirement before age 55 apply to any CSRS or CSRS Offset employee. Your basic annuity will be reduced by one-sixth of 1 percent for each full month you are under 55 if (1) you voluntarily retire during a major reorganization, reduction in force, or transfer of function, or (2) you are involuntarily separated (but not for personal cause) and are younger than 55.

### **If You Die While Employed as a CSRS Offset Employee**

If you die after 18 months of creditable civilian service, your widow(er) will get an annuity, provided you were married for a total of 9 months. The 9-month requirement does not apply if your death is accidental or there is a child of the marriage.

Generally, your widow(er) is entitled to 55 percent of the basic annuity earned by your creditable service and average salary. However, if it will produce a higher annuity, your widow(er) will receive 55 percent of the guaranteed minimum benefit.

If a spouse or children are eligible for survivor Social Security benefits based on your service, OPM must reduce the benefit paid to a surviving spouse and children. This reduction is computed in the same way as the reduction in a retirement annuity.

Social Security spousal survivor benefits normally begin at age 60. OPM contacts SSA close to the spouse's 60th birthday to ask if the spouse will be eligible for Social Security survivor benefits.

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

Your unmarried children will also be entitled to annuities if you die in service. Their annuities will continue until they reach age 18, or age 22 if they remain in school full-time. The annuity of a child who is incapable of self-support because of a disability incurred before age 18 will continue indefinitely unless the child becomes capable of self-support or marries.

### **Providing for Your Survivors at Retirement**

If you are married when you retire, your annuity will be reduced to provide a full survivor annuity for your spouse, unless he or she consents to a lesser benefit. To provide for a survivor annuity, your annual annuity will be reduced 2.5 percent of the first \$3,600, plus 10 percent of

the annuity over \$3,600. The survivor annuity will be 55 percent of the amount of your annuity before this reduction. As with death in service, OPM must reduce the survivor annuity if your widow(er) or children are entitled, or would upon proper application be entitled, to Social Security benefits as your widow(er) or children.

### **Leaving the Service**

If you leave Federal employment before you are eligible for an immediate CSRS Offset annuity, you can apply for a refund of your deductions, or leave the money in the retirement fund. If you are covered by CSRS Offset for at least 1 year within the 2-year period immediately preceding your separation on which annuity is based, and you leave your money in the fund, you will be entitled to a deferred annuity at age 62. It will be subject to the offset rules if you are eligible for Social Security benefits.

### **Making Payments for Previous Service**

If retirement deductions were not taken from your pay during certain periods of service, you will need to pay these deductions into the retirement fund to receive full credit for the service. If you had a refund of retirement deductions for prior service, you may repay this money into the retirement fund to receive credit for service in your retirement benefits.

Exception: If you retire (other than on disability) while owing a redeposit of a refund for service that ended before October 1, 1990, you will not be required to pay the redeposit in order to receive credit for that refunded service. Instead, full credit for the refunded service will be allowed in computing your annuity, but your annuity will be actuarially reduced. These are the same rules that apply to regular CSRS employees.

### **Alternative Form of Annuity**

If you have a life-threatening medical condition, you can choose to receive an Alternative Form of Annuity. Under this option, you receive a reduced monthly benefit, plus a lump-sum payment equal to all your unrefunded contributions to the retirement fund. Your election of an Alternative Form of Annuity will not affect the potential survivor annuity payable to your spouse or children. However, you must have your spouse's consent to make this election.

You cannot choose the Alternative Form of Annuity if you are retiring under the disability provisions or if you have a former spouse who is entitled to court-ordered benefits based on your service. These are the same rules that apply to CSRS employees.

### **Who Can Advise About the Amount of the Offset?**

In order for your personnel office to estimate the amount of the offset, you need to request an earnings statement from the Social Security Administration by calling 1-800-772-1213. This statement will include year-by-year earnings for Social Security purposes and an estimated Social Security benefit that includes CSRS Offset service. Your agency can then estimate the offset amount.

OPM will obtain information on your benefits and earnings for any adjustment that is needed if you become eligible for Social Security benefits after your CSRS Offset retirement.

## **Participating in the Thrift Savings Plan as a CSRS Offset Employee**

If you are a CSRS Offset employee, you can take advantage of the Thrift Savings Plan (TSP) under the CSRS rules to supplement your annuity. In 2001, you can contribute up to 6 percent of your basic pay each pay period to the TSP, up to the IRS limit of \$10,500. In 2002, you can contribute up to 7 percent of your basic pay each pay period to the TSP, up to the IRS limit of \$11,000. However, you do not receive any Agency Automatic Contribution of 1 percent or any Agency Matching Contributions, as with FERS. Although you do not receive any agency contributions, you do have the benefit of deferring taxes on your contributions and on the earnings in your TSP account.

## **Payment of A CSRS Offset Annuity May Affect Social Security Benefits**

### **Benefits as a Spouse**

One difference between you and employees with only CSRS coverage is that if you become entitled to Social Security spousal benefits, those benefits will not be subject to the Government Pension Offset. This offset does not apply to any spousal benefits of employees who retire under CSRS Offset rules.

### **Benefits Based on Your Own Earnings**

A provision of law known as the “Windfall Elimination Provision” may affect the amount of your Social Security benefit based on your own employment. The Windfall Elimination Provision applies to people who receive pensions based on work that was not subject to Social Security and who have less than 30 years of “substantial earnings” under Social Security. Since you must have had at least some CSRS service (or similar service under another retirement plan for Federal employees) that is not Offset service, you may be subject to this provision.

Under this law, the formula that Social Security uses to compute your benefits is modified, giving you a lower Social Security benefit. The benefit estimate that you receive from Social Security will not be adjusted for this provision.

If you provide year-by-year earnings history that you get from Social Security to your agency, a retirement counselor should be able to give you an estimate of your Social Security benefit that is adjusted for this provision. If this provision applies to you, your Social Security benefit based on the reduced formula is what is used to compute the CSRS offset amount.

## Early Retirement Under CSRS

### Early Optional Retirement

If your agency undergoes a major reorganization, reduction in force, or transfer of function, and a significant percentage of the employees will be separated, or will be reduced in pay, the head of your agency can ask OPM to permit early optional retirement for eligible employees. By permitting early optional retirement, OPM can lessen the impact of involuntary separations and demotions.

If the head of your agency gets approval from OPM to permit early optional retirements, eligible employees will be notified of the opportunity to retire voluntarily. If you have at least 25 years of service, or you are at least age 50 and have as many as 20 years of service, you may retire voluntarily on an immediate annuity. The annuity is reduced by 2 percent for each year you are under age 55. At least 5 years of your service must be civilian service, and you must have been employed under the CSRS for at least 1 year out of the last 2 years preceding retirement.

### Discontinued Service Retirement Because of an Involuntary Separation

The term “involuntary separation” means any separation against the will and without the consent of the employee, other than “for cause” for misconduct or delinquency. The most common cause of an involuntary separation is a reduction in force. Employees who decline reasonable offers of other positions are not eligible for discontinued service annuities.

A “reasonable offer” is defined as the offer of another position in your agency and commuting area for which you are qualified and which is no more than two grades or pay levels below your current grade or pay level.

“Commuting area” means the geographic area that usually constitutes one area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities in which people live and reasonably can be expected to travel back and forth daily in their usual employment.

If your agency makes you an offer of reassignment to another position at the same grade and pay in the same commuting area or to another position no more than two grades below your current position and you choose to decline such an offer and resign, you will not qualify for discontinued service retirement. In addition, if your agency separates you by adverse action procedures for not complying with the directed reassignment order, your separation would not be qualifying for discontinued service.

## **Relocation**

Another frequent cause for an involuntary separation is when the location of an office or unit is moved to an area outside the commuting area of the old work site. As a general rule, if the new work site is in a different commuting area, and if you would have to change your place of residence in order to work at the new job site, then your separation for failure to relocate to the new work location would be a qualifying separation for retirement purposes.

An exception occurs if, when you accepted your current position, you were placed under a general mobility agreement whereby you would be subject to geographic reassignment. In that case, you would have to accompany your office's or unit's move, resign, or be separated without discontinued service annuity rights.

If you are involuntarily separated, other than for misconduct or delinquency, and you have at least 25 years of service or are at least age 50 with as much as 20 years of service, you will be entitled to an immediate annuity. (Your annuity will be reduced by 2 percent for each year you are under age 55.) At least 5 years of your service must be civilian service, and you must have been employed under the CSRS for at least 1 year out of the last 2 years preceding retirement.

## **Effect of Reemployment on Retirement Benefits**

If you are reemployed after receiving an annuity based on a discontinued service retirement, and your reemployment is in a position that normally would be subject to retirement deductions, your annuity will be terminated. Future annuity benefits would then be redetermined based on your separation from the reemployment service.

If you are (1) reemployed in a position that is excluded from retirement coverage after retiring based on a discontinued service retirement, or (2) reemployed after retiring voluntarily under an early optional retirement authority, your annuity will continue, but the amount of annuity applicable to the period of your reemployment will be offset from your salary. In either case, you may qualify for a supplemental annuity if you are reemployed for at least 1 year. A reemployed annuitant who completes at least 5 years of service may elect to have his or her annuity redetermined under the law in effect at the time of separation from reemployment.

## **Displaced Employee Program**

If your discontinued service retirement is based on a reduction-in-force, you may qualify for placement assistance under the career transition assistance program.

# Retirement for Law Enforcement Officers and Firefighters

There are unique retirement rules that apply to federal law enforcement officers and firefighters when it comes to retirement, affecting both their eligibility and the computation of benefits, as discussed in this chapter.

## Law Enforcement Officer and Firefighter Defined

Law enforcement officers and firefighters are employees who occupy a position designated by their employing agency head (or designee) as a law enforcement or firefighter position. Employees in these positions pay an extra one-half percent salary deduction to the CSRS because of the special designation.

Generally, a “law enforcement officer” is an employee whose primary duties are the investigation, apprehension, or detention of individuals suspected or convicted of offenses against Federal criminal laws.

A “firefighter” is a person whose duties are primarily to perform work directly connected with the control and extinguishment of fires, or the maintenance and use of firefighter apparatus and equipment.

Employees who are not currently designated as law enforcement officers or firefighters, but believe they should be, have 1 year in which to claim whether their position qualifies. Contact your personnel office to find out how you can challenge the designation of your position.

## Special Retirement Rules For Law Enforcement Officers and Firefighters

The special retirement provision for law enforcement officers and firefighters is found in section 8336(c) of title 5, United States Code. It is sometimes referred to as “6(c)” retirement. The 6(c) provision of the Civil Service Retirement law allows a law enforcement officer or firefighter to receive special retirement benefits after meeting the age and service requirements.

## Eligibility to Retire Voluntarily

You may retire voluntarily at an early age with a special annuity computation if you meet the age and service requirements for 6(c) retirement. To meet the age and service requirements, you must be at least age 50 at the time of retirement, and have 20 years of law enforcement and/or firefighter service. You must also have been under CSRS coverage for 1 out of the last 2 years before retirement. Neither military service nor sick leave can be used to meet the minimum service requirements. The minimum age and service requirements apply even if you retire involuntarily or due to disability. You do not need to separate from a special 6(c) covered position at the time of your retirement. After you accumulate 20 years of law enforcement and/or

firefighter service, you can move to a regular position and still receive the special retirement computation.

## **Mandatory Separation**

You will be subject to mandatory separation based on age if you are occupying a law enforcement position at age 57 or firefighter position at age 55, and you have completed the necessary 20 years of service under the special 6(c) provisions. If you have not completed the 20 years, you will be separated at the end of the month in which you complete 20 years of law enforcement or firefighter service. You must be given a 60-day notice prior to mandatory separation.

## **Computing Basic Law Enforcement and Firefighter Annuity**

Your basic annuity as an employee eligible to retire under the special provisions for law enforcement officers and firefighters is computed as follows:

1. 50 Percent of your high-3 average salary, plus
2. 2 percent of your high-3 average salary multiplied by years and whole months of service exceeding 20, plus unused sick leave.

Your high-3 average salary is the highest 3 years of salary earned in any consecutive 3-year period (usually the last 3 years). Premium pay you receive as a firefighter or law enforcement officer under section 5545(c), or availability pay under section 5545(a), of title 5, United States Code, is included in your high-3 average salary. Your high-3 is then used in the two-part formula above.

For example, after 25 years of service, your 6(c) computation will pay 60 percent of your high-3 average salary. This includes 50 percent of the high-3 for the 20 years of your law enforcement and/or firefighter service, plus 10 percent for the remaining 5 years of service multiplied by 2 percent of your high-3 average salary. By law, the maximum annuity payable is 80 percent of the high-3 average. However, unused sick leave can be used to produce a higher percentage.

Your unused sick leave is added to your service. The total number of years and whole months of service, plus credit for unused sick leave are used in computing your annuity. However, the time representing days of unused sick leave is not counted towards high-3 average salary or for establishing eligibility for retirement. It is added to the 2 percent portion of your annuity computation.

Unlike most other Federal employees, there is no reduction in the basic annuity for retirement under age 55. However, basic annuity amount may be reduced to provide survivor benefits, or if you have service for which you received a refund or that was not covered by retirement deductions.

For example, if the highest 3 years of earnings totals \$150,000, this figure is divided by 3 to provide a high-3 average salary of \$50,000. Using the average salary of \$50,000, assume that you have worked for the Government for 25 years. You are also under the special coverage explained above (including 20 years of law enforcement/firefighter service), and have the

equivalent of 1 year of unused sick leave. The computation before any applicable reductions would be:

$\$50,000 \times 50\%$	$= \$25,000$
$\$50,000 \times 2\% \times 6 \text{ years}^*$	$= \$ 6,000$
	$\$31,000$
* Includes 1 year of unused sick leave	

There could then be a reduction for deposit service. This is usually temporary service during which you were not covered by CSRS. For periods of service prior to October 1, 1982, your annuity will be reduced by one tenth of the amount you would have paid in as a covered employee, plus interest to the date of retirement. For service after October 1, 1982, a deposit must be made, or the time cannot be used in computing your annuity. For example, assume you have a deposit due of \$1,000 for service that occurred before October 1, 1982. One tenth of that amount is \$100 ( $\$1,000 \times 10 \text{ percent} = \$100$ ).

If you are married, your annuity will be reduced automatically to provide the maximum survivor annuity unless you and your spouse jointly agree to provide a lesser amount or none at all. Your annuity would be reduced by 2 1/2 percent of the first \$3,600 in basic annuity, and 10 percent of the remainder of your basic annuity. (The same rules that govern reductions for insurable interest and court ordered survivor annuity benefits in regular CSRS computations apply to the special formula.)

If you are a CSRS Offset employee, Civil Service Retirement and Social Security cover you at the same time. You will receive a full CSRS annuity special computation, if you qualify as explained above. However, the CSRS Offset annuity will be reduced if you become eligible to receive Social Security benefits, usually at age 62.

## Disability Retirement Under CSRS

### Eligibility

If you become disabled during the course of your Federal career, you may be entitled to a disability annuity under the CSRS. To be eligible, you must have:

1. Completed at least 5 years of Federal civilian service, and
2. While employed in a position covered under the CSRS, you must have become disabled for “useful and efficient service” in both your current position and any other vacant position at the same grade or pay level for which you are qualified. The disability must be expected to last at least one year.

Before you can be considered eligible for disability retirement benefits, your employing agency must determine that you are not qualified for reassignment to any other vacant position within the agency and your commuting area at the same grade or pay level of the position you currently occupy. In addition, you or someone acting on your behalf must file an application for disability retirement with OPM either before you leave federal service or within 1 year after you leave. This time limit can be waived only when an employee is mentally incompetent on leaving the Federal service or becomes mentally incompetent within 1 year after leaving. In such a situation, the application will be accepted by OPM if filed within 1 year from the date the employee is restored to competency or a guardian is appointed, whichever is earlier.

You are “disabled” when the information submitted indicates that there is a service deficiency, caused by disease or injury, of sufficient degree to preclude useful and efficient service. “Useful and efficient service” means (1) either acceptable performance of the critical or essential elements of the position or the ability to perform at that level; and (2) satisfactory conduct and attendance. Service that is not “useful and efficient” is a level of performance or attendance that, if it were to continue, would warrant denial of a within-grade increase, demotion, separation, or other remedial action.

If you refuse reassignment to a position at the same grade or pay level in the same commuting area, your refusal terminates the agency’s obligation to identify any other vacant position and may disqualify you from further consideration for disability retirement.

A claim for disability retirement must include documentation that clearly and specifically establishes:

1. A deficiency in service with respect to performance, conduct, or attendance, or in the absence of any actual service deficiency, a showing that your medical condition is incompatible with either useful service or retention in the position;
2. A medical condition, which is defined as a health impairment resulting from a disease or

- injury, including psychiatric disease;
3. A relationship between the service deficiency and the medical condition such that the medical condition caused the service deficiency;
  4. The duration of the medical condition, both past and expected, and a showing that the condition, in all probability, will continue for at least a year;
  5. The inability to provide useful and efficient service arose while serving under the CSRS;
  6. The inability of your employing agency to make reasonable accommodation to your medical condition; and
  7. The absence of another position, within the employing agency and commuting area, at the same grade or pay level and tenure, for which you are qualified for reassignment.

Note that OPM does not pay for any medical exam or procedure needed to provide the necessary documentation. Your agency will provide assistance in obtaining the required forms to obtain statements from your supervisors and attending physicians and proof that your condition prevents you from performing useful and efficient service. If you are found to be disabled as outlined above, you will be allowed to retire under the CSRS. Up to the age of 60, you will be subject to periodic medical reevaluations to determine whether the disabling condition continues to exist, and an annual review of your earnings to determine whether you are restored to earning capacity.

### **Computation of Benefits**

The annuity you are paid if you retire because of disability is the higher of two figures: (1) the first figure is the amount of your “earned annuity” (your earned annuity is a percentage of your highest 3 years’ average salary); (2) the second figure is the lesser of the following: (a) 40 percent of your “high 3” average salary, or (b) the earned annuity you would get if your length of service were extended to age 60.

Note: If you have approximately 22 or more years of creditable Federal service, or you are age 60 or older when retiring, the annuity will usually be the amount under (1) above. Also, your annuity will be computed under (1) if you are receiving military retired or retainer pay, or compensation from the VA in lieu of such pay. However, if the military benefit plus (1) is less than the guaranteed minimum under (2), your annuity will be increased until that sum equals (2).

The “earned annuity” is simply the sum of 1.5 percent of the highest 3 years’ average salary (high-3) times the first 5 years of service, plus 1.75 percent of the high-3 times the next 5 years, plus 2 percent of the high-3 times service over 10 years. As an illustration, if you had been employed for 12 years before becoming disabled at age 40 (and assume a high-3 average salary of \$20,000), you obtain the “earned annuity” - the amount needed under (1) above - as follows:

.015 x 5 years =	7.5%
.0175 x 5 years =	8.75%
.02 x 2 years =	<u>4.0%</u>
(Earned annual annuity)	20.25% (\$ 4,050)

Obviously, the earned annuity is less than 40 percent of the high-3. The next step is to compare 40 percent of the high-3 to the computation projecting your service to age 60 to see which is less. To do this, you would add 20 years to the earned annuity computation above (age 60 minus actual 40 years of age in our example = 20).

.02 x additional 20 years	= 40.0%
(Earned annuity)	+ <u>20.25%</u>
(Projected to age 60)	60.25% (\$12,050)

In the example, 40 percent of the high-3 is less than the result obtained by projecting the length of service to age 60, so 40 percent of the high-3 (\$8,000 per year) would be payable. This is because of the rule requiring that the lesser of 40 percent of the high-3 or the projected service formula is used.

If you were age 56 at the time you became disabled and had been employed for 24 years, the computation, using the same formula and average salary, would look like this:

.015 x \$20,000 x 5 years	= 7.5%
.0175 x \$20,000 x 5 years	= 8.75%
.02 x \$20,000 x 14 years	= <u>28.0%</u>
(earned annuity)	44.25% (\$8,850)

Since the earned annuity is more than the 40 percent figure, there is no need to compare it to the computation projecting your service to age 60. The earned annuity will be used whenever it is more than 40 percent of your high-3.

### **Duration of Annuity**

Disability annuity benefits begin accruing on the first day after your pay as an employee stops and disability and service requirements have been met. The first payment is due the first business day of the month after benefits begin accruing. Annuity is not payable for any period of time for which compensation (other than a scheduled award) is paid by the Office of Workers' Compensation Programs (OWCP), U.S. Department of Labor. Applicants found eligible for continuing benefits from OWCP and a disability retirement annuity from OPM must elect payments from one or the other. The law prohibits simultaneous receipt of continuing OWCP payments and a disability retirement annuity from OPM.

Under current law and regulations, a disability annuity continues until you are found recovered, restored to earning capacity, reemployed in the Federal service, or die. Each of these situations is explained below.

### **Medical Recovery**

If you are a disability retiree under age 60, OPM may require periodic reevaluations of your medical condition to determine if you have recovered from your disability. (Any disability retiree under age 60 may have their eligibility for continued annuity payments reviewed at any time it is considered necessary by OPM.) You pay the cost of providing any medical information OPM needs to review your medical condition. If OPM finds you recovered, your disability annuity

payments will stop one year from the date of the medical examination showing your recovery or on the date you are reemployed in the Federal service, whichever occurs first. After you turn age 60, OPM will review your medical condition only at your request.

### **Restoration of Earning Capacity**

If you are a disability retiree under age 60, there is a limit on the amount you can earn from wages and self-employment and still be entitled to your annuity. Each year, OPM will send you a questionnaire to complete and return in order to determine your earnings for the previous calendar year. If your earnings in any calendar year equal at least 80 percent of the current salary rate of the position from which you retired, your earning capacity will be considered restored. Even if there is no change in your medical condition, disability annuity payments will stop six months from the end of the calendar year in which your earning capacity is restored or on the date you are reemployed in the Federal service, whichever occurs first. After you turn age 60, there is no restriction on the amount of wages or earnings from self-employment you may receive.

If you have been found restored to earning capacity, your earnings for any calendar year fall below 80 percent of the current salary rate of the position from which you retired, and you are under age 62, you may ask OPM to reinstate your disability retirement annuity. If you request reinstatement of your annuity, you must provide documentation showing that your income is below the 80 percent level and that the disease or condition on which your disability retirement was approved still exists. If OPM reinstates your annuity, it will begin as of January 1 of the year following the year your earnings were less than 80 percent of the current salary rate of the position from which you retired.

### **Reemployment in the Federal Service After You Retire**

If you retire on disability, you may be reemployed in any position for which you are qualified. OPM does not need to make a recovery determination prior to your reemployment. The law does not require that a former employing agency or any other Federal agency automatically offer you a position if OPM finds that you are medically recovered or restored to earning capacity. However, if either of these occurs, you may be eligible for selection priority for jobs in Federal agencies using OPM's Interagency Career Transition Assistance Plan (ICTAP).

Through the ICTAP, you may receive selection priority in any Executive branch agency. Agencies will post their vacancies on OPM's Federal Job Opportunity Board. If you see a position you want to apply for, you would:

1. Tailor your application material to meet the specific requirements of the vacancy announcement;
2. Apply directly to the agency by the closing date of the announcement; and
3. Attach your proof of eligibility (the OPM letter informing you that your disability annuity has been terminated because you have been found medically recovered or restored to earning capacity).

If the agency determines that you are well qualified for the position, you must be selected over any other candidate from outside that agency. You are eligible for this special selection priority

for one year after the date of the OPM letter informing you that you have been found medically recovered or restored to earning capacity.

If you are reemployed in the Federal government, your reemployment will affect your receipt of annuity or amount of salary. If you are under age 60 when you are reemployed, the following applies:

1. If you are reemployed in a non-permanent position or a position with a lower salary than the current salary of the position from which you retired, annuity payments will continue and your agency will reduce your salary by the amount of your annuity. You will be subject to the 80 percent earnings limitation. The full amount of your salary (gross salary, not the reduced amount you receive) must be reported on the annual questionnaire and will serve as a basis for determining if you have exceeded the 80 percent earnings limitation.
2. If you were not previously found recovered or restored to earning capacity and you are reemployed in a permanent position with a salary equal to or greater than the current salary of the position from which you retired, you will be found recovered on the basis of employability. Your annuity will stop when this finding is made, and OPM will notify your agency to stop reducing your salary by the amount of your annuity. If your job is covered by Federal retirement law, your agency will then begin withholding retirement deductions from your salary.
3. If you were previously found recovered or restored to earning capacity and your annuity is being paid temporarily after the finding was made, your annuity payments will stop on the date you are reemployed in the Federal service, regardless of the type of your appointment.

If you are over age 60 when you are federally reemployed, annuity payments will continue and your salary will be reduced by the amount of your annuity. In this situation, if you are reemployed in a permanent position with a salary equal to or greater than the current salary of the position from which you retired, you will not be found recovered on the basis of employability unless you specifically request to be found recovered. Your annuity will stop only if this finding is made.

You must always tell the agency where you are seeking reemployment that you are a civil service retiree, even though you may be receiving OWCP benefits in lieu of CSRS benefits, so that proper action can be taken by the agency and OPM in the event you are reemployed. If you become reemployed in the Federal service, notify OPM's Retirement Operations Center. If possible, provide a copy of the personnel document showing your appointment and provide the full name and address of your employing agency. Be sure to give your retirement claim number (CSA number).

### **Receipt of Workers' Compensation Benefits**

The approval of a claim for benefits by the Office of Workers' Compensation Programs (OWCP), U.S. Department of Labor, for a work-related injury or illness does not automatically entitle an employee to CSRS disability retirement. A claim for disability retirement should also be filed with OPM. If you are approved for disability retirement and elect to provide survivor

benefit protection, you will protect the rights of your eligible survivors to receive annuity benefits after your death. In addition, this will protect your own annuity rights in the event you lose entitlement to benefits from OWCP. Your application for disability retirement must be received by OPM within one year from the date of separation by your agency in order to be timely filed.

In general, you may not receive annuity payments from OPM and OWCP payments for the same period of time. The law prohibits the dual compensation that would exist if you receive both a civil service annuity and OWCP payments for total or partial disability under the Federal Employees' Compensation Act. However, if you are eligible for a civil service annuity and OWCP payments for total or partial disability, you may elect which of the two benefits you want to receive. Any overpayment of OWCP benefits or annuity you receive is subject to collection by OPM or OWCP.

If you do not apply for retirement or your annuity payments are suspended while you are in receipt of OWCP payments, you may be eligible to receive a refund of your retirement contributions if any remain to your credit in the Retirement Fund. However, if you receive a refund, your right to an annuity and the rights of your survivors to CSRS benefits are forfeited. If you receive the refund, you would not be eligible to receive civil service annuity benefits if your OWCP benefit is terminated or reduced. In addition, if your OWCP benefit is terminated, your Federal Employees' Group Life Insurance coverage, if any, would also end without the right to convert to an individual policy. You may receive concurrent payment of annuity and OWCP benefits for the same period of time only if:

1. You are receiving a scheduled award from OWCP. A scheduled award is usually paid when there is a disability resulting from the loss, or loss of use, of a function or member of the body (such as a hearing loss or the loss of an arm). If your OWCP award is based on total or partial disability (that is, a non-scheduled award), you may not receive an annuity during the same period that you are in receipt of OWCP benefits; or
2. You are receiving OWCP benefits due to the death of another person and you are eligible for annuity on the basis of your own Federal service; or
3. Your OWCP payments are suspended because you are receiving a financial settlement from the party directly responsible for the injury (a third party settlement). In this instance, your annuity may be paid during the period that your OWCP benefits are suspended.

Include, as part of your SF 3112 submission, all medical evidence submitted to OWCP in connection with your OWCP claim and any OWCP evaluation of your claim.

Note: After retiring, if you are receiving civil service annuity payments and a scheduled award is changed to a non-scheduled OWCP benefit, you must immediately notify OPM. Otherwise, you will incur an indebtedness to the U.S. Government that will be subject to collection from your benefits.

## Refunds Under the CSRS

### Eligibility Requirements

You may receive a refund of your CSRS contributions if:

1. You separate from Federal service for at least 31 consecutive days, or transfer to a position in which you are not subject to CSRS deductions or deductions under FERS, and remain in such a position for at least 31 consecutive days;
2. You file an application for a refund of retirement contributions with OPM;
3. You are not reemployed in a position subject to CSRS deductions at the time you file an application for a refund;
4. You will not become eligible to receive an annuity within 31 days after filing the application;
5. You notify your spouse and any former spouse that you have filed an application for a refund. (Note: You do not have to notify a former spouse if you were divorced before May 7, 1985, or if the marriage to that person lasted less than 9 months, or if you had less than 18 months of CSRS-covered service); and
6. Your receipt of the refund would not end the court-ordered right of any spouse or former spouse to future benefits based on your service.

Regardless of your length of service, if you leave Government service for any reason or transfer to another Federal job under another retirement system, you may withdraw your CSRS contributions under the above conditions. Generally, your receipt of a refund of retirement contributions voids any future annuity rights unless you are later reemployed under the CSRS and work long enough to earn new retirement rights. Remember, only the amount paid in can be refunded to you. The agency contribution remains in the Retirement Fund.

### Possible Advantages of Leaving Contributions in the Fund

Employees with 5 years or more under the CSRS have title to a deferred annuity at age 62. You may find that the value of the deferred annuity will exceed the amount of your refund.

You should also check on whether the “Government Pension Offset” and “Windfall Elimination” provisions will affect your Social Security benefits. Check with your personnel office and the Social Security office.

Leaving the contributions in does not prevent you from requesting a future refund, provided you file an application for a refund with OPM at least 31 days before the commencing date of your deferred annuity. If you have not withdrawn your contributions and should die before attaining age 62, a lump sum of the total of your contributions would be paid to your survivors as a death benefit.

## **Interest**

You are not paid interest on a refund of CSRS contributions if the contributions cover a period(s) of service totaling less than 1 year or if you have more than 5 years of total service (unless the service was performed prior to December 31, 1956). In other words, interest is generally payable on a refund of contributions covering service of 1 to 5 years. Any interest due is paid at the rate of 3 percent, compounded annually, to the date you separated or became eligible for a refund by virtue of a transfer. Interest does not accrue after your separation or transfer. No additional interest would be due you, for example, if you waited 2 years before applying for a refund.

## **How to Obtain a Refund**

If you meet the eligibility requirements for a refund and want to apply for a return of your contributions, file an Application for Refund of Retirement Contributions (Standard Form 2802). The application form is available from your former agency and should be filed through that agency if you have been separated for more than 30 days. The form should also be submitted to OPM, Civil Service Retirement Systems, Boyers, PA 16017. Refund application forms can also be requested from this address.

## Rules For Separating Employees Ineligible For Immediate Annuity

If you are a CSRS employee (or CSRS Offset employee) who is separating from Federal service but who is ineligible for an immediate annuity, you have some decisions to make concerning your retirement contributions, your health benefits, and your life insurance coverage. First, let's briefly recap who is eligible for an immediate annuity under CSRS.

### Eligibility Requirements for Immediate Retirement Under CSRS

Type of Retirement	Minimum Age	Minimum Service (Year)	Special Requirements
Optional	62	5	None
	60	20	None
	55	30	None
Special Optional	50	20	<b>Special Optional</b> – 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.
Early Optional	Any age	25	<b>Early Optional</b> - The Office of Personnel Management must have determined that your agency is undergoing a major reorganization, reduction-in-force, or transfer of function.
	50	20	
Discontinued Service	Any age	25	<b>Discontinued Service</b> – Your separation must be voluntary and not a removal for misconduct or delinquency.
	50	20	
Disability	Any age	5	<b>Disability</b> – You must be disabled for useful and efficient service in both your current position and any other vacant position at the same grade or pay level for which you are qualified. Other requirements must also be met.

### Retirement Contributions

If you are leaving Federal service, but are ineligible for an immediate annuity, you must decide what you want to do with your retirement contributions. Here are your options:

### **Option A: Refund Of Your Retirement Contributions**

1. You may apply for a refund of your retirement contributions if you have been separated from Federal service for at least 31 days or have occupied a position not covered by CSRS or FERS for at least 31 days. (Use SF 2802, “Application for Refund of Retirement Deductions.”)
2. If you take a refund of your retirement contributions at separation, you can redeposit the refund (with interest) only if you return to Federal service under CSRS or FERS.
3. Before you can receive a refund, you generally must notify your spouse and any former spouse that you have filed the application. Also, you may be barred from receiving a refund if the refund would end the court-ordered right of any spouse or former spouse to future benefits based on your service.

### **Option B: Take A Deferred Annuity**

1. If you have at least 5 years of creditable civilian service, do not receive a refund of all retirement contributions, and are not eligible for an immediate retirement benefit, you may be eligible for a deferred annuity at age 62.
2. Contact OPM to obtain Form 1496A, “Application for Deferred Retirement.” Complete the form and mail it to OPM no sooner than 2 months before you are age 62. The deferred annuity begins on your 62nd birthday.
3. The general formula for computing annuities can be expressed as a percentage of “high-3” average salary. Your high-3 average salary is the highest 3 years of base pay or salary you earned in any consecutive 3-year period (usually your last 3 years). The percentage is determined by a 3-part formula based on your length of creditable service. (You earn: 1.5% per year for the first 5 years, plus 1.75% per year for the next 5 years, plus 2% per year for service over 10 years.)
4. If you want to make a deposit for post-1956 military service so that you can receive credit for this service in the computation of your deferred annuity, you must pay the deposit to your employing agency before you separate from Federal employment. OPM cannot accept your payment.

### **Health Benefits**

You must also decide how you want to handle your Federal health benefits. Enrollment in the Federal Employees Health Benefits (FEHB) program terminates on the last day of the pay period during which you separate. You then have a 31-day free extension of coverage.

When you separate from service, you may choose to continue FEHB coverage for a period of 18 months after your separation. If you take advantage of this temporary continuation of coverage option, you must pay both the employee and the employer share of the health benefits premium plus an administrative charge of 2 percent of the premium. You can choose to enroll in the same plan you had at separation or any other plan, option, or type of enrollment for which you are eligible. (DOD employees should contact their personnel office to determine if any exception applies.)

Temporary continuation of coverage begins as soon as the 31-day free extension of coverage ends regardless of when you elect it. Your agency is required to notify you about your eligibility for temporary continuation of coverage within 60 days after you separate. You have 60 days after receiving the notice to enroll. If you enroll after the 31-day free extension expires, your enrollment will be retroactive to the expiration of the 31-day free extension and you will be billed for the retroactive coverage.

### **Conversion Privilege**

If you do not want to continue your health benefits coverage under the temporary continuation provision described above, you may convert to an individual (non-group) contract. The conversion contract is available only from the carrier of the plan you are enrolled in when you separate. If you continue your coverage under the temporary continuation provision, you will have another opportunity to convert to an individual contract at the end of the 18-month period.

If you do convert, you must pay the entire cost of coverage and your benefits may be less than previous coverage. However, the carrier must offer you a non-group contract regardless of any health problems you or your family members may have.

### **Form You Should Receive: SF 2810, “Notice of Change in Health Benefits Enrollment”**

When you separate, your employing office must terminate your enrollment by completing an SF 2810, and forwarding you a copy. The SF 2810 tells about the 31-day extension of coverage and how to convert to a non-group contract, and gives information about temporary continuation of coverage. Your agency will also give you notice about eligibility for the temporary continuation of coverage described above and information about how to enroll.

### **Reinstatement of Coverage**

You cannot reinstate health benefits coverage if you receive a deferred annuity.

### **Life Insurance**

Life insurance under the Federal Employees Group Life Insurance (FEGLI) program terminates on the last day of the pay period during which you separate. You then have a 31-day free extension of coverage during which to convert to an individual policy.

When you separate, your employing office must terminate your coverage by completing an SF 2821, “Agency Certification of Insurance Status.” A copy of the form is sent to you. Your employing office must also give you an SF 2819, “Notice of Conversion Privilege.” It provides information on your right to convert to an individual (non-group) life insurance policy.

You cannot reinstate your life insurance coverage if you receive a deferred annuity.

## Reemployment for CSRS Annuitants

An employee who retires under the CSRS and later returns to Federal service is called a “reemployed CSRS annuitant.” There are special rules that apply to this group, as explained below.

### General Rules

#### CSRS Annuity Stops

Reemployment will cause your annuity to stop if:

1. You are a disability annuitant whom OPM has found recovered or restored to earning capacity prior to reemployment;
2. You are a disability annuitant who was not disabled for your National Guard Technician position, but were awarded disability annuity because you were medically disqualified for continued membership in the National Guard;
3. Your annuity is based on an involuntary separation (other than a separation that was required by law based on your age and length of service or a separation for cause on charges of misconduct or delinquency) and your new appointment is permanent in nature (for example, career, career-conditional, or excepted); or
4. You receive a Presidential appointment subject to retirement deductions.

#### Employee Status and Retirement Coverage

If an annuity stops as the result of reemployment with the Government, your status will be that of a regular employee. If a new appointment gives retirement coverage:

1. The coverage will be CSRS if: (a) you had CSRS coverage when you retired, and (b) you are reemployed within 1 year of your retirement
2. The coverage will be CSRS Offset (CSRS and Social Security coverage) if: (a) you had CSRS Offset coverage when you retired, (b) you are reemployed more than a year after your retirement, or (c) you are appointed to a senior position that is subject to mandatory Social Security coverage.

#### Benefits When Reemployment Ends

When your reemployment ends, a new determination about your rights to retirement benefits will be made. Your prior retirement benefit generally has no impact on your new retirement benefit.

If you meet all the requirements for an immediate retirement, your benefit will be computed as though you are retiring for the first time. (Note that the unused sick leave balance used in the

initial retirement computation will be added to the unused sick leave balance when your reemployment ends.)

Generally, you will have to wait until age 62 to receive a deferred annuity if you do not qualify for an immediate retirement benefit when your reemployment ends. In rare situations, an annuity based on an involuntary retirement may be reinstated when your reemployment ends. The annuity will be reinstated if:

- you were reemployed after more than 1 year of your initial retirement, and
- your reemployment lasted less than 1 year.

A disability annuity may be reinstated when your reemployment ends if:

- you have not reached age 62,
- you were reemployed more than 1 year after you separated for disability retirement,
- your reemployment lasted less than 1 year, and your disability has recurred, or your earnings capacity falls below the 80% limitation.

### **Annuity Continues**

If your annuity does not stop under the rules discussed above, then you will continue to receive it while you are working. Your pay will be reduced by the amount of annuity paid for the period you work. If you do not work full time, the reduction in pay will be adjusted proportionately. However, some pay is not subject to this reduction for annuity. Pay is not reduced for annuity for a period during which you have elected to receive injury compensation benefits in lieu of annuity or when you receive a lump-sum payment of annual leave on separation.

### **Supplemental or Redetermined Benefits**

Reemployment may increase your retirement and death benefits. As a reemployed annuitant, you can earn either a supplemental annuity or a redetermined annuity. A supplemental annuity is an annuity that is added on to your present annuity.

A redetermined annuity is a recomputed annuity that takes the place of your present annuity. If you work as a reemployed annuitant on a full time, continuous basis for at least 1 year, you may be entitled to a supplemental annuity. If you work part time, you must work a proportionately longer period to earn a supplemental annuity. If your reemployment continues for at least 5 years, or the part-time equivalent, you may elect a redetermined annuity.

Intermittent service cannot be counted in establishing eligibility for a supplemental or redetermined annuity and cannot be used in the computation of a supplemental annuity.

If you die while reemployed, after becoming eligible for either a supplemental or redetermined annuity, your surviving spouse may have his or her survivor benefit either increased or recomputed.

CSRS reemployed annuitant service cannot be credited in a supplemental or redetermined annuity unless a deposit is paid after separation, or retirement deductions are withheld. If you are reemployed in a full-time or part-time position, you may elect to have retirement deductions withheld from your pay. The amount of retirement deductions or deposit is a percentage of your basic pay before it is reduced for annuity.

### Disability Annuitants

The following are important facts that may affect your future retirement benefits if you are a disability annuitant:

1. If you are reemployed on a permanent basis in a position equivalent in grade and pay to the position from which you retired, OPM may find that you have recovered from your disability;
2. If you are reemployed subject to medical and physical qualification standards equivalent to those of the position from which you retired, OPM may find that you have recovered from your disability;
3. The pay of the position in which you are reemployed, prior to the offset of annuity, will be included as earnings in determining whether you are restored to earning capacity and your annuity must stop;
4. Receipt of, or continued entitlement to receive, full or partial injury compensation benefits from the Department of Labor's Office of Workers' Compensation during reemployment, when those benefits are based on the same injury or medical condition that is the basis for OPM's award of disability retirement, is conclusive evidence (unless there is contravening medical evidence) that you have not recovered from your disability; and
5. If you are age 60 or over, your annuity cannot be stopped because of your earnings, and OPM can find that you are recovered only if you request to be found recovered.

### **Exceptions**

Not all of the above rules apply to all reemployed annuitants. If you are reemployed:

1. Under special provisions for positions for which there is exceptional difficulty in recruiting or retaining a qualified employee or there is a direct threat to life or property, or other unusual circumstances warranting emergency employment;
2. On an interim basis, as a consequence of an administrative or judicial body reviewing the grounds for your separation;
3. As a Presidential appointee to a position that is permanent in nature;
4. As a former Member of Congress who separated from Congressional service with more than 5 years of service as a Member of Congress;
5. As a justice or judge of the United States, as defined by section 451 of title 28 of the United States Code; or
6. Under another retirement system for Federal employees.

You should ask your employing agency for information about special retirement rules that may apply to you.

## **FERS Opportunity Election**

You will be eligible to transfer to FERS if you are reemployed after a break in service of more than 3 days and your new appointment is neither temporary nor intermittent.

## **Federal Employees Health Benefits (FEHB) Program**

### **Annuity Stops**

If your annuity stops upon reemployment, FEHB coverage as an annuitant stops as well. If your appointment is one that gives you eligibility for FEHB coverage, you can enroll in FEHB when you are reemployed.

### **Annuity Continues**

If your annuity continues after you are reemployed, FEHB coverage as an annuitant continues and withholding of premiums continues to be made from your annuity payment.

## **Federal Employees Group Life Insurance (FEGLI) Program**

### **Annuity Stops**

If your annuity stops upon reemployment, insurance as an annuitant stops without a right to convert to an individual policy. You acquire life insurance coverage as an employee under the same conditions as any other employee who is rehired in the Federal service.

### **Annuity Continues**

If your annuity continues after you are reemployed, you retain the life insurance you have as a retiree. However, if the type of appointment you have makes you eligible for FEGLI coverage as an employee, Basic Life insurance, the Standard Optional insurance, and the Family Optional insurance are suspended. They will be resumed at the same rate when the reemployment ends, except for any applicable reductions that normally begin at age 65.

During your reemployment, you will have Basic Life, Standard Optional, and Family Optional as an employee (including Accidental Death and Dismemberment coverage, where applicable), and withholding of premiums will be made from your pay. The cost of Additional Optional insurance, if you have it, will continue to be withheld from your annuity payment unless you request that it also be suspended so that you can have Additional Optional insurance as an employee. If you choose to have Additional Optional insurance as an employee, you will be subject to the same conditions as other employees who are rehired.

If you die during the period of reemployment, your survivor will receive either the amount of Basic Life insurance you had as an employee or the amount of the suspended Basic Life you had as an annuitant, whichever is larger. If you have Standard Optional insurance, the amount you have as an employee is the amount payable if you die as a reemployed annuitant. If you have Additional Optional insurance as an employee rather than as an annuitant, the amount you have as an employee is the amount payable if you die as a reemployed annuitant. If you had Additional Optional as an annuitant, that is the amount payable.

Note: If you retire and are reemployed under a temporary appointment without a break in service or a break in service of 3 days or less, you are eligible for FEGLI coverage as an employee. If the break in service before the temporary appointment begins is more than 3 days, you are not generally eligible for FEGLI coverage as an employee.

Caution: Any waiver or declination of insurance you file as a reemployed annuitant will affect your suspended life insurance as an annuitant as well as the coverage you have as an employee. When you leave the reemployment, you can keep insurance you acquired because of the reemployment if:

- You qualify for a supplemental annuity or you acquire a new annuity right, and
- You have had the insurance (or number of multiples, in the case of Additional Optional insurance) as an employee (including the time as a reemployed annuitant) for at least the 5 years of service immediately preceding your separation from the reemployment (or for all periods of service during which you were eligible for the insurance, if less than 5 years).

If you keep insurance you acquired during the reemployment, the suspended insurance of the same type terminates.

### **Special Note for Those Who Retired On or After March 30, 1994 With a Voluntary Separation Incentive (VSI)**

Public Law 103-226, signed March 30, 1994, requires that an individual who received a voluntary separation incentive (“VSI”) payment and who comes back to work for the government of the United States within 5 years (including [for non-DoD employees] employment under a personal services contract) must repay the VSI payment. This includes employment with any part of the Federal government including the Department of Defense, even if the employing agency is not covered by other provisions of P.L. 103-226 (for example, the General Accounting Office or the U.S. Postal Service). Repayment for reemployment with the Federal government may be waived by OPM only in rare instances where the individual involved possesses unique abilities and is the only qualified person available. There is no authority to approve a waiver of repayment for buyout takers who wish to enter into personal services contracts with the Federal government.

If you retired on or after March 30, 1994, received a VSI payment, and are considering returning to work with any part of the Federal government, ask the agency where you want to work about the effect of the payment you received.

## Information for CSRS Annuitants

OPM computes the amount of your annuity and authorizes the Department of the Treasury to make payments to you. Retirement law specifies that annuities are payable once each month on the first business day of the month. Sundays and Federal holidays are not business days. Your payment covers the annuity due for the month prior to the month in which the payment is made.

If OPM has a reason to pay you for less than a full month, they divide the monthly annuity by 30 to compute a daily rate (even if there are not 30 days in that particular month). The daily rate is multiplied by the number of days you were eligible for an annuity that month (up to 30 days). The resulting amount is your annuity for that part of the month.

Cost-of-living adjustments allowed by law will increase your annuity. The amount of these annual adjustments depends on Consumer Price Index increases. If you have received annuity for less than one year, you will get a percentage of the first cost-of-living adjustment. The percentage depends on how long you were eligible for your annuity before the effective date of the increase. When OPM adjusts payments, they will send a statement showing the effect of the increase on your annuity.

Because OPM sends information by mail, you should quickly inform them about any changes in your mailing address or where your payment should be sent. To do this, write to:

U.S. Office of Personnel Management  
Change-of-Address Section  
P.O. Box 440  
Boyers, PA 16017-0440.

Provide your full name, your retirement claim number (CSA number), Social Security number, and your new address when calling or writing. If you change your financial institution, ensure you have the institution's correct name and routing number and the correct account number. Address changes processed before the middle of the month typically mean that the next payment is sent to the new financial institution.

To ensure that no annuity payments are missed, OPM recommends you keep your old account open until the next payment is deposited in your new account.

The Department of the Treasury pays annuities either by transferring funds to your account at a bank, credit union, or similar financial institution or by mailing a check to you. After January 1, 1999, all annuity payments will be transferred directly to your account, unless you invoke a self-waiver.

If you do not receive your payment on the first business day of the month, call your financial institution first for information. If they cannot help, call OPM or write to:

U.S. Office of Personnel Management  
Attn: Check Loss  
P.O. Box 7815  
Washington, DC 20044-7815.

Be sure to state your full name, retirement claim number (CSA number), and the date you expected to receive the payment. If you live in an area that does not allow the Department of the Treasury to pay your annuity by fund transfer, OPM can pay you by check. OPM will address the checks as you instruct.

### **Survivor Elections at Retirement and Afterwards**

Survivor benefits, monies payable after your death, are benefits of Federal employment. When you retired from your Federal position, you were given the opportunity to elect a survivor annuity for your spouse, former spouse, or insurable interest survivor(s). Each year OPM sends a notice stating how your annuity is affected if you marry or divorce after retirement. This annual notice explains the effects of retirement law on your surviving or former spouse and what actions you may want to take to protect your survivor(s).

Under certain conditions, you can name a new survivor or change the election you made at retirement if you file a new election by writing to OPM's Retirement Operations Center no later than 30 days after the date of your first regular monthly payment. Be sure to include your retirement claim number (CSA number) in your request.

Your first regular monthly payment is the first recurring payment (other than estimated payment(s) or an adjustment payment) after OPM has determined the regular rate of annuity payable under the CSRS and have paid any annuity that accrued since you retired. When the 30-day period following the date of your first regular monthly payment has passed, you can change your survivor election only as described below. If the person you named to receive a survivor annuity dies or your current marriage ends through death, divorce, or annulment, write to OPM immediately and provide proof.

### **Change in Election to Provide or Increase a Survivor Benefit for the Spouse You Were Married to at Retirement**

If you were married at retirement and either did not provide or elected less than the full survivor annuity for your spouse, you may, within 18 months after retirement, elect an annuity reduction to provide or increase the survivor benefit if you are still married to the same person. By law, you also must pay a deposit equal to the amount by which your annuity would have been reduced had the election been made at retirement plus an amount equal to 24.5 percent of the increase in the base designated for the survivor annuity. Interest is charged on the deposit.

You must request the election change in writing and pay the deposit that OPM calculates no later than 18 months after your annuity start date. Failure to pay the deposit in full within the deadline (or within 30 days after OPM notifies you of the amount due, if later) will void the election. An election to provide or increase a survivor benefit during this 18-month period cancels any spousal consent to a less-than-full survivor annuity.

### **Election to Provide a Survivor Annuity Benefit for a Spouse You Marry After Retirement**

If your annuity began on or after May 7, 1985, or if you marry on or after February 27, 1986 (regardless of the date on which your annuity began), you may elect to provide a survivor annuity for a spouse you marry after retirement as described below. If you make this election, your monthly annuity will be reduced. OPM will send detailed information about your reduced annuity when you inform them that you want to make this election.

If you were unmarried at retirement and married afterward, you must notify OPM in writing within two years after the marriage if you want to provide a survivor annuity benefit. The reduction in your annuity begins no earlier than the first of the month beginning 9 months after the marriage date.

If you were married at retirement, experience the end of the marriage (through death, divorce, or annulment), and marry again, you must notify OPM in writing within two years after the marriage if you want to elect a reduction in your annuity to provide a survivor annuity for your new spouse. The reduction in your annuity begins no earlier than 9 months after the marriage date.

Note: If your current spouse was married to you when you retired and consented to a survivor annuity benefit based on less than all of your annuity, you cannot elect a survivor annuity greater than the amount you provided in your original election.

### **Election to Provide a Survivor Annuity for a Former Spouse**

You may elect a reduction in your annuity to provide a survivor annuity for a former spouse as described below if:

1. You were married to your former spouse for at least 9 months before the marriage terminated due to divorce or annulment;
2. You performed at least 18 months of civilian service subject to retirement deductions; and
3. Your former spouse to whom you were married for less than 30 years has not remarried before reaching age 55.

OPM will send you information about your reduced annuity when you want to make this election.

If your annuity reduction to provide a former spouse annuity ends and you had elected a survivor annuity for your current spouse (or another former spouse) when you retired, the annuity reduction will continue to provide the survivor annuity for that person. However, if you have not previously made an election regarding a current spouse you married after retirement, you may, within two years after the former spouse's death or remarriage before age 55, elect a reduced annuity to provide a survivor annuity for your current spouse. Note that if you were married to your former spouse for 30 years or more, your former spouse's remarriage before age 55 does not terminate entitlement to a survivor annuity; in this event you do not have another two-year period in which to elect your current spouse.

If an annuity began before May 7, 1985, you can elect to give a former spouse a survivor annuity by meeting all the following conditions:

1. Your election must be filed within two years after the marriage terminates, and
2. You had elected, while you were married, to provide a survivor annuity for that person prior to May 7, 1985, and
3. That marriage terminates on or after May 7, 1985.

In this instance, if you marry again before electing a former spouse survivor annuity, your spouse must consent to the election.

If an annuity began on or after May 7, 1985, and your marriage terminates on or after May 7, 1985, you can elect a survivor annuity for your former spouse within two years after the marriage ends. If you marry again before making this election, your spouse must consent to the election.

Note: If you retired on or after May 7, 1985, and you elect to provide a former spouse (to whom you were married at retirement) with a survivor annuity, you cannot provide a survivor annuity that is inconsistent with any joint waiver you and your spouse made at that time.

### **Converting an Insurable Interest Survivor Annuity to a Regular Survivor Annuity Benefit**

You cannot elect to provide an insurable interest survivor annuity after retirement. However, you can change an insurable interest survivor annuity elected at retirement to a regular survivor annuity after retirement (without paying a deposit) as described below:

1. If, at retirement, you received (by election or court order) a reduced annuity to provide a survivor annuity for a former spouse and you elected to provide an insurable interest survivor annuity for your current spouse, you may change the insurable interest election to a full regular current spouse survivor annuity by requesting the change in writing within two years after your former spouse loses entitlement; or
2. If, after retirement, you marry the person named to receive the insurable interest benefit, you can elect to provide a regular survivor annuity for that person within two years after the marriage. If you do so, the insurable interest benefit will be canceled.

If you had elected to provide an insurable interest benefit when you retired and (1) you marry someone other than the person named to receive the insurable interest benefit and (2) you elect to provide a survivor annuity for your spouse, you may elect to cancel the insurable interest benefit.

### **Restrictions**

Your post-retirement survivor elections are subject to the following restrictions:

- a. They cannot be honored if they conflict with the terms of a court order that requires you to provide a survivor annuity for a former spouse, and
- b. They cannot be honored if they cause the combined current and former spouse survivor annuities to exceed 55 percent of your unreduced annuity (unless you retired before

May 7, 1985, and elected to provide a survivor annuity for a former spouse by September 8, 1987).

If you believe you are eligible to change your survivor election, write to the OPM's Retirement Operations Center. Be sure to include a copy of your marriage certificate, proof of termination of the prior marriage (if applicable), and your retirement claim number (CSA number).

### **Survivor Reductions Based on Court Orders**

Your annuity will be reduced if your former spouse was awarded a survivor annuity by a qualifying court order. If you retired on or after May 7, 1985, OPM will honor the terms of a court order that requires you to provide a survivor annuity for an eligible former spouse for a marriage dissolved on or after May 7, 1985. If you are divorced after retirement from a spouse to whom you were married at retirement, OPM will honor the terms of a qualifying court order for that person to the extent that your annuity was reduced at retirement. If you did not elect to provide a survivor annuity for that spouse at retirement, the court order will not be honored.

If you retired before May 7, 1985, OPM will honor the terms of a qualifying court order that requires you to provide a survivor annuity for an eligible former spouse in connection with a marriage that was dissolved on or after May 7, 1985, but only if (1) you were married to that person at retirement and elected to provide a survivor annuity at that time, or (2) you married after retirement and elected to provide a survivor annuity for that person before May 7, 1985.

### **When Survivor Reductions Cease**

Generally, the survivor reduction for a spouse ends when your marriage ends because of death, divorce, or annulment. The former spouse survivor reduction ends if your former spouse dies, remarries before age 55, or loses entitlement to the annuity under the terms of the court order that required you to provide the benefit. The former spouse reduction does not end if you and your former spouse were married for at least 30 years, even if your former spouse remarries before reaching age 55. When you make a post-retirement survivor election, OPM sends detailed information describing when reductions end.

The reduction to provide an insurable interest survivor annuity stops when:

1. The person you named to receive the insurable interest benefit dies, or
2. The person you named is your current spouse and you change the insurable interest election to a regular current spouse survivor annuity within two years after the last reduction to provide a former spouse survivor annuity ends, or
3. You marry and elect to provide a survivor annuity for your spouse and choose to cancel your insurable interest designation, or
4. You marry the person named to receive the insurable interest annuity and elect to provide a regular survivor annuity for him or her

Immediately notify OPM if the following occur:

- your marriage ends,
- your former spouse who was married to you for less than 30 years remarries before age 55,

- your former spouse dies, or
- the person you named to receive an insurable interest survivor annuity dies.

You must submit evidence (such as a divorce decree or death or marriage certificate) so OPM can eliminate the survivor reduction and increase your annuity to the “self-only” rate, if applicable.

Note: Your annuity will continue to be reduced if you have a current or former spouse who is entitled to survivor benefits either by your election or court order.

## **How Annuity Affects Payments From Social Security**

The Social Security law’s “windfall elimination provision” may affect the amount the Social Security Administration (SSA) can pay you. This provision affects people who spent part of their careers working for a Government agency (wherein Social Security taxes were not withheld) and part working at private-sector jobs wherein they paid Social Security taxes long enough to qualify for SSA payments. Under this law, the SSA uses a modified formula to calculate your payment, resulting in a lower benefit. The modified formula applies to you if you reach age 62 after 1985 and first become eligible for a monthly pension after 1985 based in whole or in part on work wherein you did not pay Social Security taxes. The “windfall” provision does not affect the amount OPM pays you. Contact the Social Security office or call 1-800-722-1213 for specific information about how this provision affects you.

## **CSRS Offset Employees**

Federal employees hired or rehired on or after January 1, 1984, who were covered by both the CSRS and Social Security at the same time are called CSRS offset employees. CSRS offset employment time is used to compute the annuity OPM pays you. However, the law imposes a reduction (or offset) in the amount of CSRS annuity OPM can pay because the same employment time is also used in computing a Social Security benefit. The CSRS annuity for offset employees will be reduced when the person becomes eligible for Social Security retirement benefits, usually at age 62. OPM contacts the SSA just before the offset employee is 62 to ask how much SSA would pay figuring their benefit with and without the CSRS offset service. Based on their reply, OPM makes the annuity reduction.

The offset reduction is the lesser of the:

1. Difference between the SSA monthly benefit amounts with and without CSRS offset service, or
2. Product of the SSA monthly benefit amount with Federal earnings multiplied by a fraction where the numerator is the employee’s total CSRS offset service rounded to the nearest whole number of years and the denominator is 40.

The CSRS offset reduction will begin the first day of the month in which the person is eligible for both Civil Service annuity and a Social Security benefit. If the offset employee is already age 62 at retirement, the reduction will start on the date OPM starts payments.

## **Federal Income Tax and Your Annuity**

Your annuity payments are subject to Internal Revenue Service (IRS) rules. OPM reports your payments to the IRS. If you do not file the required tax returns, you could be subject to penalties, interest, and potentially a levy against your annuity. OPM does not provide detailed tax advice or supply IRS publications.

If OPM does not have information about your Federal tax-withholding rate, they will withhold as if you are a married person claiming three allowances. Contact OPM to change the Federal tax withholding at 1-888-767-6738 (toll-free number) or 202-606-0500.

## **State Income Tax and Your Annuity**

To start, stop, or change the amount of state income tax OPM withholds from your payments, contact OPM.

## **Changing to Disability Retirement**

You can apply to change to disability retirement by submitting your application within one year after separating from Federal employment. To do this, you and your former employing agency must submit evidence that shows you became disabled while employed in a position subject to CSRS coverage, and that you were unable to perform useful and efficient service because of disease or injury in the position from which you retired. Your former agency will have to certify that it could not reasonably accommodate your condition, and you must not have declined an offer of reassignment to a vacant position in the commuting area at the same grade or pay level and tenure. OPM must receive your application within the one-year filing deadline.

The one-year filing limitation can be waived only if you were mentally incompetent at the time of separation or became so within one year thereafter. In such a situation, the application for disability retirement may be filed within one year from the date you are restored to competency or a guardian or fiduciary is appointed, whichever is earlier.

If you met the age and service requirements for an immediate voluntary retirement when you separated from the service, there may not be any advantage to you in changing to a disability retirement. Additionally, your annuity rate would generally be the same as the amount payable had you retired due to disability.

There are some disadvantages, however. If you are under age 60, it could be determined that you have recovered from your disability or that you can earn a living. In either case, your annuity could be terminated or recomputed at a lower rate.

There is no risk of this when you receive a non-disability retirement. Also, you must pay for the cost of obtaining the medical evidence OPM requires in connection with your application or in connection with periodic reviews conducted to determine that you have not recovered from your disability. Any questions concerning the tax implications of changing to a disability retirement should be addressed to the IRS.

If OPM has approved a disability retirement and you have been separated from your agency, you cannot change to a non-disability retirement. If you are later found medically recovered or restored to earning capacity, you may be entitled to another type of annuity.

## **Returning to Work in the Federal Government**

You have the same rights as anyone else seeking a Federal job. If you are reemployed by the Federal government, you and your agency must notify OPM in writing.

One of the following situations will apply to you:

- a. If your retirement was based on an involuntary separation (except for mandatory retirement because of age in certain positions), the separation was not due to misconduct or delinquency, and the job is covered by a Federal retirement system, your annuity will stop effective the day before you start work. However, if your job is not covered by a Federal retirement system, your annuity payments continue but your salary is reduced by the amount of annuity you receive; or
- b. If your retirement was based on a voluntary separation (including early-optional retirement during a reduction-in-force or major reorganization) or on an involuntary separation that you caused due to misconduct or delinquency, or if you retired under a mandatory age provision, your annuity continues while you work. Your salary is reduced by the amount of the annuity you receive; or
- c. If you retired for disability, see RI 30-13, "Information for Disability Annuitants," for a full explanation of the effect of Federal reemployment on your annuity.

After you quit working, the following applies:

If your annuity stopped because you took the Federal job, your future retirement rights are normally controlled by the law in effect when you leave your new job. If you separate from the Federal service more than one year after your date of reemployment, you have the same retirement rights as any other Federal employee with the same age, length of service, and kind of separation.

If the annuity continues while you work and you work full-time for one year (or the equivalent of one year on a part-time basis), you may be eligible for a supplemental annuity after you leave the job or move to another job that requires only intermittent work. To obtain a supplemental annuity, you must apply. Unless you elected to have retirement deductions withheld from your salary, you will be asked to pay a deposit to cover the reemployment service.

After completing at least five years of continuous service (or part-time service which is equivalent to five years of full-time service), you may have your entire annuity recomputed under the law in effect at the time you leave the job if you pay a deposit (unless retirement deductions were withheld from your salary) to cover the reemployment service. The amount of the deposit will equal the amount of the retirement deductions that would have been withheld from the full salary of your position, plus interest.

If you are reemployed on a part-time rather than full-time basis and your annuity continues, your annual annuity is converted to an hourly rate that is used to reduce your salary. For example, if you receive a gross annuity of \$750 per month and you work part-time 24 hours per week, the offset is computed as follows:

1.  $(\$750 \times 12 \text{ months})$  divided by 2087 hours per year = \$4.31, the hourly rate of your annuity. This amount is subtracted from the hourly rate of your pay.
2. Thus, if you work 24 hours a week, your biweekly pay would be reduced by \$206.88 ( $\$4.31$  per hour  $\times$  24 hours per week  $\times$  2 weeks).

## **Waiver of Annuity**

You can waive all or part of your benefit by writing to:

U.S. Office of Personnel Management  
Program Integrity Section  
P.O. Box 7174  
Washington, DC 20044-7174.

No special form is necessary. You merely state in dollars the portion of your monthly annuity that you want to waive and the effective date, which cannot be earlier than the first of the month following the month in which OPM receives your letter. You cannot reimburse OPM for annuity you already received to make a waiver take effect earlier.

You can cancel your waiver at any time by writing to the above address, but only for future payments that are due after you write to cancel the waiver. You will not be able to recover the annuity amounts previously waived.

## **Government Claims**

Your annuity may be subject to legal process to enforce any obligation you may have to pay (e.g., alimony, child support, or separate maintenance). Also, the annuity may be reduced to comply with a state court order, decree, or community property settlement dealing with apportionment of retirement benefits in connection with a divorce, annulment, or legal separation. OPM will also honor an attachment of your annuity by a trustee in bankruptcy. Except in these circumstances, the annuity is not generally assignable either in law or equity, or subject to execution, attachment, garnishment, or other legal process.

If you owe money to the U.S. Government, OPM can settle by withholding it from your annuity. If you owe the CSRS due to an overpayment of benefits, OPM will send you an explanation of the amount you owe, the reason for it, and how much will be withheld from your monthly annuity payments until OPM has collected the overpayment. They will also give you specific information about your rights in connection with this collection. If you owe another Federal agency, that agency will give you an explanation of the amount and any rights available to you before asking OPM to withhold it from your annuity payments.

## **Powers of Attorney**

Annuity checks made out to you cannot be cashed by an individual using a general power of attorney. A specific power of attorney - Standard Form (SF) 232, "Power of Attorney by Individual for the Collection of a Specified Check Drawn on the United States Treasury," (which must be executed after the issuance of each check and describe it in full) - may be used to authorize an annuity check endorsement. To use a foreign bank, you must complete SF 233, "Power of Attorney by Individual to a Bank for the Collection of Checks Drawn on the United States Treasury." Both forms may be available at your bank.

## **Representative Payees**

If you are mentally competent but physically unable to write your name legibly and are paid by check, OPM will accept an "X" as your legal signature. OPM requires the signatures and addresses of two witnesses who saw you make the "X." If your payment is deposited in your account, you avoid this situation.

If you are mentally incompetent to take care of your own financial affairs, your check cannot be signed, cashed, or deposited in a bank by anyone else. Instead, a family member or other person acting on your behalf must return the check with an explanation to the U.S. Treasury Department. This individual also must notify the OPM's Retirement Operations Center.

The notice must include your full name and retirement claim number (CSA number). OPM will then send information about making annuity payments to a court-appointed fiduciary or to the person who wrote in on your behalf. The preferred payee is a court-appointed individual. In the absence of a court appointment, OPM will pay an individual who will serve as your "representative payee."

## **Designations of Beneficiary**

You can choose any person to receive any lump-sum benefit. If you do not have a Designation of Beneficiary on file, OPM will pay the first person(s) listed below who is alive on the date the payment becomes due:

- a. Your widow or widower,
- b. Your child or children (descendants of a deceased child may qualify),
- c. Your parents in equal shares or all to the surviving parent,
- d. The administrator or executor of your estate (a court order naming the administrator or executor of the estate must be sent with the application), or
- e. If none of the above, your next of kin as determined under the laws of the State in which you live.

If you are satisfied with the payment order shown above, there is no need for you to have a Designation of Beneficiary. Remember that unless you change or cancel your designation, the person named - such as a former spouse - will receive the lump-sum benefit. For an SF 2808, "Designation of Beneficiary," write to OPM. After you complete and return the form in duplicate to OPM, they will certify and return the duplicate copy to you.

## **Actions Needed When You Die**

In the event of your death, your survivors should notify OPM immediately by contacting 1-888-767-6738 (toll-free number) or 202-606-0500. The person who reports the death should be prepared to give your full name, retirement claim number (CSA number), and date of death.

To report a death in writing, your survivors should address correspondence to:

U.S. Office of Personnel Management  
Retirement Operations Center  
P.O. Box 45  
Boyers, PA 16017-0045.

The letter should include your full name, retirement claim number (CSA number), date of death, and a death certificate, if possible. The letter also should include the writer's name, address, and telephone number.

As soon as OPM hears of your death, they will stop your annuity payments and send an Application for Death Benefits to the person(s) who appears to be entitled to death benefits. If Federal Employees' Group Life Insurance is payable, OPM also will send an application for that benefit.

To avoid any violation of law, all checks you did not cash before you died must be returned to the U.S. Treasury Department.

A statement reporting the date of your death should be included or written across the returned checks. If your annuity payments are being deposited directly into a financial institution, your survivors should immediately notify the institution of your death. It is a violation of law for anyone to withdraw any payments that were deposited after you died.

## **Survivor Annuities**

Generally, your spouse will receive a survivor annuity if you elected at retirement to receive a reduced annuity with survivor benefits and your spouse was married to you for at least 9 months preceding your death. If your spouse is the parent of your child or your death is accidental, the 9-month marriage requirement does not apply. If you have a former spouse who is entitled to a full survivor annuity based on a court order or an election you made, your current spouse will be eligible, but no payments will be made as long as your former spouse is receiving the survivor annuity.

Any spouse you married after retirement may not simultaneously receive one survivor annuity based on your Federal service and another under the Civil Service or any other Federal employee retirement system. OPM will allow your spouse to choose which benefit to receive. This does not apply to Social Security or survivor benefits based solely on military service.

A survivor annuity is payable to each of your children, as long as they are unmarried, under age 18, and were dependent on you when you died. Unmarried sons and daughters over age 18 may also receive an annuity if they are:

1. Incapable of self-support because of a disability that began before age 18, or
2. Under age 22 and full-time students at a recognized educational institution.

Your stepchildren or adopted children are eligible for an annuity if they meet the conditions stated above. In addition, your stepchildren also must be living with you in a regular parent-child relationship at the time of your death.

If a child born out of wedlock meets the conditions stated above and you recognized the child as your own, the child is eligible for an annuity. Proof that you recognized the child as your own will be required.

Note: OPM considers a child born out of wedlock to be dependent on you if: (1) the child lived with you in a regular parent-child relationship at the time of your death, or (2) a judicial determination of support was made, or (3) you made regular and substantial contributions to his or her support.

### **When Survivor Annuities Begin and End**

A survivor annuity to a widow or widower starts either:

- The day after your death, or
- The day after the entitlement of any former spouse ends if that entitlement had prevented the widow(er) from receiving the survivor annuity.

It continues to the end of the month before the one in which he or she remarries before age 55 or dies. If the widow(er) does not remarry before age 55 or was married to you for at least 30 years, the annuity continues for life. (Before November 8, 1984, the survivor annuity terminated if the widow(er) remarried before age 60.)

A survivor annuity to a former spouse starts on whichever day is later:

- The day after your death, or
- The first day of the second month after OPM receives a certified copy of the entire qualifying court order (and whatever supporting documentation OPM requires).

If the survivor annuity is based on your election, it begins on:

- The day after your death, or
- The day after the entitlement of any other former spouse ends if that entitlement has prevented him or her from receiving the survivor annuity.

The annuity continues to the end of the month before the one in which the former spouse dies, remarries before age 55 and was not married to you for at least 30 years, or the terms of the court order are satisfied. A survivor annuity to a person with an insurable interest begins on the day after your death and continues to the end of the month before the one in which he or she dies.

A survivor annuity to a child begins on the day after your death and continues through the end of the month before the month in which the child turns age 18, marries, or dies. For a child incapable of self-support because of a disability existing before age 18, the annuity continues (regardless of his or her age) through the end of the month before the month in which the person becomes capable of self-support, marries, or dies. If the child is receiving an annuity as an adult student, the annuity continues through the end of the month before the month in which he or she is no longer a full-time student, turns age 22, marries, or dies. A student who reaches age 22 during the school year (September 1 through June 30) continues to receive an annuity until: (a) the first day of the month in which full-time school attendance ends, or (b) July 1, whichever is earlier.

If the annuity has stopped because full-time schooling ended, the annuity is started again if the unmarried person returns to school full-time before age 22 and OPM receives certification of full-time school attendance.

### **Reinstatement of Terminated Survivor Annuities**

A widow's or widower's annuity that ended because of marriage before age 55 can be reinstated if the marriage ends by death, divorce, or annulment. However, the spouse must pay back any lump sum that was paid when the survivor annuity ended. Also, the widow(er) cannot receive both a reinstated survivor annuity and another survivor annuity based on the remarriage. He or she must choose only one survivor annuity benefit.

A former spouse whose annuity ended because of remarriage before age 55 can never have a reinstated annuity.

### **Lump-Sum Death Benefits**

Lump-sum death payments include:

- a. Any amount by which your contributions to the retirement fund, plus any interest due, exceed the total amount of the annuity OPM paid you and all other eligible survivors (unexpended balance), or
- b. Any annuity OPM owes at the time of your death.

If you elected an alternative annuity at retirement and an amount equal to your retirement contributions was paid to you, there is no unexpended balance as described in (a) above.

OPM pays an unexpended balance only after there is no longer a survivor entitled to a monthly payment. Any annuity OPM would have paid you had you lived, as described in (b) above, will be paid soon after your death.

### **Heirs' Health Benefits Coverage**

If you are enrolled in a self and family health benefits plan at death, the enrollment will continue for all covered family members as long as at least one family member is eligible for a monthly survivor annuity.

## Survivor Benefits Under CSRS

### Survivor Annuities Upon Death of a Current Employee

Your widow or widower, former spouse (if any), and children may qualify for a survivor annuity if your death occurs while you are employed subject to the CSRS, provided you completed at least 18 months of civilian service.

### Surviving Spouse

To qualify for a survivor annuity, your spouse must have been married to you a total of 9 months. That requirement does not apply, though, if there is a child born of the marriage or your death is accidental.

If your surviving spouse qualifies, he or she will receive annually 55 percent of the amount you would have received if you had retired at the time of your death (this is called the “earned annuity”) or the lesser of: 22 percent of your highest 3 years’ average salary or 55 percent of the amount your annuity would have been if you had continued working until age 60 at the same “high-3.” The formula for determining survivors’ benefits is very similar to the formula for determining disability retirement benefits.

A spouse’s survivor annuity begins on the day after your death. (It may be paid to a person other than your present spouse if a qualifying court order has awarded the entire survivor annuity to a former spouse.) It ends at the end of the month preceding the month in which the survivor dies or remarries before age 55. If your surviving spouse remarries before age 55 and the annuity terminates, the survivor annuity may be restored if the remarriage ends by death, annulment, or divorce.

### Survivor Annuities and Military Retired Pay

If you are receiving military retired pay and die in service without waiving it, your surviving spouse can still receive credit for your military service in the computation of the CSRS survivor annuity. However, the CSRS survivor annuity will be reduced by the amount of any military survivor benefit you provided. In some cases, it may be to your surviving spouse’s advantage to exclude credit for your military service. Your spouse will be given the information needed to decide whether or not to exclude credit for your military service before the CSRS survivor annuity begins.

### Children

Children qualify for survivor annuities if they are under age 18 and unmarried. A child 18 years or older may also qualify for a survivor annuity if incapable of self-support because of a disability incurred prior to age 18. In addition, a son or daughter 18 or older may be eligible for a survivor annuity up to age 22 if he or she is a full-time student at a high school, college, or other recognized educational institution. Each child of a surviving spouse or former spouse will be entitled to a monthly benefit. Each child who has no surviving parent or whose surviving parent

was never married to you will also be entitled to a monthly benefit. The benefit amounts are reduced proportionately if more than three children are eligible for survivor annuities. The amounts of children's benefits (like retiree and spouse annuities) are periodically increased by cost of living increases.

The survivor annuity to each qualified child begins the day after your death and ends when the child reaches 18 (unless a student or disabled child as described above), marries, or dies. The survivor annuity to a student ends when he or she marries, dies, attains age 22, or ceases to be a full-time student. The survivor annuity to a disabled child ends if the child becomes capable of self-support, marries, or dies.

A child's annuity will be paid to his or her guardian if a court has appointed one. If no guardian is appointed, OPM may make the payment to the person who has the care and custody of the child.

### **Former Spouse**

A former spouse who was divorced from you on or after May 7, 1985, may receive all or part of the annuity otherwise payable to a surviving spouse if a court order requires it. To be eligible, the former spouse must have been married to you for at least 9 months, and must not remarry before age 55.

### **Lump Sum Payment Upon Death of a Current Employee**

If you die leaving no survivors who qualify for a survivor annuity, your contributions to the Civil Service Retirement Fund, plus any applicable interest, will be paid as a lump-sum death benefit. No interest is payable if you had paid into the Retirement Fund for less than 1 year or had more than 5 years of civilian service. If you leave survivors who qualify for a survivor annuity, no lump-sum death benefit is payable immediately. A lump-sum payment may be made later if, when the survivors' annuities end, they have received in annuities an amount less than your contributions to the Retirement Fund, plus any applicable interest. Then the remainder of your contributions would be payable.

If a lump-sum death benefit is payable, it will be paid to the person or persons you named as beneficiary. If you did not designate a beneficiary, the lump-sum death benefit would be payable in this order:

- First: To your widow or widower;
- Second: To your child or children in equal shares, with the share of any deceased child distributed among the descendants of that child;
- Third: To your parents (or parent);
- Fourth: To the executor or administrator of your estate;
- Fifth: If none of the above, to your next of kin who may be entitled under the laws of the State in which you live at the time of your death.

You do not have to designate a beneficiary to receive the lump-sum death benefit unless you wish the benefit to be paid differently from the order set out above. A designation of beneficiary

is for lump-sum death benefit purposes only and does not affect the right of any person who can qualify for a survivor annuity.

A designation of beneficiary must be in writing (on Standard Form 2808) and must be received by OPM before your death. If you designate a beneficiary, remember to review your designation periodically. If your marital or family status changes, you may want to reconsider the designation you have on file.

## Survivor Annuities

A survivor annuity is a monthly payment to eligible family members of deceased Federal employees or annuitants. Note that the law does not allow survivors to choose a lump sum payment instead of the monthly benefit provided.

You should be aware that any of the events listed below can affect your entitlement to survivor benefits. It is important to report any such event to OPM promptly to avoid receiving money to which you are not entitled. These circumstances include:

1. Death of any survivor annuitant (i.e. child, widow, widower, former spouse, or insurable interest annuitant).
2. Court-ordered termination or reduction of a former spouse's annuity.
3. Marriage of any child who is a survivor annuitant.
4. Marriage before age 55 of any widow, widower, or former spouse who is a survivor annuitant. This does not apply to insurable interest survivor benefits or to other survivors who were married to the deceased for 30 years or more.
5. Employment or marked improvement in the health of a son or daughter who is receiving a survivor annuity after age 18 because of incapacity for self-support as a result of disability which began before age 18.
6. Any change in the court-appointed representative or in the payee selected for a minor or incompetent survivor. (For example, when an individual or institution is no longer responsible for an annuitant for whom it had been acting as payee).
7. Change in school attendance of an adult student receiving annuity payments after reaching age 18 (such as course-load reduction to less than full-time attendance, interruption of attendance for more than five months between terms, attending a non-recognized school, graduating, or dropping out of school).

All survivor annuities terminate at the end of the month before the above listed events occur. OPM collects any benefits paid to a person not entitled to those payments. Do not accept benefits to which you are not entitled. Otherwise, you will be required to repay them.

### Payments and Address Changes

OPM computes the amount of your survivor annuity and authorizes the Department of the Treasury to make payments. Retirement law specifies that your annuity is payable once each month on the first business day of the month. Note that Sundays and Federal holidays are not business days. Your payment covers the annuity due for the month prior to the month in which the payment is made.

If OPM has a reason to pay you for less than a full month, it will divide your monthly annuity by 30 to compute a daily rate, even if there are not 30 days in that particular month. The daily rate is multiplied by the number of days you were eligible for an annuity that month (up to 30 days). The resulting amount is your annuity for that part of the month.

Cost-of-living adjustments allowed by law will increase your annuity. The amount of these annual adjustments depends on Consumer Price Index increases. If your deceased spouse received annuity for less than one year or died before retirement, you will get a percentage of the first cost-of-living adjustment. The percentage depends on how long you or your spouse were eligible for an annuity before the effective date of the increase. When OPM adjusts your payments, they will send you a statement showing the effect of the increase on your annuity.

The Department of the Treasury pays annuities either by transferring funds to your account at a bank, credit union, or similar financial institution or by mailing a check to you. After January 1, 1999, all annuity payments will be transferred directly to your account, unless you invoke a self-waiver. OPM sends information to the mailing address you provide. OPM should be informed about address changes or where payment should be sent.

Provide your full name, the full name of the deceased person, survivor annuity claim number (CSF number), Social Security number, and new address when contacting OPM. If you change your financial institution, ensure you have the institution's correct name and routing number and the correct account number. Address changes processed before the middle of the month typically mean that the next payment is sent to the new financial institution. To ensure that no annuity payments are missed, OPM recommends keeping your old account open until the next payment is deposited in your new account.

### **Lost or Missing Payments**

If you do not receive your payment on the first business day of the month, call your financial institution first for information. If they cannot help, contact OPM. Be sure to state your full name, survivor annuity claim number, and the date you expected to receive the payment. If more than two of your payments are returned, OPM will suspend the annuity until you let it know where payments should be made.

If you live in an area that does not allow the Department of the Treasury to pay your annuity by fund transfer, OPM can pay you by check. Checks are addressed as you instruct. To report a lost or missing check, contact OPM.

### **Eligibility for Survivor Annuity**

The widow or widower of a deceased Federal employee is generally eligible for a monthly survivor annuity, provided he or she was married to the deceased for at least nine months before the death. If the surviving spouse had a child with the deceased person or if the death was accidental, the nine-month marriage requirement does not apply. The widow or widower of a deceased annuitant can only be eligible if the annuitant has elected a reduced payment with survivor benefits.

A former spouse may be eligible for a monthly survivor annuity if he or she meets the nine-month marriage requirement and a court order or a survivor election by the deceased provides for the annuity.

### **Eligibility For More Than One Survivor Annuity**

If you are the surviving spouse of more than one retiree, you will need to elect one of the benefits. Two survivor annuities cannot be paid. However, OPM can pay you a separate annuity based on your own Federal service.

### **Relationship Between An Annuity and Social Security Benefits**

You may receive both annuity payments and social security payments. Contact the Social Security Administration for information about social security benefits. CSRS Offset service covers the situations in which the deceased person performed Federal work that was subject to both social security and civil service retirement deductions. CSRS Offset survivor annuities are reduced if the Social Security Administration informs OPM that you can be paid a benefit based on the CSRS Offset service.

If you are entitled to receive a civil service annuity based on your own Federal service, there may be a reduction in the amount of any social security benefit you receive based on your deceased spouse's service. Contact any Social Security office for more information.

### **When Survivor Annuities Begin**

If you are a widow or widower, survivor annuity begins on whichever day is later:

- The day after the employee or retiree dies; or
- The day after the entitlement of any former spouse ends if that entitlement prevents you from receiving a survivor annuity.

If you are an insurable-interest annuitant, your survivor annuity begins on the day after the death of the retiree on whose service the benefit is based.

If you are a former spouse awarded a survivor annuity based on a qualifying court order, your survivor annuity begins on whichever day is later:

- The day after the employee or retiree dies; or
- The first day of the second month after OPM receives a certified copy of the entire court order, along with whatever supporting documentation OPM requires.

If you are a former spouse who applied for the survivor annuity under special provisions of the Civil Service Retirement Spouse Equity Act of 1984, your annuity begins on the day after the employee or retiree dies.

If you are a former spouse who is eligible for a survivor annuity based on a retiree's election, your survivor annuity begins the day after the retiree dies or the day after the entitlement of any other former spouse ends if that entitlement prevents you from receiving the survivor annuity.

## **When Survivor Annuities End**

All survivor annuities end when the survivor dies. Survivor annuities payable to widows, widowers, and former spouses end if the survivor remarries before age 55 and was not married for at least 30 years to the deceased employee or annuitant. The survivor annuity for a former spouse who is entitled because of a court order ends if the terms of the court order are satisfied. Insurable-interest survivor annuities are payable for the life of the survivor. Widows, widowers, and former spouses who remarry after they turn 55 continue to be eligible for survivor annuity benefits. Survivor annuities are payable through the end of the month prior to the date of the event that ended eligibility for the annuity.

## **Restoration of Survivor Annuities**

Survivor annuities that ended because the survivor remarried before age 55 can be restored for widows and widowers whose remarriage ends. Before the benefit can be restored, the survivor must pay back any lump sum OPM paid to anyone at the time the survivor annuity ended. Lump sum payments are infrequent because there usually is no unexpended balance of retirement fund contributions. Former spouse survivor annuities that ended because of remarriage before age 55 can never be restored.

## **How OPM Determines Whether to End or Restore Survivor Annuities**

The law requires that persons who receive survivor annuities that end upon remarriage before age 55 must notify OPM if they remarry. OPM makes periodic inquiries to determine whether widows, widowers, or former spouses have remarried. Note that OPM must recover monies paid to persons who are no longer entitled.

You must notify OPM of a remarriage. Include a copy of a marriage certificate and provide your survivor annuity claim number (CSF number) and the name of the deceased person on whose service your benefit is based. Use the same address when notifying OPM that a remarriage has ended. Also send a copy of the divorce, annulment, or death certificate showing that your marriage ended and request restoration of your survivor annuity.

## **Effect of Employment Income on An Annuity**

With one exception, your income from employment with the Government or another employer has no effect on your survivor annuity. If you are a widow(er) whose annuity is based on the service of a Federal employee who died before retiring and before January 8, 1971, the annuity will stop if you accept employment that enables you to support yourself.

## **Events That Would Cause An Annuity to Increase**

If you are a widow or widower receiving less than the survivor annuity to which you are entitled because a former spouse had prior entitlement based on a court order, your annuity would be increased if the former spouse's entitlement ends due to death, remarriage before age 55, or under the terms of the court order. However, if there is another former spouse who is eligible for a survivor annuity based on a court order, you would not be eligible for this increase.

If you are a former spouse receiving a survivor annuity that is less than what a court ordered and the annuity of another former spouse stops, your annuity would be increased to the full court-ordered share if your court order is next in chronological order.

When an insurable-interest survivor annuity stops because the beneficiary dies, it has no effect on any other survivor annuity.

### **Federal Income Taxes and An Annuity**

Payments are subject to Internal Revenue Service (IRS) rules. Remember that OPM only reports payments to the IRS. They do not provide tax advice or supply IRS publications. If you do not file the required tax returns, you could be subject to penalties, interest, and potentially a levy against your survivor annuity. Usually OPM withholds Federal income tax as if you are a married person claiming three withholding allowances. Contact OPM to change Federal tax withholdings.

### **State Income Taxes and An Annuity**

Just like Federal tax withholdings, contact OPM to start, change, or stop the amount of state income tax withheld from your payments.

### **Military Service and Military Retired Pay**

If you are the survivor of a deceased Federal retiree receiving military retired pay at death, credit for the military service cannot be included in your survivor annuity unless the retired pay was:

1. Based on a disability incurred in combat with an enemy of the U.S. or caused by an instrumentality of war and incurred in the line of duty during war, or
2. Granted under provisions of Chapter 1223, title 10, United States Code (reserve retirement). (Formerly under Chapter 67, title 10.)

However, if you are the survivor of a Federal civilian employee and he or she was receiving military retired pay at the time of death, credit for the military service will be included in your survivor annuity unless you elect otherwise. If the military service is included in your survivor annuity, your annuity will be reduced by the amount of any survivor's benefit (other than a child's survivor benefit) payable from the military retirement system. Military service performed before January 1, 1957 may be used under the CSRS or applied toward the social security benefit, whichever is more advantageous.

A deceased employee's or retiree's military service performed on and after January 1, 1957 must be applied toward social security benefit. However, depending on several factors, post-1956 military service may also be used under the CSRS. If your survivor annuity is based on Federal service that ended before September 9, 1982, and you are eligible (or would be eligible upon proper application) for social security, you will receive the greater of the following:

1. An annuity reduced by eliminating credit for the post-1956 military service, or
2. An annuity reduced by the amount of the social security benefit attributable to the post-1956 military service. If you are not eligible for social security benefits, your civil service survivor annuity will not be reduced.

If your survivor annuity is based on Federal service that ended after September 8, 1982, use of post-1956 military service for civil service benefits depends on when the deceased employee or retiree was first hired in a position subject to the CSRS and whether a deposit was paid to cover

the military service. If the deceased employee or retiree was first employed in a position under the CSRS before October 1, 1982, and no deposit was made, OPM cannot use the post-1956 military service if you are eligible (or would be eligible upon proper application) for social security benefits. If the deceased employee was first employed in a position under the CSRS after September 30, 1982, and no deposit was paid, OPM cannot use the post-1956 military service regardless of whether you are eligible for social security benefits.

The deposit for post-1956 military service must be made by the employee to the employing agency before he or she retires. If the employee dies in service, you must make the deposit to the employing agency.

### **Waiver of Annuity**

You can waive all or part of your benefit by writing to OPM. Just state in a dollar amount the portion of your monthly annuity that you want to waive and the effective date. However, the date cannot be before the first of the month following the month in which OPM receives your letter. If you have already cashed your annuity check, you cannot return any part of it for waiver purposes. You may cancel your waiver at any time through a written request, but only for payments that are due after OPM receives your written request to cancel the waiver. No retroactive payment of annuity can be made covering the period during which your waiver was in effect.

### **Government Claims and An Annuity**

Your annuity may be subject to attachment for certain legal obligations you may have, such as alimony, child support, or separate maintenance. Also, if you owe money to the Federal government or were party to a transaction with the deceased employee or retiree (i.e., as a co-signer of a Federal home loan or joint tax return), OPM can settle the account by withholding annuity funds. They can withhold any amount payable as a lump sum death benefit to settle the amount you owe, or the deceased former employee owed, to the Federal government. Also, OPM will not start withholding from your monthly annuity payments until after the government agency involved certifies that it has explained to you the amount you owe and your rights in its collection. Except in these circumstances, the annuity is not generally assignable either in law or equity, nor is it subject to execution, levy, attachment, garnishment, or other legal process.

### **Powers of Attorney, Representative Payees, and An Annuity**

Your annuity checks cannot be cashed by an individual using a general power of attorney. A specific power of attorney - SF 232, "Power of Attorney by Individual for the Collection of a Specified Check Drawn on the United States Treasury" (executed after the issuance of each check and describing it in full) - may be used to authorize an annuity check endorsement. However, you can enroll in the Direct Deposit Program to have your payments deposited in your account. To use a foreign financial institution, you must complete SF 233, "Power of Attorney by Individual to a Bank for Collection of Checks Drawn on the United States Treasury." Both forms should be available from your financial institution.

If you are paid by check and are mentally competent, but physically unable to write your name legibly, ask your financial institution for advice on how to deposit or cash your check. OPM will accept an "X" as your signature if two people sign beside the "X" to witness that you, indeed,

made the “X” If the illness continues, you should have your payments sent to your financial institution each month through the Direct Deposit Program. If you are unable to take care of your own financial affairs, no one else can sign, cash, or deposit your check.

In the event of incapacitation, a family member or other individual should contact OPM’s Retirement Operations Center. He or she should give your full name, survivor annuity claim number (CSF number), and the full name and date of birth of the deceased Federal employee or retiree on whose service your annuity is based. OPM will send instructions to either your mailing address or the person who wrote on your behalf explaining how to have your annuity paid to a person who acts as your representative.

If a court has appointed a guardian or conservator to be your representative, that individual should return any checks made out to you to the Treasury Department with an explanation of why they are being returned. In addition, he or she should write to OPM, provide a copy of the court order, and ask to be made the payee. The person must state the address to which the payments are to be made and authorize Direct Deposit. Steps will be made to pay the annuity to your guardian or conservator. OPM will pay all returned annuities to the court-appointed payee.

### **What Should Be Done When You Die**

Family members or friends should inform OPM of your death. They should be prepared to state your full name, survivor annuity claim number, date of death, and name of the former Federal employee on whose service your survivor annuity is based. If they cannot call, they should provide all of the above information in a letter. Uncashed annuity checks must be returned to the U.S. Treasury Department, accompanied by a note informing OPM of the date of your death. If annuity payments are being deposited directly into an account at a financial institution, family members or friends should immediately notify the institution of your death. It is a violation of law for anyone to withdraw any payments that were deposited after you died.

No annuity is payable for the month in which a survivor annuitant dies. If uncashed checks dated before your death are returned to the Treasury Department, survivors should contact OPM requesting an Application for Death Benefits for payment of any monies due.

### **Information About Children’s Survivor Annuity Benefits**

The law provides survivor annuity benefits for eligible children of deceased Federal employees and annuitants. The annuitant does not elect or pay for these benefits and cannot prevent the children from receiving the benefits. Children’s benefits are payable whether or not an adult survivor is being paid. A child must be unmarried, under the age of 18, and dependent on the deceased employee or retiree. A child is dependent on the deceased employee or retiree if he or she is:

1. born within wedlock,
2. adopted,
3. a stepchild or recognized child born out of wedlock who lived with the employee or retiree in a regular parent-child relationship, or
4. a recognized child born out of wedlock whom the employee or retiree supported, either based on a court order or with voluntary regular and substantial contributions.

Unmarried children age 18 or over who cannot support themselves because of a disability that began before age 18 and unmarried children age 18 to 22 who are full-time students also are eligible. A son or daughter whose annuity is terminated because of marriage cannot have it reinstated if the marriage ends due to divorce or death. If the marriage is annulled, the person should send a copy of the court decree to OPM to determine whether the benefit can be reinstated.

### **Adopted Children**

Adopted children are eligible for survivor benefits. Retirement law defines an adopted child as a child adopted by the deceased employee or annuitant or a child who:

1. Lived with the deceased,
2. Is the subject of an adoption petition by the deceased prior to his or her death, and
3. Was adopted by the surviving spouse after the employee or retiree died.

### **Adult Student Children**

Unmarried children, age 18 to 22, may apply for survivor benefits if they are full-time students at a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. Job Corps is not an educational institution.

The child's parent, guardian, or other responsible adult will receive a notice with instructions on how to continue an eligible student's annuity after he or she reaches age 18. If you do not follow the instructions, the annuity will be stopped on the last day of the month before the child's 18th birthday. If annuity payments continue after age 18 for a child who is not eligible, you should notify OPM.

Survivor annuity payments for an adult student stop at the end of the month before he or she:

- Marries
- Dies
- Ceases to be a full-time student
- Enters military service on active duty
- Enters any of the Government service academies (such as the U.S. Naval Academy)
- Transfers to a non-recognized school
- Fails to submit proof (when requested) that he or she is attending school full-time, or reaches age 22 - whichever occurs first.

If an adult student whose 22nd birthday falls during the school year (September 1 through June 30) continues full-time schooling, OPM can continue payments to the end of the month preceding the one in which full-time schooling stops or to June 30 - whichever is earlier.

If the student's 22nd birthday is between September 1 and July 1 of the following year and the death of the employee/annuitant was during that same period, the student may be eligible for a monthly annuity. Remember, failure to notify OPM if a student loses annuity eligibility will lead to overpayment and subsequent action to collect the overpayment.

An annuity that was terminated because the student left school or ceased being a full-time student can be resumed if he or she again becomes a full-time student before reaching age 22, provided he or she has not married. Also, OPM continues to pay annuity during breaks between school years, if these breaks are not longer than 5 months and if the student shows a clear intention to continue as a full-time student.

### **Representative Payees for Children**

A child's annuity is paid to his or her court-appointed legal guardian. If there is no legal guardian, payments will be made, at the discretion of OPM, to the person who is responsible for the child. When a student beneficiary reaches age 18, payments will be sent directly to the student, on request.

### **When the Child's Family Circumstances Change**

OPM needs to be informed when the deceased annuitant's or employee's widow, widower, or former spouse dies, even if the person is not paid. OPM also needs to be contacted if he or she was the parent of any children who continue to receive a survivor annuity. It is important that OPM knows because they must then establish a new payee for the child. In some cases, the death can result in an increase in the child's payments.

To establish a new payee after the death of a widow(er) or former spouse who was receiving annuity payments on behalf of a child, OPM will arrange to have the child's annuity payments sent to his or her court-appointed guardian. If no guardian is appointed, the payments will usually be sent to the person who is responsible for the child.

## **Health Benefits**

### **Widows and Widowers**

Health benefits continue for all family members if there is a monthly survivor benefit payable and the deceased was enrolled in a "self and family" health benefits plan on the date of death. The enrollment will be changed to your name and premiums withheld from your annuity. If you are the only other person eligible for coverage under a "self and family" enrollment at the time of the employee's or retiree's death, coverage will be changed to the less-expensive "self only" coverage. After the enrollment is changed to your name, the carrier will send you a new identification card. If you are eligible for health benefits, your coverage generally continues for life unless you cancel enrollment or lose eligibility for survivor annuity benefits due to marriage. If you lose eligibility for health benefits coverage and survivor annuity due to marriage and your survivor annuity is later restored due to marriage termination, you can re-enroll in a Federal health benefits plan.

### **Former Spouses**

Former spouses may be eligible for health benefits coverage under the spouse equity provisions of Federal Employees Health Benefits (FEHB) Program if:

1. You currently receive or have future entitlement to a former spouse survivor annuity or a portion of the former employee's retirement benefits;
2. You were covered as a family member in an FEHB plan at any time during the 18

- months preceding the termination of your marriage;
3. Your marriage ended while your former spouse was actually employed or retired from the Federal Government; and
  4. You have not remarried before age 55 or you remarried before age 55 but were married for 30 years or more.

Former spouses must apply for health benefits coverage within 60 days of either the marriage termination or notification that you are entitled to an annuity.

If you receive a former spouse survivor annuity or your marriage terminated after the employee retired, you must apply for health benefits coverage.

If your marriage ended while your former spouse was a Federal employee, you must apply to the agency where the employee worked at the time your marriage ended.

If you receive survivor annuity benefits, OPM will withhold the full cost of the enrollment from your annuity. If your annuity does not cover the full cost, you can enroll in a less-expensive plan or directly pay OPM. If you do not receive monthly benefits, you must pay the full cost directly to OPM.

If you do not meet the requirements for coverage under the spouse equity provisions as given above, you may be eligible for up to 36 months of coverage under the Temporary Continuation of Coverage provisions of the health benefits law.

Former spouse health benefits coverage generally continues for life unless you:

- lose entitlement to the survivor annuity,
- cancel your enrollment, or
- do not pay the full cost of your enrollment by the payment due date (if premiums are not being withheld from your annuity).

A “self and family” enrollment of a former spouse covers only the former spouse and any unmarried dependent children under age 22. It also covers disabled children of the former spouse and the deceased employee or retiree.

If eligible for FEHB coverage as an employee or a family member under another enrollment, you may suspend coverage as a former spouse. If you later lose coverage as an employee or family member, you may resume health benefits coverage as a former spouse.

### **Children**

To continue health benefits coverage, the dependent child must have been an eligible family member of the deceased. The child must be unmarried and under age 22 or disabled.

Also, the deceased employee or retiree must have been enrolled in a “self and family” health benefits plan at the time of death (or the child is covered under a “self and family” enrollment of a former spouse).

Generally, an eligible child may receive health benefits coverage until he or she marries or reaches age 22, whichever occurs first. The child does not have to be enrolled as a full-time student to receive health benefits coverage as a family member. A child over age 22 may qualify for continued health benefits coverage if he or she is incapable of self-support because of a disability that occurred before age 22.

A child's coverage will continue for 31 days after his or her eligibility for health benefits coverage ends, unless the enrollment was canceled. During the 31-day extension of coverage period, the child may convert to a non-group contract by writing directly to the nearest office of the plan. The child also has the right to request Temporary Continuation of Coverage as described below.

Note: Many plans do not provide the same benefits under the converted non-group contract that they provide under the Federal employee group plan. The Government will not contribute toward the cost of the non-group conversion contract.

### **Temporary Continuation of Health Benefits Coverage**

Temporary Continuation of Coverage is generally available to a covered child who, on or after January 1, 1990, loses eligibility for coverage because of loss of family member status. Also, a former spouse who loses coverage on or after January 1, 1990, because of a divorce or annulment and who is not eligible (or has not yet been determined eligible) to enroll under the spouse equity law or similar statutes may qualify for Temporary Continuation of Coverage under the group plan. The temporary coverage may continue for up to 36 months after the qualifying event occurs.

The cost of the enrollment is the total premium (both the employee and Government shares) plus a charge of 2% of the total premium for administrative costs. There is no Government contribution. In addition, child and former spouse enrollees are entitled to a 31-day extension of coverage and can convert to a non-group health benefits contract when their Temporary Continuation of Coverage ends (except by cancellation or nonpayment of premiums).

You must notify the retirement system if you are a former spouse who is eligible for Temporary Continuation of Coverage or if you have children who are eligible. For child coverage, you must notify the retirement system within 60 days after the qualifying event described above occurs and provide the child's mailing address. A former spouse must notify the retirement system within 60 days after the marriage ends. Your retirement system then will notify the former spouse or the child of his or her Temporary Continuation of Coverage rights. If a former spouse or a child wants continued coverage, he or she must elect it within 60 days after receiving the notice (or after the date of the qualifying event, if later).

However, if you are a former spouse enrolled under the spouse equity provisions and you lose coverage because of remarriage or loss of qualifying court order within 36 months after your marriage ended, you may enroll for Temporary Continuation of Coverage within 60 days after the loss of coverage under the spouse equity provisions.

If OPM is not notified that a child or former spouse has lost coverage, the opportunity to elect continued coverage on a temporary basis ends 60 days after the event that caused the coverage loss.

The law specifies that the effective date of the Temporary Continuation of Coverage is the day after the 31-day extension of coverage the child or former spouse receives when eligibility for regular coverage ends. Because the effective date of continued coverage cannot be changed, the first payment may cover several installments.

## Survivor Benefits for Children

The CSRS pays monthly survivor annuity benefits to eligible children of deceased Federal employees or retirees. These benefits, as well as Federal health benefits, are administered by OPM.

The Government does not award children's survivor benefits automatically. When a Federal employee or retiree dies, the surviving parent or other person responsible for the eligible children must complete a Standard Form 2800, "Application for Death Benefits," and send it to OPM along with a death certificate. As the form instructs, list all surviving children on the Application for Death Benefits. OPM may request additional information if needed.

OPM pays children's annuity benefits to guardians if a court has appointed one. Otherwise, they usually pay the benefits to the surviving parent or other person who has care and custody of the children. If the surviving parent also qualifies for monthly benefits, OPM will include the children's benefits in the same monthly payment the parent receives. When a student beneficiary reaches age 18, payments are sent directly to the student if he or she requests. After approving survivor annuity benefits for those eligible, OPM will send a Survivor Annuity Statement to the person who receives the annuity on behalf of the children. This statement will include the names of the children awarded benefits and the amount each will receive.

### Basic Eligibility Requirements

To receive monthly survivor annuity benefits:

1. The child must be the unmarried survivor of a Federal employee who has 18 months of creditable civilian service or of a civil service retiree ("child" includes an adopted child, step-child, or recognized child born out of wedlock); and
2. The child must have been dependent upon the deceased employee or retiree. OPM considers that a child was dependent if he or she:
  - (a) was born within wedlock to the deceased employee or retiree;
  - (b) is an adopted child of the deceased employee or retiree, or a child who has lived with the deceased, and the deceased filed a petition to adopt the child, and the child was adopted by the surviving spouse after the employee or retiree died;
  - (c) is a stepchild or recognized child born out of wedlock who lived with the employee or retiree in a regular parent-child relationship at the time of the employee's or retiree's death; or
  - (d) is a recognized child born out of wedlock for whom a judicial determination of support has been obtained.

In addition, OPM considers that a recognized child born out of wedlock was dependent if there is proof that the deceased employee or retiree made regular and substantial contributions to the child's support.

Annuity benefits terminate when a child:

- reaches age 18
- marries, or
- dies.

Annuity benefits stop at the end of the month before the one in which any of the above terminating events occurs. For example, if a child turns 18 on June 29, annuity benefits would stop May 31. OPM would pay the last check (annuity for May) on June 1. Note that an unmarried child under age 18 can continue to receive benefits even if employed or in the military service. Annuity benefits can continue after age 18 if the person is incapable of self-support because of a disability incurred before age 18 or is a full-time student. Annuity benefits that were stopped because the child attained age 18 can be resumed if the person is unmarried and becomes a full-time student before reaching age 22. Annuity benefits that were stopped because the child married cannot be resumed if the marriage later ends due to divorce or death. If the marriage is annulled, the person should send OPM a copy of the court decree to determine if the benefit can be reinstated.

Notify OPM promptly if a child is no longer eligible for annuity. Be sure to give his or her name, the CSF claim number, the name of the deceased employee or retiree, and the reason and date the annuity should stop. Note that if OPM erroneously pays benefits to a child who is not eligible, they must recover the amount paid in error. In case of fraud, the law provides for a fine and imprisonment. In some instances, interest and penalties may be charged on the overpayment.

## **Health Benefits Coverage**

In order to qualify for health benefits coverage, the following conditions must be met:

1. The deceased employee or retiree must have been enrolled in a self and family health benefits plan on the date of death;
2. The dependent child must have been eligible for coverage as a family member when the employee or retiree died;
3. He or she must be unmarried and under age 22; and
4. At least one family member must be eligible for an annuity as the survivor of the deceased employee or retiree.

If the student is the only family member receiving an annuity, the health benefits coverage stops if the student is no longer eligible for a monthly annuity. The health benefits may be reinstated if the student again becomes eligible for an annuity.

A foster child who lived with the deceased employee or retiree in a regular parent-child relationship may receive health benefits coverage, if otherwise eligible. A foster child, however, is not eligible for survivor annuity payments.

Generally, health benefits coverage may continue for a dependent child until he or she marries or attains age 22, whichever occurs first.

Health benefits coverage can continue after age 22 if the person is unmarried and is incapable of self-support because of a disability incurred before age 22, which is expected to continue for more than one year. To establish eligibility for this coverage, you will need to give OPM enough information about the person's condition so a decision can be made whether coverage can continue. Contact OPM to request that the person's coverage continue. Also, make sure you do not wait more than 90 days before the person's 22nd birthday.

OPM will send you complete instructions. You may need a doctor's statement to help establish that a disability exists. You are responsible for any costs incurred in obtaining the necessary information. If the person is receiving survivor annuity after attaining age 18 because of disability, it may not be necessary to submit a doctor's statement. In this event, you should contact OPM about 90 days before the person's 22nd birthday. OPM will tell you what to submit.

Health benefits coverage for a disabled person over 22 terminates if the person marries or becomes able to earn a living. Later, if the person's survivor annuity is reinstated, health benefits coverage may also be reinstated.

## **Health Benefits Premiums**

Generally, if the deceased employee or retiree is survived by a widow(er) who is eligible for survivor annuity benefits, the health benefits premiums are withheld from his or her annuity. If no widow(er) survives, the premiums are withheld from the annuity payable to the youngest eligible child. If the monthly annuity is not enough to pay the health benefits premiums, you can arrange to pay the premiums to OPM to continue coverage.

## **Children Who Lose Health Benefits Coverage**

### **Temporary Continuation of Coverage**

Generally, a child who loses eligibility for coverage may qualify for Temporary Continuation of Coverage under the Federal Employees Health Benefits Program. The temporary coverage would continue for up to 36 months after the coverage would have ended. The cost of the enrollment is the total premium plus 2 percent of the total premium for administrative expenses. There would be no Government contribution toward the cost of the coverage. When the temporary coverage ends, the child enrollee would be entitled to a 31-day extension of coverage and an opportunity to convert to a non-group health benefits contract, unless the temporary coverage ends because of cancellation or non-payment of premiums.

You must notify your retirement system within 60 days after the child loses coverage and provide the child's mailing address. Your retirement system will notify the child of his or her Temporary Continuation of Coverage rights after receiving this information from you. If a child wants the temporary coverage, he or she must elect it within 60 days after receiving the notice (or after the date the child loses coverage, if later).

Note: The opportunity to elect temporary coverage ends 60 days after the event that caused the loss of coverage whether or not the retirement system is notified that a child has lost coverage.

The law requires that the effective date of the temporary coverage be the day after the 31-day extension of coverage the child received when his or her eligibility for regular coverage ended. Because the effective date of the temporary coverage cannot be changed, the first payment may cover several months' premiums.

### **31-Day Temporary Extension of Coverage and Conversion to a Non-Group Contract**

A child who loses regular health benefits coverage for any reason other than by cancellation (including cancellation by nonpayment of premiums) has a 31-day temporary extension of coverage, at no cost, for the purpose of converting to a non-group contract with his or her current health benefits plan. This is true even when the child also has the right to elect Temporary Continuation of Coverage as explained above. A child who elects temporary coverage instead of the conversion policy has another opportunity to convert to a non-group contract when the temporary coverage ends (other than by cancellation).

To convert the child's coverage to a non-group plan, you or the child must apply directly to the health benefits plan within 31 days after the child's eligibility ends. Many plans provide fewer benefits under the converted non-group contract and the premium rates are relatively more expensive. If you need to know the benefits and costs of the converted non-group contract, get in touch with the child's health benefits plan.

## **Annuity Benefits After Age 18**

### **Children Incapable of Self-Support**

A child incapable of self-support because of a physical or mental disability can receive annuity benefits after age 18 if the disability existed before the 18th birthday.

You will need to provide enough information about the disabled person's condition to permit OPM to determine whether the annuity payments can continue. If the disabled child is under age 18 when you apply for death benefits, OPM does not need information about the disability until about 90 days before the child's 18th birthday. Contact OPM to request continued annuity payments if the child is disabled.

If the disability exists and the person is age 18 (or within three months of age 18) at the time you apply for death benefits, indicate on the Standard Form 2800, "Application for Death Benefits" that the child is disabled. OPM will send you complete instructions on how to apply for a disabled child's benefit. In either instance, you will need a doctor's statement. You are responsible for any costs incurred in sending the necessary information.

If a disabled child age 18 or older is eligible for benefits, OPM will make the payments in the same amount and manner as for a child under age 18. Annuity benefits continue for a disabled person age 18 or older until he or she:

- recovers from the disability,

- becomes capable of self-support,
- marries, or
- dies.

Notify OPM promptly if any of these events occur. If a son or daughter who recovers from a disability or becomes capable of self-support is a full-time student (or later becomes one), OPM can continue the benefits (or reinstate them) if the student is under 22. Requirements are given in the following section. If you believe the person meets these requirements, contact OPM to request the necessary certification forms.

### **Students Ages 18-22**

A surviving child who is between the ages of 18 and 22 and is a full-time student at a recognized educational institution may be eligible for a monthly survivor annuity benefit. If a person who meets these requirements is listed on the Standard Form 2800, "Application for Death Benefits," OPM will send an "Initial Certification of Full-Time School Attendance," RI 25-41. This form is completed by the person who expects to receive the payments and by the school. If a child under 18 receives annuity benefits, as the 18th birthday approaches, OPM notifies the parent, guardian, or other payee of the date the annuity will stop, and explains how to get continued benefits for a son or daughter who is a qualified student.

A recognized educational institution is a school that has a faculty and requires study or training to be done at the school, is accredited, and is generally accepted as an educational institution. Examples of such institutions include high schools, technical institutes, vocational institutes, business schools, colleges, junior colleges and universities. Not acceptable as recognized and accredited educational institutions are correspondence schools, elementary schools, Job Corps, the U.S. military service academies, such as the U.S. Naval Academy, or any training programs where the trainee receives pay primarily as an employee, such as apprenticeship programs.

The student must be attending day or evening classes at the school, with enough course work each semester or term to finish his or her education within the length of time generally considered normal by the school for a full-time day student. Full-time students must have a sufficient subject load to allow them to graduate within the minimum time, which is considered normal for a full-time student of the school.

High schools generally require 25 to 35 actual clock hours of class attendance each week to consider a student as full-time. For special programs, they generally require a minimum of 20 hours per week.

Colleges, junior colleges, and universities generally require a minimum of 12 semester or quarter credit hours to graduate in the normal length of time. For tuition purposes, a student carrying fewer credit hours may be designated as full-time. Being designated full-time for tuition purposes does not necessarily establish eligibility for adult student benefits.

Vocational or technical schools generally require that students make this schooling their principal activity. This means that the student spends as much as 40 clock hours each week in

activities related directly to training in the school. Normally, the activities take place at the school.

Acceptable work-study programs generally require some regularly scheduled class attendance; together, the class attendance and the work periods constitute a full-time course of training. High school work-study programs are considered full-time if the school gives the student credit for successfully completing the work-study program.

Generally, cooperative programs are not considered full-time college work. However, if the student receives full-time academic credit and is not receiving pay primarily as an employee, the student may qualify for a monthly annuity. Although a college may consider a student in a cooperative program full-time for tuition or registration purposes, this alone does not qualify the student to receive an annuity.

OPM may request periodic certification from you that the student continues to meet the eligibility requirements, and may request at any time that you provide proof of the school enrollment. Annuity benefits continue between school years unless the break is for more than 5 months or the student does not plan to continue full-time school attendance. If the student plans to be out of school for more than 5 months, OPM cannot pay benefits during the break. If he or she plans to return to school within 5 months, but does not do so, benefits stop at the end of the month before the change of plans. Evidence of a change of plans includes entry into military service and failure to return to school on the date the new term begins. You should notify OPM immediately if there is a break of more than 5 months between school years or if the student does not plan to continue full-time school attendance. OPM must recover any benefits erroneously continued during the break.

A child whose annuity benefits as an adult student stopped because he or she is no longer a full-time student at a recognized school could qualify for benefits again before reaching age 22. In such a case, ask OPM to send an application for reinstatement by calling (202) 606-0500 or write to:

Office of Personnel Management  
Retirement Surveys Branch  
P.O. Box 956  
Washington, DC 20044-0956.

Be sure to provide the child's full name, the survivor annuity claim number (CSF number), and the full name of the deceased Federal employee or retiree. Before requesting this, read the discussion about Lump Sum Payments below.

When a student is no longer eligible, the payee (the person who receives the payments for the student) is responsible for notifying OPM at once. It is not the responsibility of the school official. If the student stops school, marries, or dies, immediately contact OPM's Retirement Information Office at (202) 606-0500 or the Retirement Surveys Branch at (202) 606-0249. Be sure to state the student's name, CSF number, the full name of the deceased employee or retiree, and the nature and date of the event.

Annuity benefits stop for the student at the end of the month before the one in which he or she:

- Turns 22 (however, if the 22nd birthday falls on or after September 1 and before the following July 1, OPM can continue payments to the end of the month preceding the one in which full-time schooling stops or to June 30, whichever comes first)
- Marries
- Dies
- Stops attending school
- Transfers to a non-recognized school
- Changes to less than full-time school attendance
- Enters military service or a Government service academy (such as the U.S. Naval Academy)
- Fails to submit proof that he or she is attending school full-time when OPM requests it.

If the student's 22nd birthday occurs on or after September 1 and before July 1 of the following year and the death of the employee/annuitant occurs during the same period, the student may be eligible for a monthly annuity.

Except when the student attains age 22 (or fails to submit proof that he or she is a student), you must notify OPM immediately when any of the above events occur. If OPM pays benefits after one of these events, the person who received the payment will be indebted to the CSRS, and will have to return the money. The overpaid amount should be set aside for return upon demand. OPM has the authority to enforce collection through court action and/or referral to a collection agency.

## **Lump Sum Payments**

In some cases, OPM pays a one-time "lump sum payment" when annuity payments to all eligible survivors end or when a Federal employee or retiree dies leaving no survivors who have applied and are eligible for an annuity. The lump sum payment consists of any retirement contributions (plus any interest, if applicable) of the deceased employee or retiree remaining after paying all eligible persons who applied for annuity benefits.

OPM pays the lump sum benefit to the individual the deceased employee or retiree designated as beneficiary. If the deceased did not designate a beneficiary, OPM pays the lump sum to the survivor(s) in the order set by Federal law. First is the widow or widower, if one survives; next in order come the children; then the parents; then the executor of the estate; and finally, the next of kin of the deceased.

If OPM has made a lump sum payment and later receives an application for survivor annuity benefits for an eligible child, they cannot pay the annuity unless the entire lump sum payment is first repaid.



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As you look towards retirement or are enjoying retirement, understand the following benefits are available to you:

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We can help take the confusion and misinformation out of your search to understand “what if” and “do I need” Long Term Care Insurance. Let us help you understand:

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- What is Medicare Supplement Insurance?
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Choose the level of coverage that suits your needs	Annual Premium	Quarterly Premium
<b>\$5,000,000</b>	\$ 364.00	\$ 92.00
<b>3,000,000</b>	260.00	66.00
<b>1,000,000</b>	156.00	40.00

*Uninsured Motorist Endorsement is only \$100 more. Payroll allotment is not available.*

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# Active or Retired Federal Employee Benefits (continued)

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### Dental Care Rates\*

	Quarterly		Bi-Weekly Payroll Allotment**	
	Premier	Economy	Premier	Economy
<b>Employee Only</b>	\$ 81.23	\$ 47.78	\$ 12.50	\$ 7.35
<b>Employee and Spouse</b>	139.61	75.62	21.48	11.63
<b>Employee and Child(ren)</b>	145.52	78.68	22.39	12.10
<b>Employee and Full Family</b>	218.72	113.42	33.65	17.45

*Dependents can be covered up to age 19 (age 23 if full-time student).  
Handicapped dependents can be covered as long as your plan is in effect.  
\*These rates include a \$26.00 annual administrative fee.  
\*\*Bi-Weekly Allotments are rounded up to the nearest dollar.*

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# Active Federal Employee Benefits

## Professional Liability Insurance

*Protecting your career, reputation, character and assets*

**As an active federal employee, our plan picks up the full cost of your legal defense and pays covered damages awarded against you (up to the selected policy limit), even if the Justice Department refuses to defend you.**

Wright & Co. offers an exclusive Professional Liability Insurance plan, which was designed specifically to protect federal employees. You are protected anywhere in the world against losses from lawsuits stemming from the performance of your official federal duties. This plan pays your defense costs even against groundless or fraudulent suits. These are in addition to your liability limit and are without limitation. There is no deductible and, where allowed by state law, pays punitive damages up to your coverage limit.

**The Federal Government does not guarantee you coverage or even an attorney in the event that you are sued.**

You are at risk when you are acting within the scope of your job; including delegating assignments, evaluations, working at your desk or meeting with the public. Away from your desk, you could be exposed to an even greater risk of lawsuits from private citizens. Frivolous or not, this could cost you thousands of dollars.

The Federal Tort Claims Act states that the government can choose whether or not to defend you and cannot cover any monetary damages levied against you personally.

### **Agencies reimburse up to 50%**

Wright & Co.

#### Professional Liability Insurance Rates\*

	<b>Annual Payment</b>	<b>Bi-Weekly Payroll Allotment**</b>
<b>\$1 million</b>	\$292.00	\$11.23
<b>\$500,000</b>	229.00	8.81

*\*These rates include a \$26 annual administrative fee.*

*\*\*Wright & Co. policy requires that allotments be whole dollars.*

*The additional pennies are used to purchase AD&D coverage.*

### **Wright & Co.'s Professional Liability Plan...**

**Don't Go To Work Without It!**

For more information... Go to [www.wrightandco.com](http://www.wrightandco.com) or contact us directly at 1-800-424-9801 / 202-289-0200.



# Active Federal Employee Benefits (continued)

## Long Term Disability Insurance

*When working for an income is no longer an option*

Your ability to earn an income is your single greatest asset. What would you do if you suddenly became seriously ill or injured and could no longer work? How would you pay your bills?

### Consider the impact of the following scenarios...

A federal employee became totally disabled because of a work-related injury. Worker's Compensation did not approve or pay benefits for over three years. This employee stated that he and his wife would have lost their home without Wright & Co.'s LTD income benefits.

A federal employee died after a long bout with cancer. His children were able to continue their college education with the help of the Survivor's Benefit they received under his Wright & Co. LTD coverage.

### You may now want to consider...

### **Wright & Co.'s Long Term Disability Income Insurance**

Our Long Term Disability Income program was designed specifically for federal employees. It provides insurance protection in three special ways:

1. Monthly Disability Income Replacement
2. Hospital Income Benefits
3. Supplemental Pension Benefit

#### Long Term Disability Insurance Rates Per \$10,000

	Quarterly	Bi-Weekly Payroll Allotment*
<b>Member (under age 50)</b>	\$ 25.00	\$ 3.846
<b>Member (age 50 or older)</b>	30.00	4.615
<b>Spouse**</b>	6.41	0.986
<b>Each Child**+</b>	1.84	0.283

*Coverage is based on member's insured salary rounded to the next highest \$1,000 not to exceed \$126,000 annually.*

*\*Bi-Weekly Allotments are rounded up to the nearest dollar.*

*\*\*Dependents only receive Hospital Income Benefits.*

*+CSRS rates apply to each child. FERS rates apply for all children.*

**For more information... Go to [www.wrightandco.com](http://www.wrightandco.com) or contact us directly at 1-800-424-9801 / 202-289-0200.**



# WRIGHT & CO.

**1400 Eye Street, N.W., Suite 1100, Washington, DC 20005-2285**  
**1-800-424-9801 – 202-289-0200 – [www.wrightandco.com](http://www.wrightandco.com)**

## How Do I Enroll for One of Wright & Co.'s Plans?

Simply go to our website at [www.wrightandco.com](http://www.wrightandco.com), download the application and mail your application and payment to the address shown below. Or, call us directly at (800) 424-9801 and locally at (202) 289-0200.

**For more information on any of the products listed below, simply check next to the product you are interested in and mail or fax to:**

Wright & Co.  
1400 Eye Street, N.W.  
Suite 1100  
Washington, DC 20005-2285  
Fax (202) 289-1399

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Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Home Telephone: \_\_\_\_\_  
Agency: \_\_\_\_\_  
Work Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_

- Professional Liability Insurance
- Dental Insurance
- Long Term Care
- Personal Umbrella Liability Insurance
- Long Term Disability Insurance
- Accidental Death & Dismemberment Insurance
- Term Life Insurance
- Thrift Plan Strategy
- CSRS/FERS Retirement Planning
- Annuities
- Permanent Life Insurance
- Financial Planning Seminars
- Accident Indemnity Insurance

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**Wright & Co.** has been providing trusted information, education and services for over 36 years to the Federal Employee. Best known for their Professional Liability coverage for all Federal Employees, they also provide Long Term Disability, Individual Dental and many other plans as well. Give them a call at 800-424-9801 (local in D.C. 202-289-0200) or visit them on the web at <http://www.wrightandco.com>. “If you value your money, you will value our services!”

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**WAEPA** offers group term life insurance and long-term care insurance to civilian federal and U.S. Postal Service employees and retired civilian annuitants. Family of WAEPA members, specifically non-dependent adult children, parents and parents-in-law, are also eligible to join WAEPA and apply for their own insurance coverage.

WAEPA is a non-profit association that has been serving the federal community since 1943. WAEPA is governed by a Board of Directors composed of senior level government officials who serve on a voluntary basis. You can learn more about WAEPA by visiting their web-site at <http://www.waepa.org>, calling them toll free at 1-800-368-3484, or e-mailing them at [info@waepa.org](mailto:info@waepa.org).

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