



CSRS and FERS Overview

2016



Retirement System

- Civil Service Retirement System (CSRS)
- Federal Employees Retirement System (FERS)
- Hired on or after 01/01/84
- CSRS Offset (CSRS and FICA coverage)



Retirement Application

CSRS
CSRS Offset

Application for
Immediate
Retirement
SF 2801

FERS

Application for
Immediate
Retirement
SF 3107



Types Of Retirements

Regular/Optional

Early Retirement

Disability

Special Provisions

Deferred Retirement

Phased Retirement

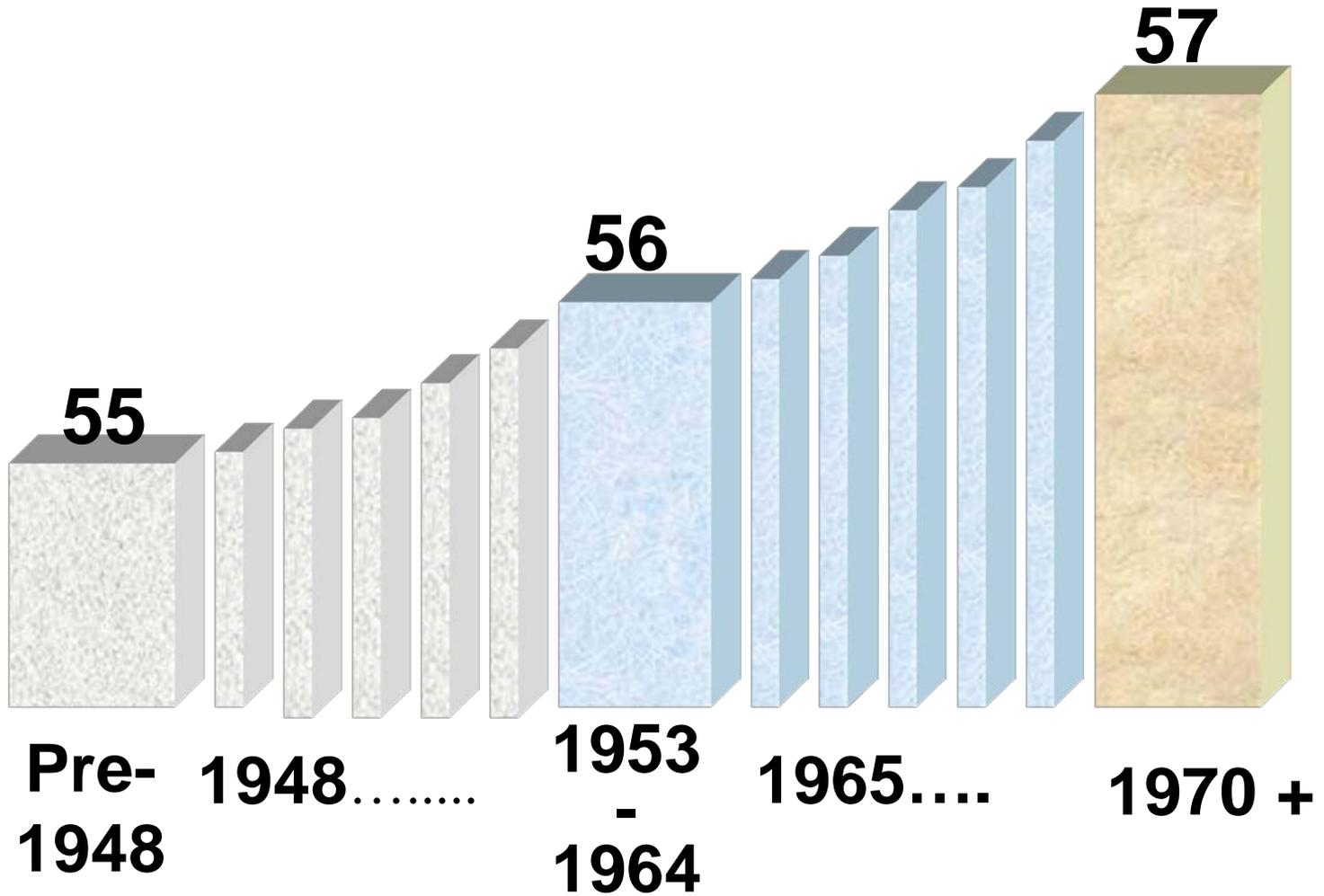


Age and Service Requirements for Regular Retirement

CSRS		FERS	
<u>Age</u>	<u>Service</u>	<u>Age</u>	<u>Service</u>
55	30 years	MRA	30 years
60	20 years	60	20 years
62	5 years	62	5 years
		MRA	10 years



FERS Minimum Retirement Age





Age and Service Requirements for Early Retirement

For both CSRS and FERS

Age

Service

Any

25 years

50

20 years



Additional Requirements for Early Retirement

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



Selecting A Retirement Date

CSRS CSRS Offset

Last day of the
month

or

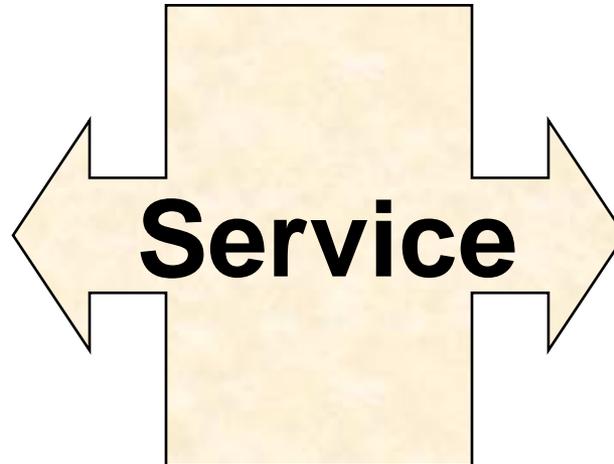
1st 2nd 3rd

FERS

Last day of the
month



Crediting Service



WHEN
you can retire

HOW MUCH
you'll get



Amount of Creditable Service

Federal Civilian Service is normally credited from the beginning to ending date of an appointment

Exceptions

LWOP

WAE

Seasonal WAE



Crediting Military Service

- Honorable, Active Duty Service
- Military Retired Pay Considerations
- Post 56 Considerations





Crediting Post-1956 Military Service

CSRS

Military deposit
equals 7% of
base pay plus
interest

FERS

Military deposit
equals 3% of
base pay plus
interest



Non-deduction Service

- Performed CSRS or FERS service where no retirement deductions were withheld from your pay, or
- Received a refund of your retirement deductions
- You can pay that money back to the retirement system. Payment generally affects the amount of your retirement



Civilian Service Deposits

CSRS nondeduction service performed prior to 10-01-82

- Creditable for eligibility and computation purposes, regardless of whether or not a deposit for the service is paid
- Annuity will be reduced by 10% of deposit amount owed



Civilian Service Deposits

CSRS nondeduction service performed on or after 10-01-82

- Creditable for eligibility, regardless of whether or not a deposit for the service is paid
- Creditable for computation only if a deposit is paid



Civilian Service Deposits

FERS nondeduction service performed prior to 01-01-89

- Creditable for eligibility and computation purposes only if a deposit is paid
- Service on or after 01-01-89 is generally not creditable and a deposit cannot be made



Civilian Service Deposits

CSRS

Deposit equals
7% of earnings
plus interest

FERS

Deposit equals
1.3% of earnings
plus interest



Refunded Service

CSRS refunded service ending before 03/01/1991

- Creditable for eligibility and computation purposes, regardless of whether or not a redeposit for the service is paid
- Annuity will be subject to an actuarial reduction



Refunded Service

CSRS refunded service ending on or after 03/01/1991

- Generally creditable for eligibility, regardless of whether or not a redeposit is paid
- Creditable for computation only if a redeposit is paid



Refunded Service

FERS

- P.L. 111-84, Section 1904 permits individuals who are subsequently reemployed to make a redeposit of the amount refunded, plus interest, and to have credit for the service reinstated
- For the purpose of survivor annuities, redeposits may also be made by survivors



Crediting Unused Sick Leave CSRS and FERS

- Sick leave may be added to the length of service used to compute an immediate annuity
- Not creditable for establishing retirement eligibility



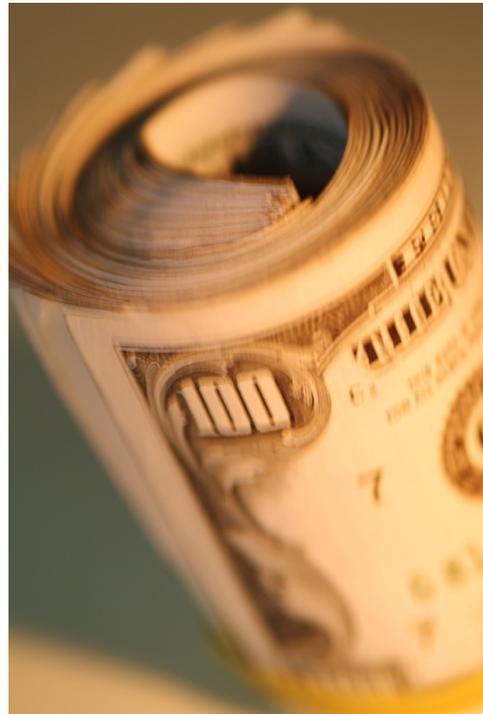
Crediting Unused Sick Leave CSRS and FERS

- For FERS Retirement with CSRS Component
 - 100% of sick leave at time of FERS election is added to the CSRS calculation
 - Difference between total sick leave at retirement and sick leave used for CSRS component added to the FERS calculation



How Much Will I Get?

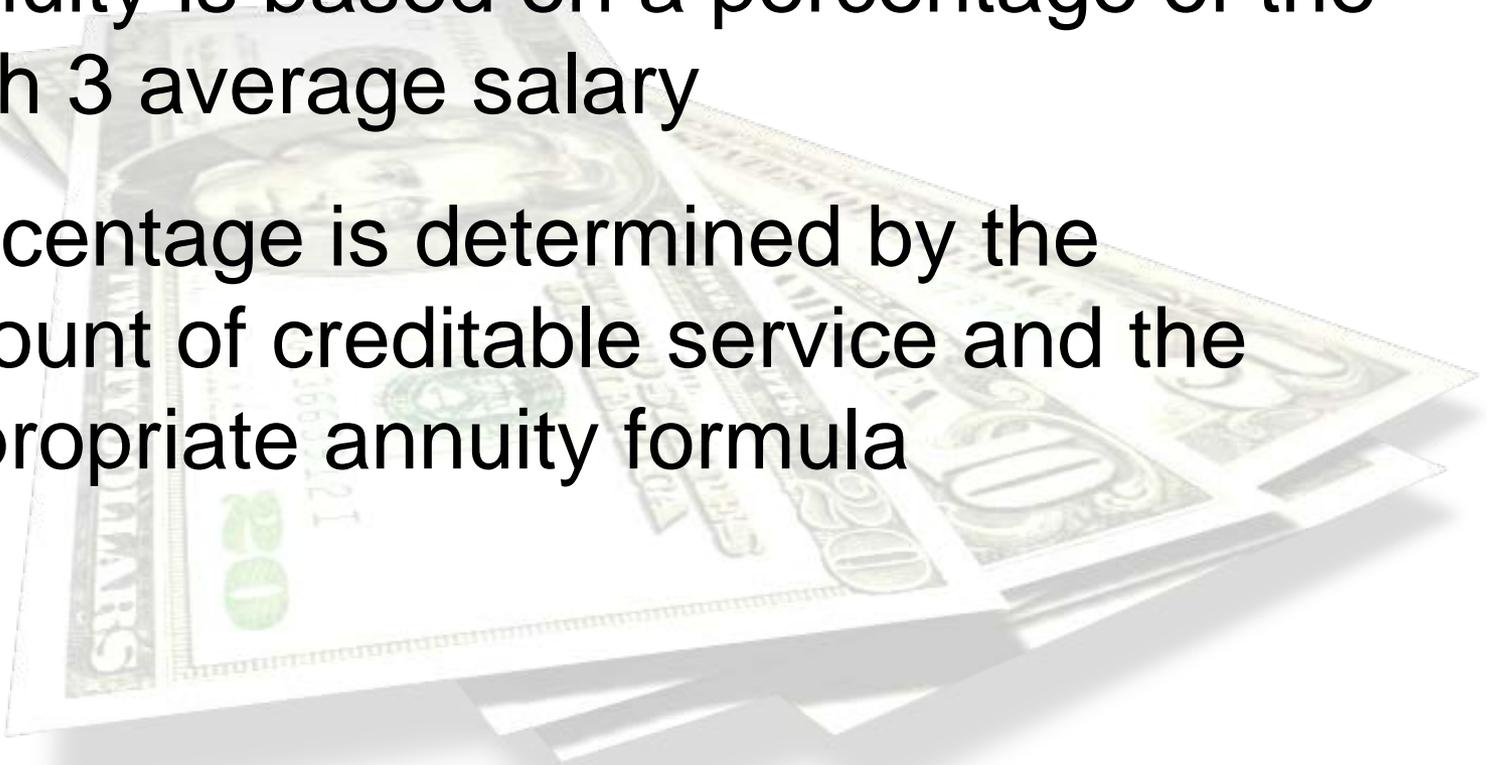
Annuity Computation





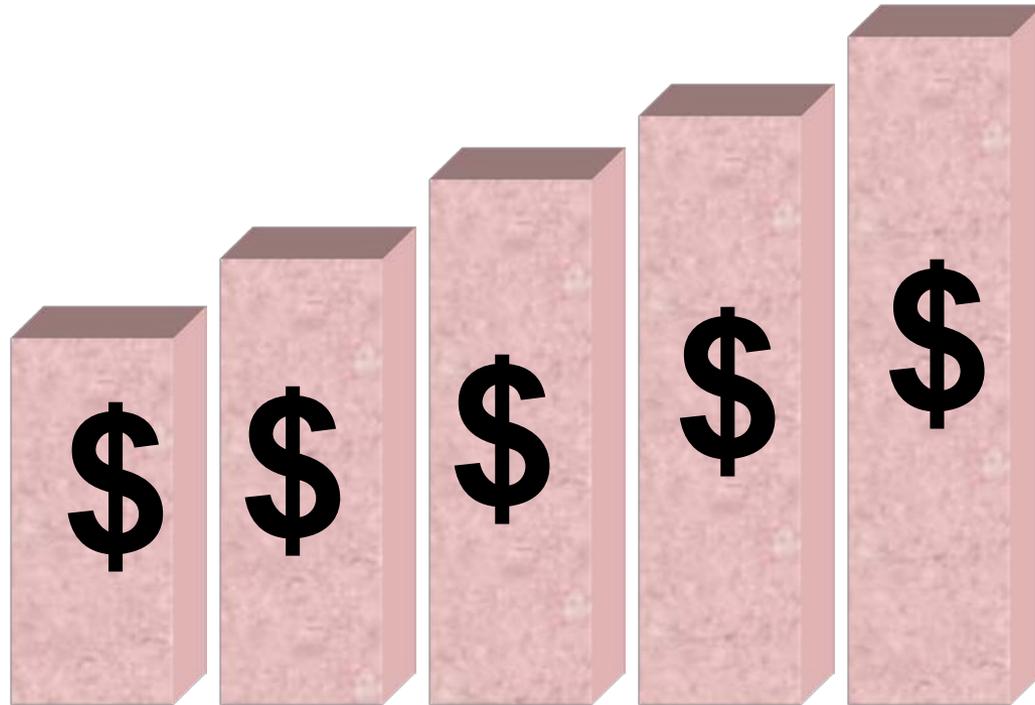
Basic Annuity

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





High-3 Average Salary



3 Consecutive Years



Basic Pay Includes:



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



Basic Pay Does Not Include:

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





General Formula

CSRS

1.5% x 5 years +
1.75% x 5 years +
2% x service over
10 years

**Retirement
Factor**

FERS

1% or 1.1% x
years of service

**Retirement
Factor**



General Formula

30 Years Total Service

$$1.5\% \times 5 = 7.50\%$$

$$1.75\% \times 5 = 8.75\%$$

$$2.0\% \times 20 = \underline{40.00\%}$$

$$56.25\%$$

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

or

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

Retirement Factor



CSRS Calculation Example

- Employee has 30 years of service and their high-3 average salary is \$48,000

1.5% of \$48,000 (\$720) x 5 years = \$ 3,600

1.75% of \$48,000 (\$840) x 5 years = \$ 4,200

2% of \$48,000 (\$960) x 20 years = \$19,200

Basic Annuity (per year) = \$27,000

or



CSRS Calculation Example

$$1.5\% \times 5 \text{ years} = 7.50\%$$

$$7.50\% \times \$48,000 = \$ 3,600$$

$$1.75\% \times 5 \text{ years} = 8.75\%$$

$$8.75\% \times \$48,000 = \$ 4,200$$

$$2\% \times 20 \text{ years} = 40.00\%$$

$$40\% \times \$48,000 = \$19,200$$

Basic Annuity (per year) \$27,000



FERS Calculation Example

- Employee , age 62, has 24 years of service and high-3 average salary of \$48,000

1.1% of \$48,000 or $\$528 \times 24 = \$12,672$

or

$$1.1\% \times 24 = 26.4\%$$

$$26.4\% \times \$48,000 = \$12,672$$



FERS Annuity With a CSRS Component

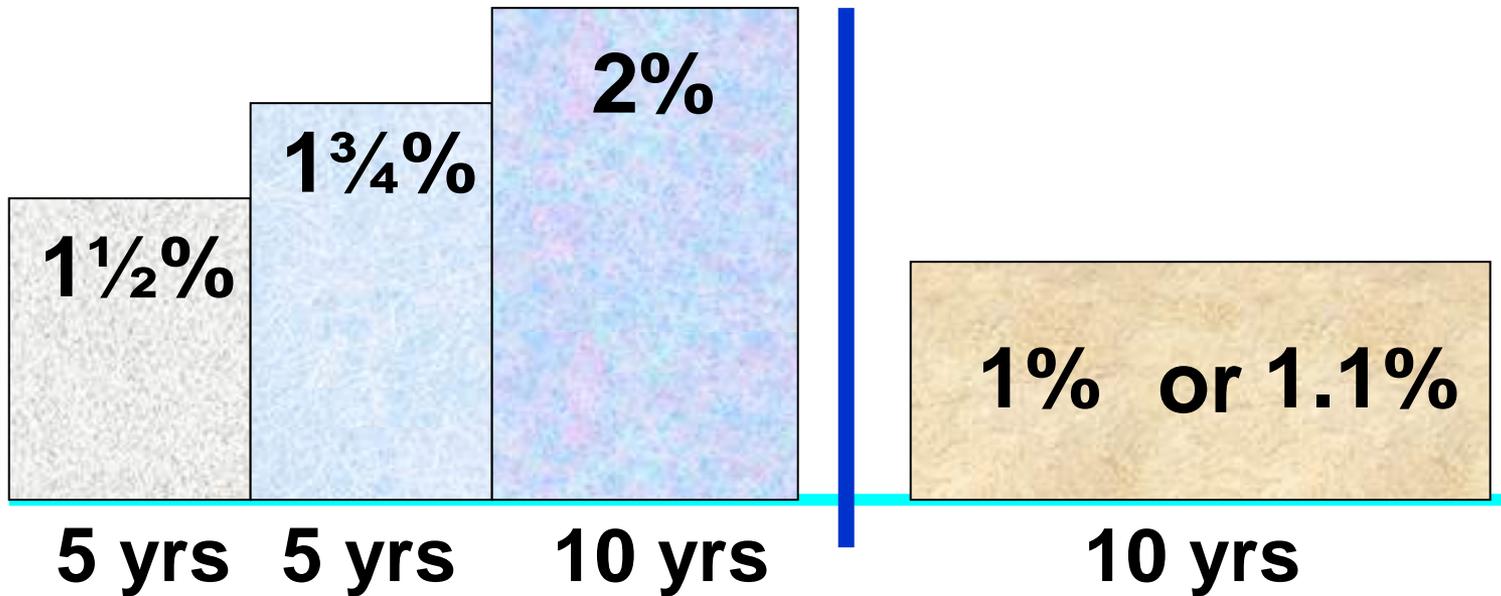
CSRS Part - 20 years

FERS Part - 10 years

36.25%

+

10% (or 11%)





FERS Annuity with a CSRS Component Calculation Example

- Employee, age 62, has 20 years of CSRS service, elected FERS and has 10 years FERS Service with high-3 average salary of \$90,000

CSRS Component:

1.5% of \$90,000 (\$1,350) x 5 = \$ 6,750

1.75% of \$90,000 (\$1,575) x 5 = \$ 7,878

2% of \$90,000 (\$1,800) x 10 = \$18,000

Basic Annuity \$32,625



FERS Annuity with a CSRS Component Calculation Example

FERS Portion:

$$1.1\% \text{ of } \$90,000 (\$990) \times 10 = \$9,900$$

Total Annuity:

\$ 9,900

\$32,625

\$42,525



FERS Annuity Supplement

- Approximates the Social Security benefit earned based on FERS creditable service
- To be eligible for the Supplement:
 - Employee must have 1 full calendar year of deductions under FERS, and
 - Be at MRA and eligible for immediate, (non disability) retirement with at least 20 years of service, except
 - LEO retiring under FERS Special are eligible to receive supplement at retirement
 - Subject to Social Security earnings test



FERS Special Coverage for Law Enforcement Officer (LEO)

- LEO – an employee whose position are primarily:
 - The investigation, apprehension or detention of persons suspected or convicted of offenses against the criminal laws of the US; or,
 - The protection of officials of the US against threats to personal safety; **and**,



FERS Special Retirement Eligibility

- Must meet age and service requirements
- Must be separated from position subject to FERS
 - Does **not** have to be separated from FERS Special “covered” position
- Unused Sick leave **cannot** be used to meet service eligibility requirements



FERS Special Retirement Eligibility

<u>TYPE OF SEPARATION</u>	<u>COVERED SERVICE</u>	<u>AGE</u>
Optional	20 years	50
	25 years	Any
Mandatory	20 years	57



FERS Mandatory Retirement

- Mandatory separation on the last day of the month in which the employee meets **both** the age and service requirement
- The agency must notify the employee in writing at least 60 days before the date of mandatory separation
 - Separation is not effective, without the consent of the employee, until the last day of the month in which the 60 day period expires



FERS Special Mandatory Retirement

- Mandatory separation may be exempted up to age 60 by the Agency Head
- Mandatory separation exemption after age 60 must be approved by Executive Order. By the President.



FERS Special Retirement Computation

- Average Salary X Up to 20 years of LEO service X 1.7%

PLUS

- Average Salary X Remaining Years and Months of Service X 1%



FERS Special Average Salary

- Highest 3 consecutive years of basic pay
- Includes Locality Pay
- Includes Premium Pay



Reductions Applied to Basic Annuity

CSRS

- Age
- Non-Deduction Service
- Survivor Annuity Election
- Refunded Service
- CSRS Offset

FERS

- CSRS Age
- MRA + 10 Age
- Survivor Annuity Election



CSRS Age Reduction

- Permanent Reduction
- Equals 2% for each full year under age 55
- Applies to CSRS annuities or FERS annuities with a CSRS component





FERS Age Reduction

- Applies if the employee retires on an MRA + 10 retirement
- Employee begins receiving annuity before reduction is eliminated
- Permanent Reduction Equals $5/12^{\text{th}}$ of 1% for each full month (5% for each full year) under age 62
- Supplement is not subject to COLAs



Reduction for Survivor Annuity Election

Applies if an employee

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



Survivor Annuity Reduction

CSRS

$2\ 1/2\ \% \times \$3600$

+

$10\ \% \times \text{Amount of base in excess of } \3600

Survivor receives 55% of the base elected by retiree

FERS

Full survivor annuity (50%)

10% of annuity

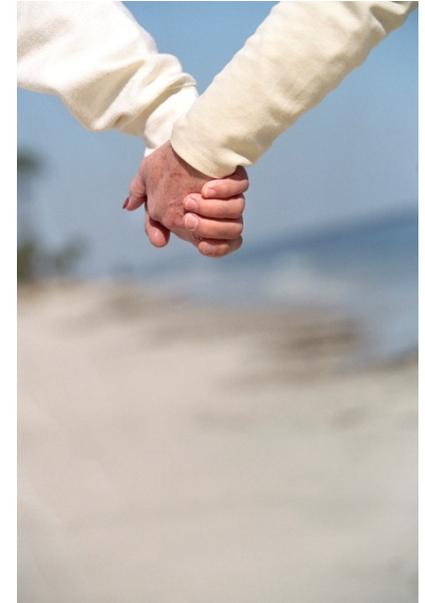
Partial survivor annuity (25%)

5% of annuity



Insurable Interest

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





Maximum Annuity

CSRS

- 80% of the high-3 average salary
- Equivalent to 41y and 11m service
- 35 years of LEO/FF service
- Limit may be exceeded with unused sick leave credits

FERS

There is no maximum annuity under FERS



Returning to Government Work After Retirement

Generally, annuity continues and salary is offset by amount of annuity

Exceptions (CSRS)

- Disability annuitants
- Dual comp waivers
- DSR
- Presidential appointments

Exceptions (FERS)

- Disability annuitants
- Dual comp waivers



Cost of Living Adjustments (COLAS)

CSRS

- Begins the first December after retirement
- First COLA is prorated

FERS

- Generally not applied until the December after 62

Exceptions

- Disability
- LEO/FF
- ATC



Cost of Living Adjustments (COLAS)

CSRS

Equals the percent change in the CPI

FERS

If the percent change in the CPI is:

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



Questions

