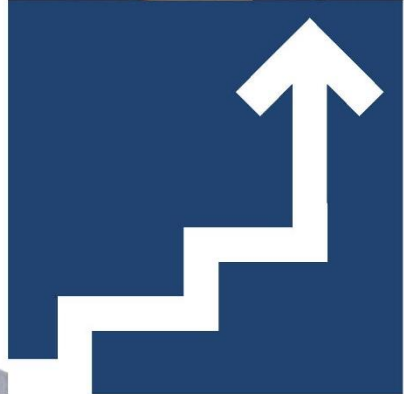
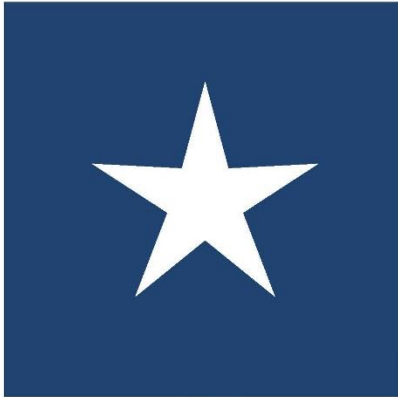




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BENEFITS, FINANCIAL AND RETIREMENT TRAINING FOR FEDERAL EMPLOYEES AT ALL CAREER STAGES

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Federal Retirement Benefits

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Module 1: Federal Benefits

Introduction

The purpose of this module is to provide an understanding of the steps to take toward a smooth transition from Federal service into retirement.

Planning for your retirement involves understanding:

1. Eligibility
2. Service Credit for Retirement
3. Basic Retirement Benefit
4. Survivor Benefits
5. Retirement Processing

Notes:

Eligibility: Identify Retirement Coverage

Most Federal employees contribute to and are covered under the Federal Employees Retirement System (FERS). In some situations, employees may be covered by components of both systems.

Table 1: Identify Retirement Coverage

This system . . .	Covers Federal employees who were . . .
CSRS*	Generally, hired prior to 1984 and have had no breaks in service since that time.
CSRS-Offset*	Generally, rehired after 12/31/83 with more than a 1-year break in service and at least 5 years of creditable civilian Federal service by the end of 1986.
FERS	Generally, first hired after 12/31/83. Exception: If you were covered by FERS on 12/31/12.
FERS-RAE and FERS-FRAE	FERS-RAE (Revised Annuity Employees) is a version of FERS for new employees hired in 2013 (or rehired with fewer than 5 years of creditable or potentially creditable service). Exception: If you were covered by FERS-RAE on 12/31/13 FERS-FRAE (Further Revised Annuity Employees) is a version of FERS for employees hired after 2013 (or rehired with fewer than 5 years of creditable or potentially creditable service).
TransFERS*	Covered by CSRS and elected to transfer to FERS during one of two Open Seasons that were held: - July 1, 1987 – June 30, 1988 - July 1, 1998 – December 31, 1998 Or who were... Rehired after 12/31/83 and: - Were not automatically covered by FERS (5 years or more prior service covered by CSRS will include a CSRS component*); - Had a service break of more than 3 days; and - Elected to transfer to FERS within 6 months of being rehired.

*CSRS, CSRS-Offset, and CSRS component of your TransFERS benefit, refer to Appendix: CSRS.

FERCCA

The Federal Erroneous Retirement Coverage Corrections Act (FERCCA) legislation was designed to provide relief to Federal civilian employees who were placed in the wrong retirement system for at least three years of service after December 31, 1986. If you think you are in the wrong retirement plan, contact your Human Resources (HR) office at your agency as soon as possible. Your HR office is empowered to make retirement coverage determinations and, where errors are found, apply the appropriate rules and procedures to correct them. If you are already retired and believe your retirement coverage is incorrect, you should consult the FERCCA retirement FAQs at <https://www.opm.gov/frequently-asked-questions/retire-faq/pre-retirement/?categories=FERCCA>

Retirement Contributions

Both the employee and the agency contribute to the employee's retirement financial support.

There are three main sources:

The Civil Service Retirement and Disability Fund (CSRDF)

- FERS and TransFERS* employees contribute 0.8% (FERS-RAE 3.1%, FERS-FRAE 4.4%) of their base pay.
- Special Provisions employees contribute 0.5% more.
- The agency contributes a significantly higher amount than employees to fully cover the cost of the benefit.

Social Security – Federal Insurance Contributions Act (FICA)

- Employees contribute 6.2% of wages up to the maximum taxable wage limit each year.
- The agency pays the matching employer share of this tax.

The Thrift Savings Plan (TSP)

- Employees may contribute up to the yearly IRS limit.
- They receive an automatic contribution from the agency equal to 1% of their basic pay and a match of up to 4% of their basic pay.

The amount the employee and agency contribute depends on the employee's retirement system.

*For CSRS and the CSRS component of your TransFERS benefit, refer to Appendix: CSRS.

Notes:

Minimum Age and Service Requirements

CSRS employees refer to Appendix: CSRS. TransFERS: follow the FERS rules for eligibility.

A FERS employee must meet minimum age and service requirements to be eligible for retirement. The Minimum Retirement Age (MRA) for FERS employees is shown in the following table.

Table 2: Minimum Retirement Age

Year of Birth	MRA	Year of Birth	MRA
Before 1948	55 years	1953 – 1964	56 years
1948	55 years, 2 months	1965	56 years, 2 months
1949	55 years, 4 months	1966	56 years, 4 months
1950	55 years, 6 months	1967	56 years, 6 months
1951	55 years, 8 months	1968	56 years, 8 months
1952	55 years, 10 months	1969	56 years, 10 months
		1970 and later	57 years

Retirement Options

There are minimum age and service requirements for each retirement option as shown in each of the following tables. The options include:

- Voluntary Optional
- MRA + 10
- Early
- Disability
- Special Provisions
- Deferred

Voluntary Optional

Table 3: FERS Retirement Option: Voluntary Optional

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Voluntary Optional	MRA* 60 62	30 20 5	Yes Yes No	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3-Insurance)
MRA + 10	MRA	10	No	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3-Insurance)

This is an immediate benefit that may begin within 31 days of separation from Federal service, after meeting the age and service requirements shown above.

Unused Annual and/or Sick Leave CANNOT be used to meet the minimum service requirements.

MRA + 10 retirements are subject to a 5% reduction for every year under age 62, prorated monthly. The application to apply for this benefit can be postponed, avoiding some or all of the age reduction.

Early – Voluntary Early Retirement Authority (VERA) and Discontinued Service (DSR)

Table 4: FERS Retirement Option: Early

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Early	50 Any age	20 25	At MRA At MRA	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3-Insurance)

The early retirement benefit is available in certain involuntary separation cases and in cases of voluntary separations during a major reorganization or reduction in force. To be eligible, you must meet the requirements above.

Disability*Table 5: FERS Retirement Options: Disability*

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Disability	Any age	18 months	No	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3-Insurance)

A non-work-related disabling condition may allow the employee to retire if they meet the following conditions:

- Unable to perform the duties of their position due to illness or injury
- Disability is expected to last at least one year or be permanent
- Agency must certify it is unable to accommodate the employee in their present position
- There is no vacant position within the same pay grade or commuting area
- Must apply within one year of separation from Federal employment
- Must apply for Social Security to be considered eligible for FERS disability

An employee receiving benefits from the Office of Workers' Compensation Programs (OWCP) must decide between FERS disability and the OWCP benefit. While receiving OWCP benefits, the FERS benefit will be suspended.

Notes:

Special Provisions

Table 6: FERS Retirement Options: Special Provisions

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Special Provisions	50 Any age	20 25	Yes Yes	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3-Insurance)

Law Enforcement Officers (LEOs), Air Traffic Controllers (ATCs), and Firefighters (FFs) are subject to mandatory retirement. LEOs and FFs are mandatory at age 57 or after completing 20 years of service in a covered position. ATCs are mandatory at age 56 or after completing 20 years of covered service.

- Annual and/or Sick Leave CANNOT be used to meet the minimum requirement of service in a "covered" position.
- An employee must meet the minimum requirements above but does not have to be in a covered position at the time of retirement.
- If an employee separates with at least 20 years of covered service (but less than 25) and is younger than age 50, they may apply for a deferred retirement at their MRA. They will not be subject to an age reduction. Unfortunately, the regular FERS formula will be used to compute the benefit.
- Military service that interrupts service performed in a covered position may be used towards satisfying the minimum service requirement.
- Military police service cannot be used to meet the service requirement in a covered position for LEOs, ATFs, and FFs.
- If the employee does not meet these requirements, they will forfeit the special eligibility rules and the more generous benefit calculation.

Note: Congressional employees hired before 2013 follow these age and service requirements; however, are not subject to mandatory retirement.

Notes:

Deferred*Table 7: FERS Retirement Options: Deferred*

Retirement Option	Age at Application for Benefit	Years of Creditable Service at Separation	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Deferred	MRA	30	No	No
	60	20		
	62	5		
	MRA	10*		

Additional requirements to receive a deferred FERS retirement benefit include:

- Complete a minimum of 5 years of civilian Federal service; and
- Did not take a refund of retirement deductions; and
- Is not eligible for any of the other immediate options within 31 days of separation.

*The benefit is reduced by 5% for each year before age 62. The reduction is pro-rated monthly.

Notes:

Service Credit for Retirement

To be sure that you have enough service to be eligible for CSRS or FERS retirement, your service must meet the following requirements:

1. There must be evidence documenting your service history.
 - a. The eOPF (electronic Official Personnel Folder) is an online system for Federal employees to access their personnel records electronically. It contains official information documenting employment history, military service credit, and benefits choices.
 - b. Documents include SF 50s (personnel action statements), DD 214s (military service records), beneficiary designations, and health and life insurance elections.
 - c. You can log into the system with your eOPF credentials, but you will first need to contact your HR office for specific instructions.
 - d. You will lose access to these files when you leave Federal service. It is recommended to download a copy of these records for your personal file.
2. If some of your service was not subject to retirement deductions, a service credit deposit or redeposit may be required (sometimes referred to as a “buy back”). This may include the following types of deposit payments to the Civil Service Retirement and Disability Fund (CSRDF):
 - a. Civilian service credit deposit
 - b. Refunded civilian retirement contributions
 - c. Military service credit deposit
3. FERS employees with fewer than 5 years of service under CSRS will have their service credited and payments computed under FERS rules.

Service that is determined to be creditable for retirement will be included in your Retirement Service Computation Date (SCD).

- The SCD for retirement is not always the same as the SCD in Block #31 on your SF 50. That is your “leave” SCD used to determine Annual Leave accrual.
- Your Retirement SCD is determined at the time you complete your Online Retirement Application (ORA), usually a few months before your retirement date.
- If you believe that there are missing records from your eOPF or if you have questions about the creditability of a period of service performed during your career, do not wait until it is time to retire to resolve your service credit issues. Instead, contact your HR office about any discrepancies you find.
- The Office of Personnel Management (OPM) is the final authority for your retirement eligibility and the calculation of your retirement; however, no one cares about your service history more than you do so it is important to take responsibility for accuracy.
- Generally, unused Sick Leave and Annual Leave cannot be used to meet the minimum service requirement to be eligible to retire. Sick Leave at retirement is converted to additional service credit for your benefit computation. The Annual Leave balance is paid in a lump sum payment after you separate.

Note: CSRS and CSRS-Offset employees may deposit after-tax dollars to invest in a Voluntary Contributions program that is not available under FERS. See Appendix: CSRS (pages A-8 and A-9) for more information.

Changes in work schedule may affect eligibility and retirement benefit computations.

On your SF 50s (personnel action statements), Block #32 and #33, you will find your work schedule documented. Most Federal employees have a full-time work schedule and work 40 hours per week. Other work schedules are described as follows:

- **Part-time work schedule:** Prearranged tour of duty between 16 – 32 hours per week. See page 1-34 for the impact this has on the FERS* basic benefit computation. Part-time service does not affect eligibility.
- **Intermittent, seasonal, and When Actually Employed (WAE):** A work schedule without a regular tour of duty, meaning an employee works on an irregular or occasional basis. This is used for work that is sporadic and unpredictable, and employees are paid only for the hours they actually work, which can vary from week to week. It differs from a part-time schedule, which has a pre-arranged set of hours. Credit for eligibility and calculation of the retirement benefit is based on only the actual time worked.
- **Leave Without Pay (LWOP), suspension, furlough, or time while receiving Workers' Compensation** are also considered a work schedule. Credit is usually allowed for periods not exceeding a total of 6 months in any calendar year. LWOP to perform military service or while receiving Workers' Compensation are not limited.

*For the impact this may have on CSRS and CSRS Offset, and the CSRS component of TransFERS, refer to Appendix: CSRS.

Notes:

Standard Form 50

Keep SF 50s that document the effective date of changes in work schedule, retirement plan, salary (for High-3 computation), excess LWOP and FEGLI coverage.

<https://www.opm.gov/forms/pdfimage/sf50.pdf>

Standard Form 50

Rev. 7/91

U.S. Office of Personnel Management

FPM Supp. 296-33, Subch. 4

NOTIFICATION OF PERSONNEL ACTION

1. Name (Last, First, Middle)					2. Social Security Number		3. Date of Birth		4. Effective Date						
FIRST ACTION					SECOND ACTION										
5-A. Code		5-B. Nature of Action			6-A. Code		6-B. Nature of Action								
5-C. Code		5-D. Legal Authority			6-C. Code		6-D. Legal Authority								
5-E. Code		5-F. Legal Authority			6-E. Code		6-F. Legal Authority								
7. FROM: Position Title and Number					15. TO: Position Title and Number										
8. Pay Plan		9. Occ. Code	10. Grade or Level	11. Step or Rate	12. Total Salary		13. Pay Basis		16. Pay Plan	17. Occ. Code	18. Grade or Level	19. Step or Rate	20. Total Salary/Award		21. Pay Basis
12A. Basic Pay		12B. Locality Adj.		12C. Adj. Basic Pay		12D. Other Pay		20A. Basic Pay		20B. Locality Adj.		20C. Adj. Basic Pay		20D. Other Pay	
14. Name and Location of Position's Organization					22. Name and Location of Position's Organization										
EMPLOYEE DATA															
23. Veterans Preference					24. Tenure					25. Agency Use		26. Veterans Pref for RIF			
1 - None 2 - 5 Point 3 - 10 Point/Disability 4 - 10 Point/Compensable 5 - 10 Point/Other 6 - 10 Point/Compensable/30%					0 - None 1 - Permanent 2 - Conditional 3 - Indefinite							YES NO			
27. FEGLI					28. Annuitant Indicator					29. Pay Rate Determinant					
30. Retirement Plan					31. Service Comp. Date (Leave)					32. Work Schedule		33. Part-Time Hours Per Biweekly Pay Period			
POSITION DATA															
34. Position Occupied					35. FLSA Category					36. Appropriation Code		37. Bargaining Unit Status			
1 - Competitive Service 2 - Excepted Service 3 - SES General 4 - SES Career					E - Exempt N - Nonexempt										
38. Duty Station Code					39. Duty Station (City - County - State or Overseas Location)										
40. AGENCY DATA		41.		42.		43.		44.							
45. Remarks															

Deposits and Redeposits

Service credit deposits and redeposits are optional payments made by an employee to the retirement fund that may affect eligibility for retirement and the calculation of the employee's retirement benefit. Your decision to pay or not to pay a deposit and/or redeposit depends on your answers to the following questions:

- How much do I owe?
- What is the effect on my retirement?

General guidance is provided on the following pages; however, you should seek specific guidelines from your HR office.

- **Deposit:** CSRS and FERS civilian service deposits refer to payments made to the retirement fund for Federal service that was not covered by retirement deductions such as a temporary appointment, a summer job with a Federal agency, or casual employment with the U.S. Postal Service.
 - Under FERS, only such service performed **prior to 1989** is eligible for a deposit payment. Non-covered service performed after 1988 is not creditable under FERS. There are some exceptions to this rule such as for Peace Corps or VISTA volunteer service performed at any time prior to your civilian appointment.
- **Redeposit:** Civilian service credit redeposit is a repayment of refunded CSRS and FERS contributions that may have been received after a break in service. If the employee elects to transfer to FERS when rehired under CSRS-Offset, then refunded CSRS Offset service is converted to FERS, regardless of when performed.
- **Military Service Deposit:** Military service credit deposits are payments made to the retirement fund for Active-Duty military service performed after 12/31/56. This also includes time spent at one of the service academies: Navy, Army, Air Force, or Coast Guard.

Notes:

Should I Pay a Deposit?

For FERS, FERS-RAE/FRAE, or FERS components of TransFERS*:

Table 8: Should I Pay a Deposit?

Type of Deposit	Recommendation and Reasoning
Civilian service not covered by retirement contributions (prior to 1/1/89) or service covered by refunded CSRS contributions that is now creditable under FERS. Peace Corps or VISTA service, regardless of when service was performed. Post-56 military service (see the following page for information regarding employees eligible for military retirement).	Generally, it makes sense to pay because: • If you pay the deposit, this service will count towards eligibility and computation of your retirement benefit. • Without payment, the service will count only towards leave accrual, not towards your future retirement benefit.
Civilian service covered by refunded FERS contributions.	Generally, it makes sense to pay because: • If the FERS refund is not paid, the service will be credited for eligibility, but it will not be credited in the annuity computation. • If you pay the redeposit, the service will count towards computation of your retirement benefit. • Remember, the amount that you owe is based on service performed earlier in your career at lower salaries and the computation of your retirement is based on your highest salaries near your retirement.
Civilian service performed on or after 1/1/89 that was not covered by FERS retirement deductions.	Under current law, you cannot pay a service deposit and service is not creditable towards eligibility or computation of your retirement benefit.

*For CSRS, CSRS Offset, and the CSRS component of your TransFERS benefit, refer to Appendix: CSRS.

How Much Do I Owe?

For CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

Deposit Amount

Generally, FERS employees may pay a deposit for service not covered by retirement contributions if it was performed before 1/1/89.

For service not covered by retirement contributions performed before 1/1/89 and for service covered by refunded CSRS contributions that is now creditable under FERS, the amount of the deposit will generally be 1.3% of base pay earned during the period of service for which the deposit is made. The 1.3% applies regardless of when the service was performed or whether deductions would have been 1.3% if taken at the time the service was performed.

Interest:

- FERS deposits are charged 3% interest, accrued daily and compounded annually through 12/31/84; on or after 1/1/85, interest is at a variable rate (see variable interest rate chart on the next page).

Redeposit Amount

Employees may redeposit refunded contributions. You may also redeposit any CSRS contributions previously refunded that covered CSRS service and are now credited under FERS rules.

Interest:

- Interest (see chart next page) is charged from the date of the refund and compounded annually to the date full payment is made or the date annuity begins, whichever is earlier.
- If you do not pay for a period of this type of service, you will receive credit in determining your eligibility to retire but will not receive credit for this service in computing your retirement benefit.

Post-56 Military Service Deposit

The Post-56 Military Service Deposit is 3% of base pay for each period of military active service (not including allowances or combat pay).

Interest:

- Interest begins to accrue on the second anniversary of your civilian appointment. To avoid paying interest, deposit must be paid before the third anniversary date.

If the period of military service interrupted your civilian career, the interest begins to accrue two years after discharge from the military. The deposit will be the lesser of these two amounts:

- The civilian retirement deposit that would have been paid on the civilian wages if the employee did not interrupt their civilian career for military service, or
- The military deposit of 3%, which is computed on the military basic pay rate.

An employee who uses military leave or Annual Leave to cover part of the period of separation will not owe a military service deposit for this period.

Variable Interest Rates:*Table 9: Variable Interest Rates:*

Year	Interest Rate	Year	Interest Rate	Year	Interest Rate
1985	13.0%	1999	5.75%	2013	1.625%
1986	11.125%	2000	5.875%	2014	1.625%
1987	9.0%	2001	6.375%	2015	2.0%
1988	8.375%	2002	5.5%	2016	2.0%
1989	9.125%	2003	5.0%	2017	1.875%
1990	8.75%	2004	3.875%	2018	2.125%
1991	8.625%	2005	4.375%	2019	2.75%
1992	8.125%	2006	4.125%	2020	2.25%
1993	7.125%	2007	4.875%	2021	1.375%
1994	6.25%	2008	4.75%	2022	1.375%
1995	7.0%	2009	3.875%	2023	1.875%
1996	6.875%	2010	3.125%	2024	3.75%
1997	6.875%	2011	2.75%	2025	4.375%
1998	6.75%	2012	2.25%	2026	4.25%

Notes:

Deposit and Redeposit Payment

General Instructions for making a Deposit or Redeposit:

- The fillable forms mentioned below are located at www.opm.gov/forms
- Filing the documents to pay a deposit does NOT commit you to making the deposit payment.

NOTE: Agencies are required to provide accurate and complete counseling to all employees who seek to make civilian and military service credit deposits; this includes counseling as to the effect of paying or not paying the deposit(s) as well as the proper calculation of the deposit(s). The following instructions are general, and employees should consult HR for complete instructions.

Instructions for making a Civilian Service Credit Deposit or Redeposit

- Complete Part A of SF 3108 (FERS) or SF 2803 (CSRS), Application to Make Service Credit Payment. Be sure to include your home mailing address.
- Submit your completed application to HR. HR must certify the form and send it to OPM for final processing.
- Instructions for making the payment together with a statement of the amount due will be sent to you from OPM, as soon as the processing of your application is completed. This can take up to six months or more.
- If you are within six months of retirement, you will need to upload your application to the Online Retirement Application (ORA) portal. OPM will notify you of any amounts due so you can decide whether to make the payment. OPM will authorize your regular annuity payments once you have made your decision within 30 days of OPM notice.
- OPM accepts online payments via your financial institution or pay.gov.
- OPM will send you a statement showing that the deposit and interest is paid in full.
- Maintain this document and provide a copy of your receipt to HR and request that it be filed in your eOPF. This will indicate the deposit is paid and the service is fully creditable when preparing an estimate of your CSRS or FERS retirement benefit.
- If you are not sure if you have completed your deposit payments, you may send a request to SCReceipts@opm.gov. Include your name, SSN, DOB, or Civil Service Deposit (CSD) number, if available.

Notes:

Military Deposit Payment

If you wish to make a payment for military service credit (sometimes referred to as a “buy back”) it must be completed prior to separation from Federal service. A military service credit deposit is a payment into the Civil Service Retirement and Disability Fund (CSRDF) and is made through your agency payroll provider.

Most military retirees are barred from receiving credit toward CSRS or FERS retirement benefits unless they waive their military retired pay with the following exceptions:

- Due to 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
- Under the provisions of Chapter 1223, Title 10, U.S.C. (pertaining to retirement from a reserve component of the Armed Forces).

Note: To determine if it is worth forfeiting your military retirement to credit your service under CSRS or FERS, request two retirement estimates: one based on only civilian service and a second one using the combined military and civilian service. If the combined benefit is greater than keeping separate military and civilian retirement benefits, then compute the military deposit and evaluate if the difference is worth the cost of paying the deposit.

Note: VA Benefits do not have to be waived when combining your military service with your civilian Federal service.

Instructions for Paying Military Deposits

The following is a condensed version of instructions for completing your military service credit deposit. Complete instructions can be found at:

<https://www.dfas.mil/CivilianEmployees/militaryservice/militaryservicedeposits/>.

The first step to pay a military service credit deposit is to provide documentation of your military service. This documentation must include your rank, type of service (Title 10), character of discharge, lost time, and beginning and ending dates of service. This is required to obtain your estimated earnings. Failure to provide supporting documents may delay or prevent consideration of your request.

Form DD 214 is commonly used to document your Active Duty and must be Member-4, Service-2, Service-7, Service-8 copies only. Member-1 version is not acceptable. To obtain a copy of your DD 214 you may write to or send a military records request form, Standard Form 180 (SF-180) to:

National Personnel Record Center
Military and Civilian Personnel Records
1 Archives Drive
St. Louis, Missouri 63138

Other acceptable forms of documentation include:

- Letter from the Military Academy
- Academic Record of Classes for the time or years in question
- Any official letter on letterhead stationery and signed by a representative from an appropriate government agency/unit.

The next step is to request your military earnings by submitting form RI 20-97 and supporting documents to the military finance center. The address for the Center can be found here:

<https://www.dfas.mil/civilianemployees/customerservice/#Military>

After you receive your estimated military earnings computation from the military finance center, have HR assist you in completing the appropriate Application to Make Service Credit Payment, SF 3108 (FERS) or SF 2803 (CSRS).

Payments may be made through payroll deductions or via check or money order. The option to use pay.gov is only available if your payroll is serviced by DFAS. If you have a MyPay account, you can use this option.

Your payroll office should send you a “paid-in-full” letter after you have completed your deposit. Otherwise, you may need to request confirmation. If you make payments through payroll deductions, then you must request a paid-in-full letter through HR or a Customer Service Representative. **Save this as proof of your completed deposit.**

Notes:

Basic Retirement Benefit

The following three factors are used to determine your basic retirement benefit:

- Your total length of service
- Your High-3 average salary
- The CSRS formula or FERS formula

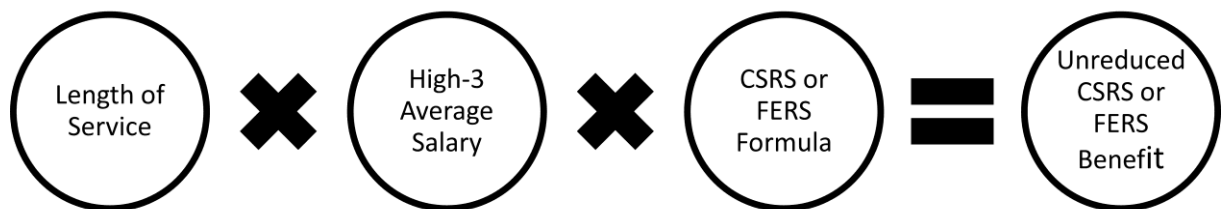
The CSRS formula or FERS formula is used to calculate your unreduced basic retirement benefit.

The CSRS Offset benefit uses the CSRS formula; however, it will be reduced when you have retired and qualify for a Social Security retirement benefit.

Table 10: Reductions and Withholdings

Reductions (reduce taxable income)	Withholdings (after tax)
Age	Federal Tax
Survivor Benefits	State Tax (as applicable)
Part-time Proration	Insurance Premiums
Unpaid Deposits (CSRS)	Former Spouse Apportionment
Alternative Form of Annuity	

Components of the Unreduced CSRS or FERS Retirement Benefit Formula



Length of Service

Your Service Computation Date (SCD) reflects the service that is creditable toward your retirement eligibility as well as in your benefit computation. Generally, you are given full credit for the period of service from your appointment date through your separation date. Your SCD may be adjusted based on types of appointments you may have had (i.e. intermittent, WAE). Verify your *retirement SCD* with your HR specialist.

$$\text{Retirement Date minus Retirement SCD} = \text{Length of Service}$$

Example 1: Dates to Calculate Length of Service

Table 11: Dates to Calculate Length of Service

Dates	Year	Month	Day
Retirement Date 12/31/2030	2030	12	31
Retirement SCD 8/18/96	1996	8	18
Length of Service 34 years	34	4	13

Example 2: Dates to Calculate Length of Service (Shorter Length of Service)

Table 12: Dates to Calculate Length of Service (Shorter Length of Service)

Dates	Year	Month	Day
	2029	17	
Retirement Date	2030	5	24+1
Retirement SCD	2019	10	12
Length of Service	10	7	13

Guidelines for subtracting and adding dates:

- Retirement benefits are paid based on a 30-day month; therefore, for computation purposes, **all months have 30 days**.
- Add 1 day to the retirement date so the total service will include the last day of employment, but do not add a day if you are retiring on the 31st.
- Add 2 days to the retirement date if retiring February 29 and add 3 days to the retirement date if retiring February 28 – this allows February to have 30 days just like all the other months.

Credit Unused Sick Leave

Employees receive credit for the total number of unused Sick Leave hours accumulated through their date of retirement.

- Unused Sick Leave hours are added to the length of service.
- Unused Sick Leave credit is used only in the computation of the retirement benefit; it is not used to establish retirement eligibility or to calculate the High-3 average salary.
- There is no limit on the amount of unused Sick Leave that can be credited.

Example: Credit Unused Sick Leave

Step 1: Convert Sick Leave hours to years, months, and days.

Enter the number of hours of unused Sick Leave.	2,268
If the total number of hours of unused Sick Leave is greater than 2,087 hours (one year), subtract 2,087 from the hours of unused Sick Leave.	Minus 2,087
The remainder number of hours more than a year.	181
Use the Converting Unused Sick Leave chart on the next page to convert the remaining Sick Leave hours into months and days.	1 month 2 days
Add back any whole year(s) to calculate the total years, months, and days.	1 year 1 month 2 days

Step 2. Add unused Sick Leave to total service

Table 13: Add unused Sick Leave to total service

	Years	Months	Days
Creditable Service	34	4	13
Unused Sick Leave	+ 1	+ 1	+ 2
Total Creditable Service	35	5	15

NOTE: TransFERS employees who have fewer hours of Sick Leave at the time of retirement than they had at the time they transferred to FERS will have their Sick Leave credited towards their CSRS component. Otherwise, the Sick Leave credit will be split between CSRS and FERS credit.

Notes:

Table 14: Converting Unused Sick Leave

Days	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
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	643	817	991	1165	1339	1513	1687	1861	2035
22	128	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	139	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	146	319	493	667	841	1015	1188	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

Use this table to convert hours of unused Sick Leave into months and days. For example, 817 hours of unused Sick Leave equals 4 months and 21 days. If the number of hours falls between two figures, use the next higher figure.

NOTE: 2,087 hours = 1 year

Calculate Your High-3 Salary

Your High-3 average salary is your highest average Basic Pay over any consecutive 3-year period in Federal service. Generally, the final 3 years of service generally result in the highest average, but an earlier period can be used if it was higher.

Your basic pay is the salary for which retirement deductions are withheld. It includes the following types of pay:

- General Schedule (GS)
- Locality-based
- Environmental
- Premium pay for standby time
- Law Enforcement Availability Pay (LEAP)
- Federal Wage System night differential
- Special pay rate for recruiting and retention purposes

The following types of pay will **not** be included:

- A lump-sum payment for accrued and accumulated Annual Leave
- Bonuses and overtime, holiday, Sunday premium, and military
- General Schedule (GS) night differential and foreign or non-foreign post differential
- Travel allowances
- Recruiting or retention bonuses

TIP: The result of multiplying your biweekly gross salary by your retirement contribution (generally 7% for CSRS employees or 0.8, 3.1, or 4.4% for FERS employees), should equal the retirement deduction shown on your Leave and Earnings Statement. If the result is less, your check includes compensation that is not part of your basic pay (i.e., overtime or a bonus).

Calculate the High-3 Salary

1. Determine the beginning of the High-3 period.

Table 15: Step 1 - Determine the Beginning of the High-3 Period

Steps	Year	Month	Day
Retirement date or end of High-3 period	2030	12	31
Subtract 3 years	– 3	– 0	– 0
Beginning of High-3 period	2027	12	31

2. Determine the Average High-3 Salary

- a. Subtract the beginning date from the end date to determine the total time.
- b. Use the time factors from the chart on page 1-25 to determine the fraction of a year that each salary rate during the High-3 period covers.
- c. Enter the annual rate of pay for each period.

- d. Multiply the time factors by the annual rate for the total basic pay.
- e. Add the entries in the Total Basic Pay column.
- f. Divide the sum of the total basic pay by 3 to determine the High-3 salary.

Table 16: Step 2 - Determine the Average High-3 Salary

Beginning Date	End Date	Total Time (Years, Months, Days)	Time Factor	Annual Rate	Total Basic Pay
1/1/2028	1/8/2028	0 – 0 – 8	.022	\$88,430	\$1,945.46
1/9/2028	1/6/2029	0 – 11 – 28	.994	\$90,783	\$90,238.30
1/7/2029	6/23/2029	0 – 5 – 17	.464	\$94,952	\$44,057.72
6/24/2029	1/5/2030	0 – 6 – 12	.533	\$99,890	\$53,241.37
1/6/2030	12/31/2030	0 – 11 – 25	.986	\$102,590	\$101,153.74
Total		3 – 0 – 0	Total Basic Pay		\$290,636.60
High-3 Salary					\$96,878.87
Round the High-3 Salary to the Nearest Dollar					\$96,879

Notes:

Table 17: Time Factors Used to Calculate the High-3 Average Salary Rates

Days	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	-----	.083	.167	.250	.333	.417	.500	.583	.667	.750	.833	.917
1	.003	.086	.169	.253	.336	.419	.503	.586	.669	.753	.836	.919
2	.006	.089	.172	.256	.339	.422	.506	.589	.672	.756	.839	.922
3	.008	.092	.175	.258	.342	.425	.508	.592	.675	.758	.842	.925
4	.011	.094	.178	.261	.344	.428	.511	.594	.678	.761	.844	.928
5	.014	.097	.181	.264	.347	.431	.514	.597	.681	.764	.847	.931
6	.017	.100	.183	.267	.350	.433	.517	.600	.683	.767	.850	.933
7	.019	.103	.186	.269	.353	.436	.519	.603	.686	.769	.853	.936
8	.022	.106	.189	.272	.356	.439	.522	.606	.689	.772	.856	.939
9	.025	.108	.192	.275	.358	.442	.525	.608	.692	.775	.858	.942
10	.028	.111	.194	.278	.361	.444	.528	.611	.694	.778	.861	.944
11	.031	.114	.197	.281	.364	.447	.531	.614	.697	.781	.864	.947
12	.033	.117	.200	.283	.367	.450	.533	.617	.700	.783	.867	.950
13	.036	.119	.203	.286	.369	.453	.536	.619	.703	.786	.869	.953
14	.039	.122	.206	.289	.372	.456	.539	.622	.706	.789	.872	.956
15	.042	.125	.208	.292	.375	.458	.542	.625	.708	.792	.875	.958
16	.044	.128	.211	.294	.378	.461	.544	.628	.711	.794	.878	.961
17	.047	.131	.214	.297	.381	.464	.547	.631	.714	.797	.881	.964
18	.050	.133	.217	.300	.383	.467	.550	.633	.717	.800	.883	.967
19	.053	.136	.219	.303	.386	.469	.553	.636	.719	.803	.886	.969
20	.056	.139	.222	.306	.389	.472	.556	.639	.722	.806	.889	.972
21	.058	.142	.225	.308	.392	.475	.558	.642	.725	.808	.892	.975
22	.061	.144	.228	.311	.394	.478	.561	.644	.728	.811	.894	.978
23	.064	.147	.231	.314	.397	.481	.564	.647	.731	.814	.897	.981
24	.067	.150	.233	.317	.400	.483	.567	.650	.733	.817	.900	.983
25	.069	.153	.236	.319	.403	.486	.569	.653	.736	.819	.903	.986
26	.072	.156	.239	.322	.406	.489	.572	.656	.739	.822	.906	.989
27	.075	.158	.242	.325	.408	.492	.575	.658	.742	.825	.908	.992
28	.078	.161	.244	.328	.411	.494	.578	.661	.744	.828	.911	.994
29	.081	.164	.247	.331	.414	.497	.581	.664	.747	.831	.914	.997

NOTE: OPM uses six decimal places; this chart has been rounded to three.

Calculate Your Basic Benefit

For CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

The FERS formula is used to calculate the basic benefit for FERS and the FERS component of TransFERS. The basic benefit may be reduced for age and survivor benefit elections. You may also use the Easy FERS Calculation Chart on the next two pages to estimate your basic benefit. There is no maximum benefit.

Example: Calculate the Basic Benefit Using the FERS Formula

- 35 Years, 5 Months of Service
- High-3 Salary of \$96,879
- Age 60

Table 18: Calculate the Basic Benefit Using the FERS Formula

Factor		High-3		Length of Service	Basic Benefit
1% or 1.1%	x	High-3	x	Total years and months of service	= Basic Benefit
1%	x	\$96,879	x	35.4167 (35 years and 5 months)	= \$34,311*/year or \$2,859/month

Employees who are age 62 or older with 20 or more years of service use 1.1%.**

Table 19: Calculate the Basic Benefit (for employees who are age 62 or older with 20 or more years of service use 1.1%)

Factor		High-3		Length of Service	Basic Benefit
1.1%	x	\$96,879	x	35.4167 (35 years and 5 months)	= \$37,742/year or \$3,145/month

*There may be a special supplement payable if you retire before age 62 on an immediate, unreduced FERS benefit (excluding FERS disability benefits). See page 1-35 for an explanation of the FERS supplement.

** Sick Leave credit can be included in the 20-year requirement. (Reference BAL 18-103: FERS Unused Sick Leave and the 1.1% Annuity Formula, at www.opm.gov)

Note: Credit for 1 year and 1 month of unused Sick Leave increased the value of this benefit by 1.08333% of \$96,879 or \$1,049/year or \$87/month. If using the 1.1% computation this would have resulted in an increase of 1.08333 of 1.1% of \$96,879 or \$1,154/year or \$96/month.

Notes:

Table 20: Easy FERS Calculation (1 Percent)

Easy FERS Calculation (1 Percent)												
Use for employees retiring under age 62 or age 62 or older with fewer than 20 years of service.												
Yrs.	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
1	.010000	.01083	.011667	.012500	.013333	.014167	.015000	.015833	.016667	.017500	.018333	.019167
2	.020000	.020833	.021667	.022500	.023333	.024167	.025000	.025833	.026667	.027500	.028333	.029167
3	.030000	.030833	.031667	.032500	.033333	.034167	.035000	.035833	.036667	.037500	.038333	.039167
4	.040000	.040833	.041667	.042500	.043333	.044167	.045000	.045833	.046667	.047500	.048333	.049167
5	.050000	.050833	.051667	.052500	.053333	.054167	.055000	.055833	.056667	.057500	.058333	.059167
6	.060000	.060833	.061667	.062500	.063333	.064167	.065000	.065833	.066667	.067500	.068333	.069167
7	.070000	.070833	.071667	.072500	.073333	.074167	.075000	.075833	.076667	.077500	.078333	.079167
8	.080000	.080833	.081667	.082500	.083333	.084167	.085000	.085833	.086667	.087500	.088333	.089167
9	.090000	.090833	.091667	.092500	.093333	.094167	.095000	.095833	.096667	.097500	.098333	.099167
10	.100000	.100833	.101667	.102500	.103333	.104167	.105000	.105833	.106667	.107500	.108333	.109167
11	.110000	.110833	.111667	.112500	.113333	.114167	.115000	.115833	.116667	.117500	.118333	.119167
12	.120000	.120833	.121667	.122500	.123333	.124167	.125000	.125833	.126667	.127500	.128333	.129167
13	.130000	.130833	.131667	.132500	.133333	.134167	.135000	.135833	.136667	.137500	.138333	.139167
14	.140000	.140833	.141667	.142500	.143333	.144167	.145000	.145833	.146667	.147500	.148333	.149167
15	.150000	.150833	.151667	.152500	.153333	.154167	.155000	.155833	.156667	.157500	.158333	.159167
16	.160000	.160833	.161667	.162500	.163333	.164167	.165000	.165833	.166667	.167500	.168333	.169167
17	.170000	.170833	.171667	.172500	.173333	.174167	.175000	.175833	.176667	.177500	.178333	.179167
18	.180000	.180833	.181667	.182500	.183333	.184167	.185000	.185833	.186667	.187500	.188333	.189167
19	.190000	.190833	.191667	.192500	.193333	.194167	.195000	.195833	.196667	.197500	.198333	.199167
20	.200000	.200833	.201667	.202500	.203333	.204167	.205000	.205833	.206667	.207500	.208333	.209167
21	.210000	.210833	.211667	.212500	.213333	.214167	.215000	.215833	.216667	.217500	.218333	.219167
22	.220000	.220833	.221667	.222500	.223333	.224167	.225000	.225833	.226667	.227500	.228333	.229167
23	.230000	.230833	.231667	.232500	.233333	.234167	.235000	.235833	.236667	.237500	.238333	.239167
24	.240000	.240833	.241667	.242500	.243333	.244167	.245000	.245833	.246667	.247500	.248333	.249167
25	.250000	.250833	.251667	.252500	.253333	.254167	.255000	.255833	.256667	.257500	.258333	.259167
26	.260000	.260833	.261667	.262500	.263333	.264167	.265000	.265833	.266667	.267500	.268333	.269167
27	.270000	.270833	.271667	.272500	.273333	.274167	.275000	.275833	.276667	.277500	.278333	.279167
28	.280000	.280833	.281667	.282500	.283333	.284167	.285000	.285833	.286667	.287500	.288333	.289167
29	.290000	.290833	.291667	.292500	.293333	.294167	.295000	.295833	.296667	.297500	.298333	.299167
30	.300000	.300833	.301667	.302500	.303333	.304167	.305000	.305833	.306667	.307500	.308333	.309167
31	.310000	.310833	.311667	.312500	.313333	.314167	.315000	.315833	.316667	.317500	.318333	.319167
32	.320000	.320833	.321667	.322500	.323333	.324167	.325000	.325833	.326667	.327500	.328333	.329167
33	.330000	.330833	.331667	.332500	.333333	.334167	.335000	.335833	.336667	.337500	.338333	.339167
34	.340000	.340833	.341667	.342500	.343333	.344167	.345000	.345833	.346667	.347500	.348333	.349167
35	.350000	.350833	.351667	.352500	.353333	.354167	.355000	.355833	.356667	.357500	.358333	.359167
36	.360000	.360833	.361667	.362500	.363333	.364167	.365000	.365833	.366667	.367500	.368333	.369167
37	.370000	.370833	.371667	.372500	.373333	.374167	.375000	.375833	.376667	.377500	.378333	.379167
38	.380000	.380833	.381667	.382500	.383333	.384167	.385000	.385833	.386667	.387500	.388333	.389167
39	.390000	.390833	.391667	.392500	.393333	.394167	.395000	.395833	.396667	.397500	.398333	.399167
40	.400000	.400833	.401667	.402500	.403333	.404167	.405000	.405833	.406667	.407500	.408333	.409167

Locate your years and months of service and multiply the decimal by your High-3 average salary.

Example: 35 years and 5 months of service with a High-3 average salary of \$96,879.

.354167 x \$96,879 = \$34,311/year or \$2,859/month

NOTE: Although this chart ends at 40 years and 11 months, there is no limit on the amount of service that can be used to compute the basic FERS benefit.

Table 21: Easy FERS Calculation (1.1 Percent)

Easy FERS Calculation (1.1 Percent)												
Use or employees retiring at age 62 or older with 20 or more years of service.												
Yrs.	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
1	.011000	.011917	.012833	.013750	.014667	.015583	.016500	.017417	.018333	.019250	.020167	.021083
2	.022000	.022917	.023833	.024750	.025667	.026583	.027500	.028417	.029333	.030250	.031167	.032083
3	.033000	.033917	.034833	.035750	.036667	.037583	.038500	.039417	.040333	.041250	.042167	.043083
4	.044000	.044917	.045833	.046750	.047667	.048583	.049500	.050417	.051333	.052250	.053167	.054083
5	.055000	.055917	.056833	.057750	.058667	.059583	.060500	.061417	.062333	.063250	.064167	.065083
6	.066000	.066917	.067833	.068750	.069667	.070583	.071500	.072417	.073333	.074250	.075167	.076083
7	.077000	.077917	.078833	.079750	.080667	.081583	.082500	.083417	.084333	.085250	.086167	.087083
8	.088000	.088917	.089833	.090750	.091667	.092583	.093500	.094417	.095333	.096250	.097167	.098083
9	.099000	.099917	.100833	.101750	.102667	.103583	.104500	.105417	.106333	.107250	.108167	.109083
10	.110000	.110917	.111833	.112750	.113667	.114583	.115500	.116417	.117333	.118250	.119167	.120083
11	.121000	.121917	.122833	.123750	.124667	.125583	.126500	.127417	.128333	.129250	.130167	.131083
12	.132000	.132917	.133833	.134750	.135667	.136583	.137500	.138417	.139333	.140250	.141167	.142083
13	.143000	.143917	.144833	.145750	.146667	.147583	.148500	.149417	.150333	.151250	.152167	.153083
14	.154000	.154917	.155833	.156750	.157667	.158583	.159500	.160417	.161333	.162250	.163167	.164083
15	.165000	.165917	.166833	.167750	.168667	.169583	.170500	.171417	.172333	.173250	.174167	.175083
16	.176000	.176917	.177833	.178750	.179667	.180583	.181500	.182417	.183333	.184250	.185167	.186083
17	.187000	.187917	.188833	.189750	.190667	.191583	.192500	.193417	.194333	.195250	.196167	.197083
18	.198000	.198917	.199833	.200750	.201667	.202583	.203500	.204417	.205333	.206250	.207167	.208083
19	.209000	.209917	.210833	.211750	.212667	.213583	.214500	.215417	.216333	.217250	.218167	.219083
20	.220000	.220917	.221833	.222750	.223667	.224583	.225500	.226417	.227333	.228250	.229167	.230083
21	.231000	.231917	.232833	.233750	.234667	.235583	.236500	.237417	.238333	.239250	.240167	.241083
22	.242000	.242917	.243833	.244750	.245667	.246583	.247500	.248417	.249333	.250250	.251167	.252083
23	.253000	.253917	.254833	.255750	.256667	.257583	.258500	.259417	.260333	.261250	.262167	.263083
24	.264000	.264917	.265833	.266750	.267667	.268583	.269500	.270417	.271333	.272250	.273167	.274083
25	.275000	.275917	.276833	.277750	.278667	.279583	.280500	.281417	.282333	.283250	.284167	.285083
26	.286000	.286917	.287833	.288750	.289667	.290583	.291500	.292417	.293333	.294250	.295167	.296083
27	.297000	.297917	.298833	.299750	.300667	.301583	.302500	.303417	.304333	.305250	.306167	.307083
28	.308000	.308917	.309833	.310750	.311667	.312583	.313500	.314417	.315333	.316250	.317167	.318083
29	.319000	.319917	.320833	.321750	.322667	.323583	.324500	.325417	.326333	.327250	.328167	.329083
30	.330000	.330917	.331833	.332750	.333667	.334583	.335500	.336417	.337333	.338250	.339167	.340083
31	.341000	.341917	.342833	.343750	.344667	.345583	.346500	.347417	.348333	.349250	.350167	.351083
32	.352000	.352917	.353833	.354750	.355667	.356583	.357500	.358417	.359333	.360250	.361167	.362083
33	.363000	.363917	.364833	.365750	.366667	.367583	.368500	.369417	.370333	.371250	.372167	.373083
34	.374000	.374917	.375833	.376750	.377667	.378583	.379500	.380417	.381333	.382250	.383167	.384083
35	.385000	.385917	.386833	.387750	.388667	.389583	.390500	.391417	.392333	.393250	.394167	.395083
36	.396000	.396917	.397833	.398750	.399667	.400583	.401500	.402417	.403333	.404250	.405167	.406083
37	.407000	.407917	.408833	.409750	.410667	.411583	.412500	.413417	.414333	.415250	.416167	.417083
38	.418000	.418917	.419833	.420750	.421667	.422583	.423500	.424417	.425333	.426250	.427167	.428083
39	.429000	.429917	.430833	.431750	.432667	.433583	.434500	.435417	.436333	.437250	.438167	.439083
40	.440000	.440917	.441833	.442750	.443667	.444583	.445500	.446417	.447333	.448250	.449167	.450083

Locate your years and months of service and multiply the decimal by your High-3 average salary.

Example: 35 years and 5 months of service with a High-3 average salary of \$96,879.

.389583 x \$96,879 = \$37,742/year or \$3,145/month

NOTE: Although this chart ends at 40 years and 11 months, there is no limit on the amount of service that can be used to compute the basic FERS benefit.

FERS MRA + 10

FERS employees (or former employees) who **have reached their MRA** but do not have enough years of service to be eligible for an immediate, unreduced benefit, may apply for a reduced benefit if they have at least 10 years of creditable service. This benefit is referred to as an MRA + 10 retirement benefit. The age and service requirement for MRA + 10 are as follows:

Table 22: MRA + 10 Age and Service Requirements

Age	Years of service
MRA	10 – 29
60 or 61	10 – 19
62 or over	Does not apply

- If you are covered under FERS and qualify for an immediate annuity under the Minimum Retirement Age (MRA) + 10 provision, you can continue the enrollment in FEHB and FEGLI when your annuity starts, as long as you meet the requirements for continuing coverage.
- If you postpone the receipt of your annuity, your FEHB and FEGLI enrollment will terminate when you separate from employment. You will be eligible for Temporary Continuation of Coverage (TCC), or you may convert to an individual contract. You may choose to resume FEHB and FEGLI coverage on the date selected for your annuity to begin.
- Under the MRA + 10 type of retirement, you are not eligible for the FERS annuity supplement.
- Your basic FERS benefit is reduced by five-twelfths of one percent for each full month the retirement date precedes your 62nd birthday (five percent for each year). This is a permanent reduction and does not increase when you reach age 62. However, you can postpone applying for the benefit to lower all or part of the reduction.
- Use the FERS 5% Age Reduction Chart to determine the age reduction factor. For a TransFERS employee, the reduction applies to both the CSRS and FERS components.

IMPORTANT: To be entitled to reinstate your insurance and credit your unused Sick Leave to your length of service, the commencement date of retirement **MUST** be no later than 2 days before your 62nd birthday. To avoid the age reduction, choose the first day of the month **AFTER** reaching age 60, if you have 20 years or more creditable service.

FERS Reduced Benefit Formula**Example: John**

- Age at separation: 57
- Creditable service: 11 years and 8 months
- The High-3 average salary: \$96,879

Factor		High-3		Creditable Service	Annuity
1%	x	\$96,879	x	11.6667 (11 years and 8 months)	= \$11,302*/year or \$941/month

Calculate Reduced Benefit

Annual Benefit		*Age Reduction Factor	Reduced Annuity
\$11,302	x	.7542	= \$8,524/year or \$710/month

* To calculate the MRA + 10 reduction, multiply the FERS basic benefit by the applicable factor from the following chart.

Table 23: FERS 5% Age Reduction Chart

Yrs.	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	.6542	.6583	.6625	.6667	.6708	.6750	.6792	.6833	.6875	.6917	.6958	.7000
56	.7042	.7083	.7125	.7167	.7208	.7250	.7292	.7333	.7375	.7417	.7458	.7500
57	.7542	.7583	.7625	.7667	.7708	.7750	.7792	.7833	.7875	.7917	.7958	.8000
58	.8042	.8083	.8125	.8167	.8208	.8250	.8292	.8333	.8375	.8417	.8458	.8500
59	.8542	.8583	.8625	.8667	.8708	.8750	.8792	.8833	.8875	.8917	.8958	.9000
60	.9042	.9083	.9135	.9167	.9208	.9250	.9292	.9333	.9375	.9417	.9458	.9500
61	.9542	.9583	.9625	.9667	.9708	.9750	.9792	.9833	.9875	.9917	.9958	1.000

NOTE: OPM uses six decimal places; this chart has been rounded to four.

Notes:

Postponed MRA + 10 Retirement

Obtain and save the following documentation prior to your separation from Federal employment:

Proof of 5 years of FEHB coverage

- SF 2809/2810 Federal Employees Health Benefits (FEHB) forms
- History reports and/or screenshots from online enrollment systems
- Must show old plan, new plan, and effective dates as evidence of coverage as family member under another's FEHB enrollment
- TRICARE/CHAMPUS
- Signed memo from agency detailing 5 years continuous coverage
- Documentation of 5 years of payroll deductions should also be submitted

Proof of 5 years of FEGLI coverage

- SF 2817 or SF 176
- SF 50s showing any FEGLI changes in 5 years immediately prior to retirement
- As last resort, submit sufficient payroll records to establish 5 years of coverage

Statement of Federal Service

- Certified Summary of Federal Service SF 3107-1
https://www.opm.gov/forms/pdf_fill/sf3107.pdf , or retirement estimate with summary of service included
- Retain copies of your Personnel Action Statements (form SF 50), which show changes in work schedule, retirement coverage and significant career changes, and your final Leave and Earnings Statement

FERS Application for Deferred or Postponed Retirement

- Form RI 92-19
https://www.opm.gov/forms/pdf_fill/ri92-19.pdf
- Publication RI 92-19a
<https://www.opm.gov/retirement-center/publications-forms/pamphlets/ri92-19a.pdf>

Notes:

Special Retirement Provisions

Special retirement provisions apply to Law Enforcement Officers, Firefighters, and Air Traffic Controllers.

Formula:

- 1.7% of the High-3 average salary x 20, plus
- 1% of the High-3 average salary multiplied by any additional years and months of creditable service.

Example:

Table 24: Example - Calculation for Special Retirement Provisions

Factor		High-3		Years and Months of Service		Total
1.7%	x	\$157,747	x	20	=	\$53,634
1.0%	x	\$157,747	x	5.5*	=	\$8,676
Annual Unreduced Basic Benefit					=	\$62,310
Monthly Unreduced Basic Benefit					=	\$5,192

*Service over 20 years can include additional time under Special Provisions, military service credit, other creditable civilian service, and/or Sick Leave.

Notes:

Table 25: Easy FERS Factor Chart for Law Enforcement Officers, Firefighters, and Air Traffic Controllers

Easy FERS Factor Chart for Law Enforcement Officers, Firefighters, and Air Traffic Controllers												
Yrs.	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
1	.017000	.018417	.019833	.021250	.022667	.024084	.025500	.026917	.028334	.029750	.031167	.032583
2	.034000	.035417	.036833	.038250	.039667	.041084	.042500	.043917	.045334	.046750	.048167	.049583
3	.051000	.052417	.053833	.055250	.056667	.058084	.059500	.060917	.062334	.063750	.065167	.066583
4	.068000	.069417	.070833	.072250	.073667	.075084	.076500	.077917	.079334	.080750	.082167	.083583
5	.085000	.086417	.087833	.089250	.090667	.092083	.093500	.094917	.096333	.097750	.099167	.100583
6	.102000	.103417	.104833	.106250	.107667	.109083	.110500	.119917	.113333	.114750	.116167	.117583
7	.119000	.120417	.121833	.123250	.124667	.126083	.127500	.128917	.130333	.131750	.133167	.134583
8	.136000	.137417	.138833	.140250	.141667	.143083	.144500	.125917	.147333	.148750	.150167	.151583
9	.153000	.154417	.155833	.157250	.158667	.160083	.161500	.162917	.164333	.165750	.167167	.168583
10	.170000	.171417	.172833	.174250	.175667	.177083	.178500	.179917	.181333	.182750	.184167	.185583
11	.187000	.188417	.189833	.191250	.192667	.194083	.195500	.196917	.198333	.199750	.201167	.202583
12	.204000	.205417	.206833	.208250	.209667	.211083	.212500	.213917	.215333	.216750	.218167	.219583
13	.221000	.222417	.223833	.225250	.226667	.228083	.229500	.230917	.232333	.233750	.235167	.236583
14	.238000	.239417	.240833	.242250	.243667	.245083	.246500	.247917	.249333	.250750	.252167	.253583
15	.255000	.256417	.257833	.259250	.260667	.262083	.263500	.264917	.266333	.267750	.269167	.270583
16	.272000	.273417	.274833	.276250	.277667	.279083	.280500	.281917	.283333	.284750	.286167	.287583
17	.289000	.290417	.291833	.293250	.294667	.296083	.297500	.298917	.300333	.301750	.303167	.304583
18	.306000	.307417	.308833	.310250	.311667	.313083	.314500	.315917	.317333	.318750	.320167	.321583
19	.323000	.324417	.325833	.327250	.328667	.330083	.331500	.332917	.334333	.335750	.337167	.338583
20	.340000	.340833	.341667	.342500	.343333	.344167	.345000	.345833	.346667	.347500	.348333	.349167
21	.350000	.350833	.351667	.352500	.353333	.354167	.355000	.355833	.356667	.357500	.358333	.359167
22	.360000	.360833	.361667	.362500	.363333	.364167	.365000	.365833	.366667	.367500	.368333	.369167
23	.370000	.370833	.371667	.372500	.373333	.374167	.375000	.375833	.376667	.377500	.378333	.379167
24	.380000	.380833	.381667	.382500	.383333	.384167	.385000	.385833	.386667	.387500	.388333	.389167
25	.390000	.390833	.391667	.392500	.393333	.394167	.395000	.395833	.396667	.397500	.398333	.399167
26	.400000	.400833	.401667	.402500	.403333	.404167	.405000	.405833	.406667	.407500	.408333	.409167
27	.410000	.410833	.411667	.412500	.413333	.414167	.415000	.415833	.416667	.417500	.418333	.419167
28	.420000	.420833	.421667	.422500	.423333	.424167	.425000	.425833	.426667	.427500	.428333	.429167
29	.430000	.430833	.431667	.432500	.433333	.434167	.435000	.435833	.436667	.437500	.438333	.439167
30	.440000	.440833	.441667	.442500	.443333	.444167	.445000	.445833	.446667	.447500	.448333	.449167

The FERS formula on the previous page explains how your benefit is calculated. You may also use this Easy FERS Calculation Chart on this page to estimate your basic benefit. Simply locate your years and months of service on the chart and multiply the decimal by your High-3 average salary.

Example: 25 years and 6 months of service at a High-3 average salary of \$157,747.
 $.395000 \times \$157,747 = \$62,310/\text{year}$ or $\$5,192/\text{month}$

NOTE: Although this chart ends at 30 years and 11 months, there is no limit on the amount of the basic FERS benefit. However, these special groups are subject to a mandatory retirement age.

Part-Time Service

CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

Table 26: Part-Time Service

Calculate the High-3 average using:	Credit the service as:	Prorate the service:
Full-time basic pay rates	Hours actually worked	Divide the total hours worked by the total hours the employee would have worked, if full time.

Example: Calculate FERS benefits with part-time service

Celine worked for the Department of Justice for 20 years. She worked part time, 32 hours per week during this entire time.

Her full-time High-3 is \$96,879 even though she is only earning \$77,503 per year by working 32 hours per week. The High-3 average salary is based on the full-time pay rates even when the employee is working a part-time schedule.

- Determine the total hours worked.
20 years x 32 hours x 52 weeks = 33,280 hours
- Determine the total hours the employee would have worked if she had been employed full-time (using a 2,087-hour work year).
20 years x 2087 hours = 41,740 hours
- The part-time proration factor is the hours worked divided by the full-time hours.
 $33,280 \text{ hours} / 41,740 \text{ hours} = .7973$
- Multiply the part-time percentage by the full-time benefit that was computed using the general FERS formula and the full-time High-3.
20 years x 1% x \$96,879 = \$19,375/year or \$1,614/month
 $\$19,375 \times .7973\% = \$15,447/\text{year or } \$1,291/\text{month}$

Note: If Celine had only worked for 3 years at 32 hours/week and 17 years at 40 hours/week, the part-time proration factor would have been calculated as follows:

$[17 \times 2087 = 35,479 \text{ hours}] + [3 \times (2087 \times 80\%) = 5,008.8 \text{ hours}] = 40,487.80 \text{ actual hours} / 41,740 \text{ full-time hours} = .97 \text{ or } 97\%$

Notes:

FERS Annuity Supplement

What is the FERS Annuity Supplement?

- Provides a bridge between retirement and first eligibility for Social Security (normally 62)
- There is no application for this benefit because it is part of the FERS basic retirement benefit
- The Supplement is NOT included in interim pay while retirement benefit is being processed by OPM (but will be paid retroactively)

Eligibility:

- Under age 62
- Immediate, unreduced retirement
- Under early retirement, paid after reaching the FERS MRA
- Under Special Provisions, paid **immediately** at retirement and not subject to an earnings limit until reaching FERS MRA
- Reduced and postponed MRA + 10 retirements are not eligible for the Supplement

Calculation:

- Approximates the Social Security benefit using only FERS **civilian** service
- For TransFERS employees, use service only after the transfer to FERS
- The FERS Supplement does NOT receive any cost-of-living adjustments

Example:

Table 27: Example - FERS Annuity Supplement

Steps	Calculation
1. Use the Social Security benefit estimated at age 62, available at https://www.ssa.gov/	\$2,200
2. Years of FERS civilian service rounded to the nearest year	30 years
3. Divide Step 2 by 40	$30 \div 40 = 0.75$
4. Multiply Step 1 by the result of Step 3; resulting in the estimated amount of FERS Supplement	$(\$2,200) (75\%) = \$1,650 \text{ per month}$ or \$19,800/year

FERS Annuity Supplement is subject to an earnings limit.

- The supplement is reduced by \$1 for every \$2 earned above the annual earnings limit. For 2025, the limit is \$23,400 and \$24,480 for 2026.
 - Included: wages, salaries, and net income from self-employment.
 - Not included: retirement income, lump sum Annual Leave payment, investment income, survivor benefits, and gifts or inheritances.
- You will receive an annual earnings survey by mail (usually in May) to declare your earnings for the prior year or since your date of retirement. The appropriate adjustment, if applicable, is made effective July 1st and reflected in the August 1st annuity payment.
- The reduction for excess earnings does not apply under the Special Provisions until reaching the MRA.
- For more information see form RI-92-022, Annual Supplement Earnings Report at <https://www.opm.gov/forms/>

EXAMPLE: Shawn retired August 31, 2025, and is receiving a FERS supplement of \$1,800/month. After retirement, he was reemployed in the private sector; this is how his FERS supplement will be affected:

- Earnings from September – December 2025: \$25,500
 - $\$25,500 - \$23,400$ (2025 earning limit) = \$2,100
 - FERS Supplement will be reduced in July 2026 by \$1 for every \$2 exceeding \$23,400: $\$2,100 / 2 = \$1,050/\text{year}$ or \$87.50/month
 - Amount payable on August 1, 2026: \$1,712.50/month (\$1,800 - \$87.50)
- Next earnings survey due in 2027 to report his 2026 earnings.
 - Earnings 2026: \$75,000
 - $\$75,000 - \$24,480$ (2026 earning limit) = \$50,520
 - $\$50,520 / 2 = \$25,260 / 12 = \$2,105$
 - \$2,105 is greater than \$1,712.50, therefore the supplement will be terminated on August 1st, 2027 (the July payment).

EXAMPLE: Pat retired under the Special Provisions for Law Enforcement Officers at age 51 on December 31, 2025. She is receiving a supplement of \$1,957/month based on 29 years of service. Pat is reemployed in the private sector and earns \$120,000 in 2026. OPM will not send an earnings survey until she reaches age 57 (her MRA).

Note: If the supplement was terminated, OPM will stop mailing the survey. If you stop working or your earnings decrease, you may qualify for restoration of the supplement. Restoration will be retroactive to January 1st following the year your income decreased below the annual limit. Contact OPM at 1-888-767-6738 or email retire@opm.gov. You must submit a copy of your tax return for a review of earnings for the tax year in question. If you file a joint tax return, include W2s of your spouse.

Disability Retirement

CSRS and CSRS Offset, and the CSRS component of TransFERS, refer to Appendix: CSRS.

In general, employees who transfer to FERS are covered by FERS disability rules and will not have a separate CSRS component.

Applicants must complete SF 3107, Application for Immediate Retirement, and SF 3112, Documentation in Support of Disability Retirement Application. Also, applicants must apply for Social Security disability benefits and include a receipt or notice of approval or disapproval from the Social Security Administration.

- Employees covered under Special Provisions may be entitled to an enhanced calculation of the disability retirement benefit. The annuity computation may be prorated to reflect a more generous computation for the "covered" service, even though the Special Provisions age or service requirements were not met at the time of your disability retirement.
- If already age 62, or if eligible for immediate retirement, the earned retirement will be paid.
- This information does not pertain to benefits under the Office of Workers' Compensation Programs (OWCP) for employment-related injuries and occupational diseases.

Table 28: FERS Disability Formulas

FERS Disability Formulas					
First 12 months	60% of High-3	Minus	100% of Social Security benefit, if entitled	=	Disability benefit
Starting the 13th month	40% of High-3	Minus	60% of Social Security benefit, if entitled	=	Disability benefit
Starting at age 62	The amount the retiree would have received if they had worked until the day before their 62 nd birthday.			=	Disability benefit

Example:

Martha has been approved for disability retirement under FERS. She has been denied a Social Security disability benefit.

- Age: 42
- Years of service: 20
- High-3 average salary: \$72,553

First 12 months	$60\% \times \$72,553$	=	\$43,531.80/year or \$3,627/month
Starting the 13th month	$40\% \times \$72,553$	=	\$29,021.20/year or \$2,418/month
Starting at age 62	$40^* \times 1.1\% \times \$124,000^{**}$	=	\$54,560/year or \$4,546/month

*20 years of actual service plus 20 years receiving disability benefits.

**High-3 increased by all FERS cost-of-living increases while receiving a disability annuity, regardless of whether the annuity was actually increased by the COLAs.

Martha may be eligible for Social Security retirement benefits at age 62.

Alternative Form of Annuity

A CSRS or FERS employee who separates from Federal service under non-disability retirement but with a life-threatening medical condition may elect to receive a lump-sum credit of retirement contributions (including unrefunded retirement contributions, civilian service credit deposits, and military service credit deposits) and will receive an actuarially reduced retirement benefit.

The election of this Alternative Form of Annuity (AFA) does not affect the value of the survivor benefit but does require the consent of the current spouse. In the case of a former spouse who is entitled by court order to a survivor benefit or a portion of the retirement benefit, the law prohibits election of an AFA even if the former spouse consents.

A physician's statement certifying the existence of a life-threatening condition must be attached to the retirement application along with a statement indicating interest in making the AFA election.

The following are examples of life-threatening conditions:

- Class IV (any physical activity brings on discomfort and symptoms that occur at rest) cardiac disease with congestive heart failure
- Respiratory failure
- Emphysema with respiratory failure
- Cardiac aneurysm
- Active AIDS
- Aplastic anemia

The reduction to the benefit is based on the retiree's age at the time of retirement and the amount of the lump-sum credit. If an employee owes any redeposits or deposits for civilian service and elects the AFA, the redeposits and deposits are deemed to have been paid when computing the retirement benefit. Post-56 military service deposits are not deemed made under the AFA provisions and must be paid to the employing agency before retirement.

Notes:

Cost-of-Living Adjustment

CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

The Cost-Of-Living Adjustments (COLAs) for retirement and survivor annuities are based on the Consumer Price Index (CPI-W), which is a measurement of inflation. This is not the same as the basic pay adjustment that employees generally receive at the beginning of the leave year, which is determined by an Act of Congress.

Table 29: Recent History of COLA for Retirees

Year	Amount of Increase	Year	Amount of Increase
2012	2.6%	2020	1.6 %
2013	1.7%	2021	1.3%
2014	1.5%	2022	4.9%
2015	1.7%	2023	7.7%
2016	0%	2024	2.2%
2017	0.3%	2025	2.0%
2018	2.0%	2026	2.0%
2019	2.0%		

COLA Provisions for FERS

COLAs are provided for:

- Retirees who are age 62 or older
- Retirees of any age who are retired under disability, including military reserve technicians who are medically disqualified for military service or the rank required to hold their positions
- Retirees of any age who retired under Special Provisions for Law Enforcement Officers, Air Traffic Controllers, and Firefighters
- Survivor annuitants

COLAs are adjusted by the percentage increase in the CPI up to 2%. If the CPI is:

- More than 2% but less than 3%, the adjustment will be 2%
- 3% or more, the FERS benefit is adjusted by the CPI minus 1%

If you are entitled to a COLA the first year of retirement, the COLA will be prorated based on the months you were retired before the effective date of the COLA.

Example: COLA in first year of retirement

Janice will retire on September 30th, 2026, at age 64, and will be retired for two months before December 1, 2026, the effective date of the COLA. When she receives her December 2026 annuity payment (approximately January 1, 2027), she will also receive 2/12 of the COLA.

Reemployed Annuitants

- Retirees who return to Federal employment
 - Generally, reemployed annuitants continue to receive their full annuity benefit during their reemployment, but their salary is offset by the amount of their annuity.
- Dual Compensation Waiver
 - Some reemployed annuitants will not be subject to the salary offset if they retire under the provisions of a Dual Compensation Waiver.
 - If they are authorized to retire under this provision, reemployed individuals can only serve under limited appointments.
 - For more information: <https://www.opm.gov/policy-data-oversight/hiring-information/dual-compensation-waivers/#url=unusual>
- Retiree who is rehired under a personal services contract
 - Used for expert/consultant roles, temporary needs, or when direct hiring is not feasible.
 - This requires special authority and is not considered a return to Federal employment.

Note: Work for a government contractor is not considered reemployment in Federal service and would not affect your annuity.

Resources for Reemployed Annuitants

Office of Personnel Management Dual Compensation Waiver

<https://www.opm.gov/policy-data-oversight/hiring-information/dual-compensation-waivers/>

CSRS/FERS Handbook, Chapter 100 Reemployed Annuitants

<https://www.opm.gov/retirement-center/publications-forms/csrsfers-handbook/c100.pdf>

Volunteer with National Park Service

<https://www.aarp.org/work/job-hunting/info-03-2012/seasonal-park-jobs-for-older-workers.html>

American Association of Retired Persons, Work and Retirement

www.aarp.org/work/

RetirementJobs.com – Jobs for People Over 50 with Nationwide Job Listings

www.retirementjobs.com

Court Order Acceptable for Processing (COAP)

What is a COAP?

A Court Order Acceptable for Processing (COAP) is a legal judgment, decree, or property settlement issued by a court—or approved by a court in connection with a divorce, annulment, or legal separation—that specifically directs the division of Federal employee retirement benefits (CSRS/FERS) or survivor annuities to a former spouse.

Important: To avoid any delays in the processing of your retirement with OPM, a court-certified copy of the order should be sent to the following address **within 60 days of the divorce being finalized**:

U.S. Office of Personnel Management
Retirement Services Program
Court Order Benefits Branch
P.O. Box 17
Washington, D.C. 20044-0017

Benefits paid to a former spouse may include:

- **CSRS and FERS Benefits**
 - Retirement Annuity
 - Refunded Retirement Contributions
 - Survivor Annuity
 - Disability Annuity
- **Thrift Savings Plan:** Please note that a different agency, the Federal Retirement Thrift Investment Board, administers the Thrift Savings Plan (TSP) for Federal employees (See TSP Module for additional information).
- **Social Security Spousal and Survivor Benefits** (See Social Security module).
- **Military Retired and Retainer Pay:** Court orders affecting this benefit are administered by the Defense Finance and Accounting Service. You may visit the DFAS website (www.dfas.mil) for additional information. Rules governing military benefits are governed by Title 10 US Code, Part 2, Chapter 71, §1408.

Criteria for Former Spouse Entitlement

Court orders awarding CSRS or FERS retirement and/or survivor benefits must expressly provide for payment of a portion of the retiree's monthly annuity and/or a reduction to the annuity for the cost of the former spouse survivor benefit. If a former spouse is awarded both a portion of the annuity AND a survivor benefit, the annuitant will bear the cost of the survivor benefit from their share of the annuity by default (unless the court order specifies that the reduction for the cost of the survivor benefit be applied equally to both the annuitant and former spouse share of the annuity).

The former spouse's share must be stated as a fixed amount, a percentage, or a fraction of the annuity, or be expressed as a formula whose value is readily apparent from the face of the order or normal OPM files.

If the apportionment amount is derived using a formula, percentage, or fraction, the order must specify the type of annuity to which the formula, percentage, or fraction is to be applied (self-only, gross, or net).

Factors that affect payment include:

- Retirement system
- Specific dates of divorce and retirement
- Age of former spouse
- Length of marriage and whether former spouse has remarried
- Application deadlines
- Other qualifying court orders in force

Retirement Application with Former Spouse Entitlement

If a court order awards CSRS or FERS retirement and/or survivor benefits, a copy of your court order must accompany your retirement application.

Note: Apportionment orders concerning CSRS and FERS are not subject to the Employee Retirement Income Security Act (**ERISA**). Court orders that affect the private sector pensions are governed by ERISA. However, CSRS and FERS are governmental plans and are exempt from ERISA.

Note: Court orders used to divide private sector pension plans, called Qualified Domestic Relations Orders or “**QUADROS**” are not valid under FERS or CSRS.

Note: The Court Ordered Benefits Branch at OPM will determine the proper payments according to the language in the court order.

For further information your legal counsel should consult the OPM Handbook for Attorneys: <https://www.opm.gov/healthcare-insurance/healthcare/reference-materials/attorney-handbook/>

More information on submitting a court order to OPM can be found in **Pamphlet RI-84-1, Court-Ordered Benefits for Former Spouses**: <https://www.opm.gov/retirement-center/publications-forms/pamphlets/ri84-1.pdf>

Survivor Benefits

Survivor benefits are payable upon the death of the employee or retiree.

Survivor benefits payable upon death of a Federal employee

- Spousal monthly survivor benefit (spouse/former spouse)
- FERS Basic Employee Death Benefit (spouse/former spouse)
- Children's monthly survivor benefits
- Lump-sum payments

Survivor benefits payable upon death of a Federal retiree

- Elected spousal (current and/or former) monthly survivor benefit
- Insurable interest survivor benefit
- Children's monthly survivor benefits
- Lump-sum payments
- FERS Spousal Supplement

Notes:

Designation of Beneficiary

If you die leaving no survivors who qualify for a survivor benefit, your contributions to the retirement fund will be paid as a lump-sum payment according to your most recent valid beneficiary designation. If you did not designate a valid beneficiary, the payment will be made using the following order of precedence:

1. Your widow or widower
2. Your children, with the share of any deceased child distributed among the descendants of that child (not including stepchildren)
3. Your parents in equal shares or the entire amount to the surviving parent
4. Determined by the executor of your will or the administrator of your estate
5. The next of kin determined by OPM to be entitled under the laws of the domicile of the deceased at the date of death.

Table 30: Designation of Beneficiary Forms www.opm.gov/forms

Name	Form
CSRS and FERS (retirement contributions and final retirement payment)	SF 3102
Unpaid Compensation of Deceased Civilian Employee (last paycheck and Annual Leave)	SF 1152
FEGLI (Federal Employees' Group Life Insurance)	SF 2823
TSP (Thrift Savings Plan) found at www.tsp.gov	<i>My Account</i> at tsp.gov

Notes:

Spousal Survivor Benefits: Death of Federal Employee

CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

FERS Spousal Survivor Benefits payable upon death of a Federal Employee

If you have at least 18 months of creditable Federal civilian service, your spouse will receive a lump-sum death benefit of \$43,800.53 (for deaths after 12/01/2025) plus 50% of your final salary (or High-3 salary, if greater).

If you have completed at least 10 years of total creditable service (minimum 18 months of civilian service), your spouse will also receive a monthly survivor benefit. The amount will be computed as if you retired voluntarily, with no age reduction, on the date of death. Your surviving spouse will receive 50% of the basic retirement benefit. (This is also payable upon the death of a former employee under certain circumstances.)

CSRS/FERS Qualifying Criteria for Former Spouse Survivor Benefit

A former spouse may receive a survivor benefit if:

- The marriage to the employee lasted at least 9 months; and
- A survivor benefit was awarded by court order or decree in a divorce taking place after May 6, 1985 (a court order has priority over a current spouse's benefit); and
- The former spouse did not remarry before age 55 (unless the marriage between the employee and the former spouse lasted at least 30 years).

Notes:

Children's Survivor Benefit

This benefit is payable to dependent children upon the death of an employee or retiree with no election required. Someone will need to apply for this benefit on behalf of the eligible child or children. A dependent child is defined as:

- A child who:
 - Is a natural child;
 - Is adopted;
 - Is a stepchild; or
 - Was born out of wedlock and lives with the employee or retiree in a regular parent-child relationship or is supported by the employee or retiree, either by court order or by a voluntary regular and substantial contribution.
- A child who is unmarried
- A child who is under age 18 or is:
 - Age 18–22 and a full-time student; or
 - Over age 18 and was disabled prior to age 18

Table 31: Children's Survivor Benefits

	Amount Payable to Survivor
CSRS	A fixed rate per child determined each year. 2026 rate (effective December 1, 2025 thru November 30, 2026): • \$692 per month per child with a maximum of \$2,076 per month divided by the number of eligible children, if over 3 (if the child or children have a living parent who was married to the employee or retiree) • \$830 per month per child with a maximum of \$2,492 per month divided by the number of eligible children (if the child or children have no living parent who was married to the employee or retiree)
FERS	A child's survivor benefit rate is calculated as follows: 1. The total amount payable to all children under CSRS 2. Minus the total amount payable to all children by Social Security 3. Divided by the number of children In many cases the Social Security benefit is greater, so the FERS benefit is reduced to zero.

Children's survivor benefits payable upon death in service are the same as above.

CSRS COLA rates apply to children's benefits, regardless of whether the child's parent was under CSRS or FERS.

Spousal Survivor Benefit: Elections at Retirement

Current Spouse

When applying for retirement, you may elect to provide a maximum, a partial, or no survivor benefit for your current spouse. The spouse must provide consent unless a full survivor benefit is elected. The maximum or partial election ensures continued health benefits for a surviving spouse.

If your spouse is eligible for their own immediate (not deferred) CSRS or FERS annuity, it is not necessary to leave a survivor's benefit for your spouse to carry health benefits. Each spouse must have been continuously enrolled or covered as a family member in FEHB for 5 years prior to their own retirement so that both spouses may carry their own coverage.

The survivor benefit reduction is on a pre-tax basis. You do not need to be in good health to make this election.

The requirements for spousal benefits are as follows:

- The retiree must have been married for at least 9 months, or until the birth of the first child of their marriage. This is not a requirement in the case of accidental death.
- The benefit is payable on the day after the retiree's death and ends on the last day of the month preceding the month in which the survivor dies or remarries before age 55 (unless the survivor's marriage to the retiree lasted for at least 30 years). The benefit may be reinstated if the remarriage ends.

Guidelines for Changes after Retirement

- A retiree can revoke or change a survivor election within 30 days of the first regular monthly payment. After 30 days a retiree may not **reduce** the survivor benefit elected.
- A retiree may request in writing, within 18 months of retirement, to cancel a waiver of the benefit or to **increase** a current spouse's survivor benefit election. There will be a substantial penalty for a post-retirement election to increase the election made at retirement.
- If the retiree marries after retirement, they may elect to provide a survivor benefit within 2 years (1 year if retired under a disability) of the marriage. The retiree will be charged as if the election were in effect during their entire retirement, the result being an actuarial reduction to consider the amount of unreduced benefit already received.
- Upon request of the retiree, the reduction for the survivor benefit ends if the spouse predeceases or divorces the retiree.

Former Spouse

At the time of retirement, if you have a living former spouse who is entitled to a spousal survivor benefit based on a court order, you should include a certified copy of the court order with the submission of your retirement application. The court order takes precedence over any other election.

If there is no court order, the retiree may elect to provide a former spouse with survivor benefits; however, if the retiree is remarried, the current spouse must consent to this election.

A former spouse's benefit terminates upon their death, remarriage before age 55 (unless their marriage to the retiree lasted 30 years or more), or the terms established in a court order. The benefit may **not** be reinstated if the remarriage ends.

If you have remarried by the time of your retirement, make your spousal election in the manner that would be preferred if there were no benefit payable to a former spouse. If your former spouse loses entitlement by death or remarriage prior to age 55, the election made at retirement will prevail.

Notes:

Spousal Survivor Benefit: Death of Retiree

CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

Table 32: Survivor Benefits for a Current Spouse or Eligible Former Spouse

	Survivor Benefit	Reduction to Retirement Benefit
FERS Maximum	50% of the unreduced FERS benefit*	10% of the FERS benefit
FERS Partial	25% of the unreduced FERS benefit*	5% of the FERS benefit

Example:

Table 33: Example - Survivor Benefits for a Current Spouse or Eligible Former Spouse

	Survivor Benefit	Retirement Annuity with Reduction
FERS Maximum	Unreduced FERS benefit = \$30,000 50% x \$30,000 = \$15,000/year or \$1,250/month	10% x \$30,000 = \$3,000 \$30,000 – \$3,000 = \$27,000/year or \$2,250/month
FERS Partial	Unreduced FERS benefit = \$30,000 25% x 30,000 = \$7,500/year or \$625/month	5% x \$30,000 = \$1,500/year or \$125/month \$30,000 – \$1,500 = \$28,500/year or \$2,375/month

* MRA + 10 age reduction applies

FERS Spousal Supplement

A surviving spouse of a FERS retiree may be eligible to receive an annuity supplement if they are:

- Entitled to a current spouse survivor benefit; and
- Under age 60; and
- Entitled to Social Security survivor benefits at age 60 (based on the deceased annuitant's employment under Social Security); and
- Not presently eligible for Social Security benefits as a parent of an eligible child or for disability benefits based on the deceased's account.

The annuity supplement is the lesser of:

- The amount by which an assumed CSRS survivor annuity exceeds the FERS survivor annuity; or
- The amount of the hypothetical Social Security spousal survivor benefit.

TransFERS

Survivor benefits are computed and paid under FERS rules. The benefit is not prorated with a separate CSRS component.

Insurable Interest Survivor Benefit

At retirement, an employee may elect a reduced benefit to provide an insurable interest benefit to a current or former spouse or other beneficiary who has an "insurable interest" in the employee. An individual has an *insurable interest* in you if they are benefiting from you financially while you are alive.

The requirements for this election are:

- You are responsible for arranging and paying the costs of a current medical examination showing that you are in good health.
- You must not retire under disability.
- Spousal consent is not required. However, in the case of a married retiring employee, an insurable interest election may not be made on behalf of a current spouse unless the current spouse has consented to an election not to provide a regular current spouse survivor annuity.

If the person is not a close relative, you must provide proof that they depend on you for support by submitting an affidavit(s) from one or more persons with personal knowledge of the relationship. The affidavit(s) must set forth:

- The relationship, if any, between the employee and the person named to receive the annuity.
- The extent to which that person is dependent on the employee; and
- The reasons why they might reasonably expect to derive financial benefit from the employee's continued life.

The affidavit(s) should be attached to the retirement application.

Table 34: Survivor Benefit and Reduction to Retirement Benefit

Survivor Benefit	Reduction to Retirement Benefit
55% of the reduced benefit (reductions for age, unpaid deposit, and survivor benefit elections)	10% if person named is older, the same age, or fewer than 5 years younger than retiree 15% if between 5 and 9 years younger 20% if between 10 and 14 years younger 25% if between 15 and 19 years younger 30% if between 20 and 24 years younger 35% if between 25 and 29 years younger 40% if 30 or more years younger

Retirement Processing

- Choosing Your Retirement Date
- The Best Day to Retire
- Applying For Retirement

Notes:

Choosing Your Retirement Date

CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

Now that you have determined when you are eligible to retire and the amount of your retirement benefit, then it is time to determine the best day to retire. Choosing the right retirement date can save you hundreds and sometimes even thousands of dollars.

Generally, retirement begins the first day of the month following your separation from Federal service. If the nature of the separation is involuntary, such as Discontinued Service Retirement or mandatory retirement under Special Provisions, then the retirement begins the day after separation or your last day of pay. Consult with your HR Specialist if you are retiring under Disability or Deferred retirement.

Payment for Unused Annual Leave

An employee will receive a lump-sum payment for any unused Annual Leave at retirement.

Generally, a lump sum payment will equal the pay the employee would have received had they remained employed until expiration of the period covered by the Annual Leave. If you retire before the end of a leave period, you will not receive your last leave accrual.

Table 35: Example - Payment for Unused Annual Leave

Example	Compute Hourly Pay Rate	Compute Lump Sum Payment
Leave Carry Over from Previous Year: 240 Accumulated Leave in Year of Retirement: 208 Total: 448 (240 + 208)	$\$75,000 / 2087 = \$36$ (Annual rate divided by 2087)	$\$36 \times 448 = \mathbf{\$16,128}$ If there is a 3.5% annual pay increase granted to all employees during the entire period covered by the leave, this payment would be adjusted by an additional \$535.

NOTE: To be paid for the use or lose leave, the employee must be retired prior to the end of the leave year. For most Federal employees, the 2026 leave year will end January 9, 2027.

The lump sum Annual Leave payment is subject to withholding for Federal, state (if applicable), FICA and Medicare tax withholding.

Your retirement will be effective on the date elected on your retirement application. If this is a normal workday or a paid holiday, you will receive salary for that day rather than retirement pay.

The Best Day to Retire

Table 36: Tips for Choosing the Best Retirement Date

If you retire on:	Your benefit will begin:	This choice is:
June 15	July 1 (payable August 1)	OK, but you would receive no compensation from June 16 through June 30.
June 30	July 1 (payable August 1)	This date is better because your last day of pay will be June 30 th , and first day of retirement is July 1 st ; there will be no break in compensation.
December 31	January 1 (payable February 1)	This date will maximize your lump-sum leave payment. By retiring before the end of the leave year, you will be entitled to receive a lump-sum payment for your Annual Leave balance. Generally, a lump-sum payment will equal the pay that you would have received had you remained employed until the expiration of the period covered by the Annual Leave. This lump sum payment will be taxed in the new tax year since the payment is generally received 4 – 6 weeks after separation.
Last day of the leave year	February 1 (payable on March 1)	To receive your final leave accrual before the use-or-lose deadline, you can retire on the last day of the leave year. However, you will forfeit your January leave payment in exchange for this additional annual leave amount. This date works best for employees retiring with a lesser amount of service and when the leave year ends mid-January.

Table 37: 2026 Leave Periods

2026 Leave Periods					
1	Jan 11 – Jan 24	10	May 17 – May 30	19	Sept 20 – Oct 3
2	Jan 25 – Feb 7	11	May 31 – Jun 13	20	Oct 4 – Oct 17
3	Feb 8 – Feb 21	12	Jun 14 – Jun 27	21	Oct 18 – Oct 31
4	Feb 22 – Mar 7	13	Jun 28 – July 11	22	Nov 1 – Nov 14
5	Mar 8 – Mar 21	14	July 12 – July 25	23	Nov 15 – Nov 28
6	Mar 22 – Apr 4	15	July 26 – Aug 8	24	Nov 29 – Dec 12
7	Apr 5 – Apr 18	16	Aug 9 – Aug 22	25	Dec 13 – Dec 26
8	Apr 19 – May 2	17	Aug 23 – Sept 5	26	Dec 27 – Jan 9
9	May 3 – May 16	18	Sept 6 – Sept 19		

Future leave year beginning and ending dates: <https://www.opm.gov/policy-data-oversight/pay-leave/leave-administration/fact-sheets/leave-year-beginning-and-ending-dates/>

Applying for Retirement

Apply for Retirement

Starting in 2025, agencies began using a digital retirement application called the Online Retirement Application (ORA) system. Most Federal agencies are now submitting applications using this system; however, check with your HR office to determine whether you are to fill out a paper application (SF 2801 CSRS or SF 3107 FERS Application for Immediate Retirement) or use this new online system.

You will need to contact HR, if your agency is using the ORA system, to request access to begin the retirement application at least 30 – 90 days before your retirement date. You will receive an initial email from no-reply-ora@opm.gov at your personal email address (that you provided during the intake process). Click the link in the email to visit the ORA portal. Select, "I am an applicant." This will take you to Login.gov.

Tips for completing your paper (SF 3107) or Online Retirement Application (ORA)*

The ORA system will populate some of the fields using data from your eOPF; however, it is important to verify the accuracy. Each section of the ORA will display a checkmark indicating completion. Sections requiring your attention will not show a checkmark. The HR office and payroll provider will review this before submitting it to OPM for final processing.

If you are completing form SF 3107, each section will be identified by a letter (i.e. A, B, C, etc.) as shown below. The ORA will request the same information in a similar order.

Section A – Identifying Information

- Be sure to use home address and phone number and update as necessary to receive important information.

Section B – Federal Service

- Complete Schedule A and/or B on the SF 3107 if you answer "yes" to Military Service questions.
- If you answer "yes" on the ORA, you will be prompted to provide additional information regarding military service.

Section C – Marital Information

- Attach (SF 3107) or upload (ORA) your Marriage Certificate and/or Divorce Decree, as applicable.

Section D – Annuity Election

- To continue health benefits upon your death for your current spouse, elect at least a partial survivor benefit to allow your surviving spouse to continue FEHB coverage.
- Spousal consent is required if you choose partial or no survivor benefit for your spouse.
- If you have a current and former spouse, OPM will honor a court order to a former spouse first if it provides a survivor benefit. Be sure to make this election for your current spouse in case your former spouse loses entitlement.

Section E – Insurance Information

- Your FEHB coverage will be transferred to OPM if you meet the eligibility requirements.
- To continue FEGLI into retirement, you will need to indicate the amount of coverage by completing form SF 2818 or the FEGLI section of the ORA.
- If you carry supplemental coverage under Federal Employee's Dental and Vision Insurance Program (FEDVIP) or Federal Long Term Care Insurance (FLTCIP), you will be billed for these premiums until your retirement is finalized, at which time they will be withheld from your monthly retirement payment.

Section F – Other Claim Information

- Complete Schedule C (SF 3107) if you answer "yes" to Workers' Compensation question.
- If you answer "yes" on the ORA, you will be prompted to provide additional information regarding Workers' Compensation.
- You will be asked to provide information if you have **previously** retired (only if you are currently a reemployed annuitant), applied for a refund of retirement contributions, or completed a civilian deposit or redeposit.
- The claim numbers for deposit/redeposits that were made can be found on the OPM statement received when you made the payments.

Section G – (Optional) Information About Unmarried Dependent Children

- Completion will indicate children who may be entitled to a survivor benefit.

Section H – Payment Instructions

- If you change banks in retirement, be sure to update this information with OPM.
- If you want Federal income tax withheld, attach (SF 3107) or upload (ORA) form W4-P (Withholding Certificate for Pension or Annuity Payments).

Section I – Applicant Certification

- Be sure to sign the SF 3107 form before submitting to HR.
- You will provide your electronic signature if using the ORA.

SF 3107-1 Certified Summary of Federal Service

- Your HR office will complete this once you submit your application to retire.
- Once HR certifies the form, review and sign to indicate your service is complete.
- **ORA:** Review service history entered by HR Specialist – request corrections if necessary.

SF 3107-2 Spouses Consent to Survivor Election

- Attach or upload notarized form if married and did not elect the maximum spousal survivor benefit (Question 1, Section D – Annuity Election).
- Expiration date of commission of Notary Public must be *after* your retirement date.
- Your *spouse's* signature must be notarized in Part 2 of this form.

SF 3102 Designation of Beneficiary (CSRS or FERS) and SF 2823 Designation of Beneficiary (FEGLI)

- If you complete Form **SF 3107**, attach forms SF 3102 and/or SF 2823.
- **ORA:** Upload forms SF 3102 and/or SF 2823.

SF 2818 Continuation of Life Insurance Coverage

- If you complete Form **SF 3107**, attach form SF 2818.
- **ORA:** Election of life insurance options is not a separate form

* CSRS, CSRS Offset, and CSRS component of TransFERS, refer to Appendix: CSRS.

Last paycheck and payment for unused Annual Leave

The payroll office will pay your last paycheck and lump-sum Annual Leave payment. Then, they will close out your pay and retirement records and forward your retirement to OPM. You should receive a notice from payroll with the date you have been separated from the agency and your retirement package has been transferred to OPM.

When you receive your first CSRS or FERS payment

Once OPM receives all your retirement records and determines you are entitled to an annuity, they will provide "interim" payments of approximately 60 – 80% of your full annuity. These payments represent a portion of your final benefit and are usually made on the first business day of each month. These payments will continue until OPM finishes processing your application. You will receive your CSA# and password which will allow you to track the status of your application at OPM using www.servicesonline.opm.gov.

Withholdings from interim payments

Only Federal income tax is withheld while your retirement is being processed. Your health and life insurance coverage will continue while you are receiving interim pay. OPM will begin withholding health and life insurance premiums retroactive to the commencing date of your annuity when the processing of your application is complete. If you are entitled to a FERS supplement, it will be retroactively paid once your retirement is finalized.

When your application is finalized at OPM

You will be emailed a personalized booklet titled "Your Federal Retirement Benefits." It details, among other things, how much your monthly payment will be. It confirms health and life insurance coverage and provides information you will need to prepare your tax return.

Four things to do before you retire:

1. **Review your retirement application for accuracy.** Missing signatures from paper applications will delay processing. The ORA requires completion before you submit the application, eliminating this problem.
2. **Download your personnel records.** You will lose access to your eOPF shortly after you retire. Obtain an email address or phone number for your HR and payroll contacts while you are transitioning from employee to annuitant.
3. **Complete payments** for Military Service credit deposits. These must be paid in full before retirement.
4. **Upload or attach supplemental documents.** (marriage certificate, military service records, court orders, etc.)

OPM Retirement Quick Guide: <https://www.opm.gov/retirement-center/apply/quick-guide/>

OPM Online Retirement Application (ORA) introduction: <https://www.opm.gov/retirement-center/apply/online-retirement-application/>

OPM New Claims Monthly Processing Times: <https://www.opm.gov/retirement-center/retirement-statistics/retirement-processing-status.pdf>

FERS Application for Immediate Retirement (SF-3107)

https://www.opm.gov/forms/pdf_fill/sf3107.pdf


Application for Immediate Retirement

Federal Employees Retirement System

See Privacy Act
Information on
Instruction Sheet

Section A - Identifying Information

1. Name (last, first, middle)		2. List all other names you have used	
3. Address (number, street, city, state, ZIP code)		4a. Daytime telephone # after retirement (including area code)	4b. Best time to reach you
		4c. Home email address	4d. FAX Number
		5. Date of birth (mm/dd/yyyy)	6. Social Security Number
7. Are you a citizen of the United States of America? ☐ Yes ☐ No		8. Is this an application for disability retirement? ☐ Yes (Ask your employing office about other documents you must submit) ☐ No	

Section B - Federal Service

1. Department or agency from which you are retiring (include bureau or division, address and ZIP code)		2. Date of final separation (mm/dd/yyyy)	
		3. Title of position from which you are retiring	
		3a. Your pay plan and occupational series	
4. Have you performed active honorable service in the Armed Forces or other uniformed services of the United States (see instructions for definitions)? ☐ Yes (Complete Schedule A and attach it to this form) ☐ No			
5. Are you receiving or have you applied for military retired pay? (Note: If you later become entitled to military retired pay you must notify OPM.) ☐ Yes (Complete Schedule B and attach it to this form) ☐ No			

Section C - Marital Information (All applicants must complete questions 1 and 2 below.)

1. Are you married now? (A marriage exists until ended by death, divorce, or annulment.) ☐ Yes (Complete items 1a - 1f and attach a copy of your marriage certificate) ☐ No (Go to item 2)		
1a. Spouse's name (last, first, middle)	1b. Spouse's date of birth (mm/dd/yyyy)	1c. Spouse's Social Security Number
1d. Place of marriage (city, state)	1e. Date of marriage (mm/dd/yyyy)	1f. Marriage performed by: ☐ Clergyman or Justice of Peace ☐ Other (explain):
2. Do you have a living former spouse(s) to whom a court order gives a survivor annuity or a portion of your retirement benefits based on your Federal employment? ☐ Yes (Attach a certified copy of the court order[s] and any amendments.) ☐ No		

Section D - Annuity Election

Make your election by initialing the box beside the type of annuity you want to receive and give any other information requested. Read the pamphlet SF 3113, *Applying for Immediate Retirement under FERS* and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained in the pamphlet. If you are married at retirement, the law provides an annuity with full survivor benefits for your spouse unless your spouse consents to your election not to provide maximum survivor benefits.

Your election to provide a survivor annuity for a current spouse terminates upon the death of that spouse or if the marriage ends due to divorce or annulment. You are required to make a new election (re-elect) within 2 years of the terminating event if you wish to re-elect a survivor annuity for a former spouse or within 2 years of a post-retirement marriage to elect a survivor annuity for a spouse acquired after retirement. Continuing a survivor reduction by itself, is not effective to re-elect a survivor annuity for a spouse married after retirement or for a former spouse.

If you want to elect a partial survivor annuity for your current spouse and a survivor benefit for a former spouse, you should complete options 2 and 5 below. The total of the survivor annuities elected cannot exceed 50 percent. An election of an insurable interest survivor in option 4 is not included when determining the 50 percent maximum.

1.	Initials	I choose a reduced annuity with maximum survivor annuity for my spouse named in Section C. If you are married at retirement, you will receive this type of annuity unless your spouse consents to your election not to provide maximum survivor benefits. If you receive this annuity, your annuity will be reduced by 10%. Your spouse's annuity upon your death will be 50% of your unreduced earned annuity.
2.	Initials	I choose a reduced annuity with a partial survivor annuity for my spouse named in Section C. If you choose this option, your annuity will be reduced by 5%. Upon your death, your spouse's annuity will be 25% of your unreduced earned annuity. You must have your spouse's consent to choose this option. Complete form SF 3107-2, <i>Spouse's Consent to Survivor Election</i> , and attach it to your application.
3.	Initials	I choose an annuity payable only during my lifetime. If you are married at retirement, you cannot choose this type of annuity without your spouse's consent. No survivor annuity will be paid to your spouse after your death if he or she consents to this election and any health benefits will cease. In addition, your spouse will not be eligible to enroll in the Federal Long Term Care Insurance Program, if he/she is not enrolled at the time of your death. If you are married and elect this, complete form SF 3107-2, <i>Spouse's Consent to Survivor Election</i> , and attach it to your application.

3107-108

Standard Form 3107

Federal Benefits

4. **Initials** *I choose a reduced annuity with survivor annuity for the person named below who has an insurable interest in me. You must be healthy and willing to provide medical evidence if you choose this type of annuity. (Disability annuitants are not eligible to choose this type of annuity.) If you are married and elect this option for your spouse, complete SF 3107-2, Spouse's Consent to Survivor Election and attach it to your application.*

Name of person with insurable interest	Relationship to you	Date of birth (mm/dd/yyyy)	Social Security Number
--	---------------------	----------------------------	------------------------

5. **Initials** *I choose a reduced annuity with survivor annuity for my former spouse(s) as follows: You must attach: (1) Copies of divorce decrees for all former spouses for whom you elect to provide a survivor annuity. (2) If you are married, attach a completed SF 3107-2, Spouse's Consent to Survivor Election. You cannot choose this option and provide a maximum survivor annuity for your spouse (Box 1). Your election to provide a survivor annuity for a former spouse terminates upon the death of that spouse or the remarriage of your former spouse before age 55.*

Name and address of former spouse	Date of marriage (mm/dd/yyyy)	Date of divorce (mm/dd/yyyy)	Survivor annuity equal to _____ % of my annuity
-----	Date of birth (mm/dd/yyyy)	Social Security Number	
Name and address of former spouse	Date of marriage (mm/dd/yyyy)	Date of divorce (mm/dd/yyyy)	Survivor annuity equal to _____ % of my annuity
-----	Date of birth (mm/dd/yyyy)	Social Security Number	

Total (either 25% or 50% of your unreduced annuity) %

Section E - Insurance Information

See the pamphlet SF 3113, *Applying for Immediate Retirement Under the Federal Employees Retirement System*, for information.

- 1a. Are you eligible to continue Federal Employees Health Benefits coverage as a retiree?
☐ Yes ☐ No
- 1b. Is there a court order or administrative order currently in effect that requires you to provide health benefits coverage for your child(ren)?
☐ Yes (Attach a copy of the court/administrative order) ☐ No
2. Are you eligible to continue Federal Employee's Group Life Insurance coverage as a retiree?
☐ Yes ☐ No
3. Are you enrolled in the Federal Dental and Vision Insurance Program (FEDVIP)?
☐ Yes ☒ No *Your coverage will automatically continue into retirement as long as you continue to pay applicable premiums. Until work on your annuity is completed, you may receive bills from BENEFEDS. You must pay these bills in order to keep your FEDVIP coverage. After work on your annuity is completed, BENEFEDS will automatically begin deducting from your annuity to pay future premiums. If you have questions, please contact BENEFEDS at 1-877-888-3337.*
4. Are you currently enrolled in the Federal Long Term Care Insurance Program (FLTCIP)?
☐ Yes ☒ No *You will automatically continue your coverage into retirement, as long as you continue to pay applicable premiums. If you are currently paying FLTCIP premiums by agency payroll deduction, you must arrange to pay premiums another way, either by deductions from your annuity, through automatic bank debit or direct bill. Please call LTC Partners at 1-800-LTC-FEDS (1-800-582-3337) to make these arrangements.*

Section F - Other Claim Information

1. Have you applied for, are you receiving, or have you ever received workers' compensation from the Department of Labor because of a job-related illness or injury?
☐ Yes (Complete Schedule C and attach it to this form) ☐ No
2. Have you previously filed any application under the Civil Service Retirement System or Federal Employees Retirement System (for retirement, refund, deposit or redeposit, or voluntary contributions)?
☐ Yes (Complete items 2a and 2b below.) ☐ No
- 2a. Type of application
☐ Refund ☐ Deposit or redeposit
☐ Retirement ☐ Return of excess deductions ☐ Voluntary contributions
- 2b. Claim number(s)

Section G (Optional) - Information About Your Unmarried Dependent Children

1. Dependent child's name (first, middle, last)	2. Date of birth (mm/dd/yyyy)	3. Disabled (✓)	1. Dependent child's name (first, middle, last)	2. Date of birth (mm/dd/yyyy)	3. Disabled (✓)

Section H - Payment Instructions

1. Federal benefits payments will be made electronically by Direct Deposit into a savings or checking account or by a Direct Express debit card provided by the Department of the Treasury. See the instructions for Section H of this application and SF 3113 (Applying for Immediate Retirement Under the Federal Employees Retirement System) for additional information. This does not apply to you if your permanent payment address is outside the United States in a country not accessible via direct deposit.

Please select one of the following:

- ☐ Please send my annuity payments directly to my checking or savings account. (Go to item 2)
- ☐ Please send my annuity payments to my Direct Express debit card. (Go to item 3a)
- ☐ My permanent payment address is outside the United States in a country not accessible via Direct Deposit/Direct Express. (Go to item 3a)

2a. Financial Institution Routing Number		You may obtain this number by calling your bank, credit union, or savings institution. This number is very important. We cannot pay by direct deposit without it.	
2b. Checking or Savings Account Number	2c. What kind of account is this? ☐ Checking ☐ Savings	2d. Telephone number of your Financial Institution (including area code)	
2e. Name and address of Financial Institution ----- -----		Special Note: If you prefer, you may attach a cancelled personal check that shows the information requested above, instead of filling in the requested financial institution information. If you attach your personal check, it is especially important that you contact your bank, credit union, or savings institution to confirm that the information on the check is the correct information for direct deposit. (Some institutions, especially credit unions, use different routing numbers on checks.) We can then use this information to start paying you by direct deposit.	
3a. Do you want Federal income tax withheld from your annuity payments? ☐ Yes (Go to item 3b) ☐ No (Go to Section I)		3b. Do you want to have Federal Income Tax withheld at the rate currently being withheld from your salary? ☐ Yes (Attach copy of W-4 form on file with your employing agency.) ☐ No (Attach new W-4 form, otherwise withholding will be at rate for married with 3 exemptions.)	

Section I - Applicant's Certification

Warning Any intentionally false statement in this application or willful misrepresentation relative thereto is a violation of the law punishable by a fine of not more than \$10,000 or imprisonment of not more than 5 years, or both. (18 U.S.C. 1001)	I hereby certify that all statements made in this application are true to the best of my knowledge and belief.			
	Signature (Do not print)		Date (mm/dd/yyyy)	
Applicant's Checklist				
This checklist is provided to help you be certain you have attached all necessary documentation and to help your employing office be certain it forwards all of your retirement documentation to the Office of Personnel Management.		Yes	No	Not Applicable
1. Military Service - If you answered "yes" to Section B, Item 4, did you attach Schedule A?		☐	☐	☐
2. Military Service - If you completed Schedule A, did you attach a copy of your discharge certificate or other certificate of active military service?		☐	☐	☐
3. Military Retired Pay - If you answered "yes" to Section B, Item 5, did you attach Schedule B?		☐	☐	☐
4. Military Retired Pay - If you completed Schedule B and answered "yes" to Item b or c, did you attach a copy of the notice of award or other documentation of the type of military retired pay you are receiving?		☐	☐	☐
5. Military Retired Pay - If you completed Schedule B and answered "yes" to item d, did you attach a copy of your request for waiver and a copy of the military finance office's acknowledgment or approval of your request for waiver (if applicable)?		☐	☐	☐
6. Survivor Election - If you are married and did not initial box 1 of Section D, did you attach SF 3107-2, <i>Spouse's Consent to Survivor Election</i> ?		☐	☐	☐
7. Life Insurance - If you answered "yes" to Section E, item 2, did you attach SF 2818, <i>Continuation of Life Insurance Coverage As an Annuitant or Compensation</i> ?		☐	☐	☐
8. OWCP - If you answered "yes" to Section F, item 1, did you attach Schedule C?		☐	☐	☐
9. Tax - If you want to elect a Federal Income Tax withholding rate, did you attach a W-4 form?		☐	☐	☐
10. Court or Administrative Order(s) - If you answered "yes" to Section C, item 2 and/or "yes" to Section E, Item 1b, did you attach a copy of the order(s)?		☐	☐	☐

NITP as a Resource

You have just received a wealth of information about your Federal retirement benefits. Now, what action do you need to take to ensure a smooth transition to retirement?

The National Institute of Transition Planning, Inc. has a comprehensive website that provides additional resources for Federal employees as you prepare for retirement and life after retirement. Here is a partial list of some of the resources available at www.nitpinc.com:

Checklists for your career

- [Early-Career](#)
- [Mid-Career](#)
- [Pre-Retirement](#)

[Links to Websites for Retirement Forms & Applications](#)

- Applications for Retirement
- Spousal Annuity
- Military/Federal Service Credit Payment Forms
- Beneficiary Designation Forms
- Voluntary Contributions

[Links to Calculators](#)

NITP Monthly Webinar Program

FREE Webinars designed specifically for the Federal employees regarding their Benefits, Financial Planning, TSP and other topics of interest. Webinars are the second Thursday of every month at 2 PM Eastern Time and available on demand 24/7. Register at www.nitpinc.com

***ForYourBenefit* eNews**

ForYourBenefit eNews is a monthly column written by NITP experts on topics of interest to Federal employees. Subscribe at www.nitpinc.com.

Module 2: Social Security

Introduction

Topics

- Qualifying for a benefit
 - Who
 - How
 - When
- Calculating your retirement benefit
 - Delayed Retirement Credits
 - Reduction in Benefit Due to Earnings
- Claiming Social Security
 - Social Security Claiming Strategies
- Family Benefits
- Taxes on Social Security Benefits

Notes:

Qualifying for a Benefit: Who

The purpose of this module is to provide an understanding of Social Security retirement benefits for workers and their families—the eligibility requirements, benefit computation, and application considerations.

CSRS

The Civil Service Retirement System (CSRS) was designed to stand alone—not to supplement the Old Age Survivor's and Disability Insurance (OASDI) program, better known as Social Security. CSRS employees, except those covered by CSRS Offset, do not pay Social Security taxes while employed by the Federal Government so they do not qualify to receive benefits based on their Federal service. However, CSRS employees may qualify for Social Security for work performed outside Federal service.

The Social Security Fairness Act repealed the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP). The bill was signed on January 5, 2025. The Act is retroactive to January 1, 2024, affected individuals can expect to receive payment to remove benefit reductions going back to that date. In the past, individuals receiving a government pension from work not covered by Social Security (i.e. CSRS or CSRS Offset), the WEP reduced the earned Social Security benefits, and the GPO reduced and often eliminated spousal and widows' benefits.

FERS

Social Security is an important part of the Federal retirement package for employees covered under the Federal Employees Retirement System (FERS). These employees qualify for Social Security benefits through their Federal and private sector service and may also be eligible to receive spousal benefits.

Social Security Account

Visit www.ssa.gov/myaccount to sign in or create your personal account. You can use your account to request a replacement Social Security card, check the status of a Social Security application, estimate future benefits, or manage the benefits you already receive.

The Social Security Administration sends mailed annual statements to people ages 60 and up who are not yet collecting benefits and who have not created online accounts with the agency.

To contact Social Security: call at 1-800-772-1213, visit your local Social Security office or use your "my Social Security" online account to report changes in your work status.

Tip: When contacting Social Security, try to avoid Mondays and afternoons, which are the busiest times.

Notes:

Qualifying for a Benefit: How

To earn Social Security retirement benefits, you must have:

- Paid Federal Insurance Contributions Act (FICA) tax rate of 7.65% (6.2% on wages up to an annual maximum taxable wage base of \$184,500 for 2026) plus Medicare tax of 1.45% on all income.
- 40 credits of Social Security covered wages (previously called quarters). You receive one credit of coverage for every \$1,890 of wages earned (2026) and covered by FICA taxes. The amount needed to earn a credit is set every year, and you can earn up to 4 credits per year (minimum of \$7,560 of wages earned and covered by the FICA tax). This means you must work for at least 10 years to be eligible for Social Security benefits.

Note: You will continue to pay the FICA tax on earnings after you have 40 credits of Social Security covered earnings.

You may be able to estimate your retirement benefit using the online estimator available at www.ssa.gov/estimator. This estimator will allow you to create alternate scenarios depending on how long you might work, when you might apply for your benefit and the amount of your future wages.

Benefit for Workers with Maximum-Taxable Earnings

Table 38: Benefit for Workers with Maximum-Taxable Earnings

Age in 2025	Maximum Monthly Benefit in 2026
62	\$2,969
65	\$3,467
66	\$3,752
67	\$4,207
70	\$5,181

NOTE: These illustrations assume steady earnings at the maximum level from age 22.

Acronyms:

FRA: Full Retirement Age

PIA: Primary Insurance Amount, benefit payable at the FRA

AIME: Average Indexed Monthly Earnings

Notes:

Qualifying for a Benefit: When

You will be eligible to receive an unreduced benefit at your Social Security Full Retirement Age (FRA). This age increases incrementally from 65 to 67 depending on your year of birth. The full amount is sometimes referred to as your Primary Insurance Amount (PIA).

You may receive a reduced benefit starting at age 62. If you apply before you reach your FRA, the amount of the reduced benefit is permanent throughout your retirement and will not increase when you reach your FRA. Your Social Security Benefits will receive annual cost-of-living adjustments. You may receive delayed retirement credits up to age 70 (see page 2-9).

Refer to the chart below to determine your FRA and the percentage of the full benefit you will receive depending on the age you decide to apply. The reduced benefit increases incrementally every month that you wait to apply past age 62.

Table 39: Benefits as Percentage of PIA

Year of Birth	Full Retirement Age (FRA)	Benefits, as a percentage of PIA, beginning at age-						
		62	63	64	65	66	67	70
1937	65 years	80.0	86.7	93.3	100	106.5	113	132.5
1938	65 years, 2 months	79.2	85.5	92.2	98.9	105.4	111.9	131.4
1939	65 years, 4 months	78.3	84.4	91.1	97.8	104.7	111.7	132.7
1940	65 years, 6 months	77.5	83.3	90	96.7	103.5	110.5	131.5
1941	65 years, 8 months	76.7	82.2	88.9	95.6	102.5	110	132.5
1942	65 years, 10 months	75.8	81.1	87.8	94.4	101.2	108.7	131.2
1943-1954	66 years	75.0	80	86.7	93.3	100	108	132
1955	66 years, 2 months	74.2	79.1	85.5	92.2	98.9	106.7	130.7
1956	66 years, 4 months	73.3	78.3	84.4	91.1	97.8	105.3	129.3
1957	66 years, 6 months	72.5	77.5	83.3	90	96.7	104	128
1958	66 years, 8 months	71.7	76.7	82.2	88.9	95.6	102.7	126.7
1959	66 years, 10 months	70.8	75.8	81.1	87.8	94.4	101.3	125.3
1960 or later	67 years	70.0	75	80	86.7	93.3	100	124

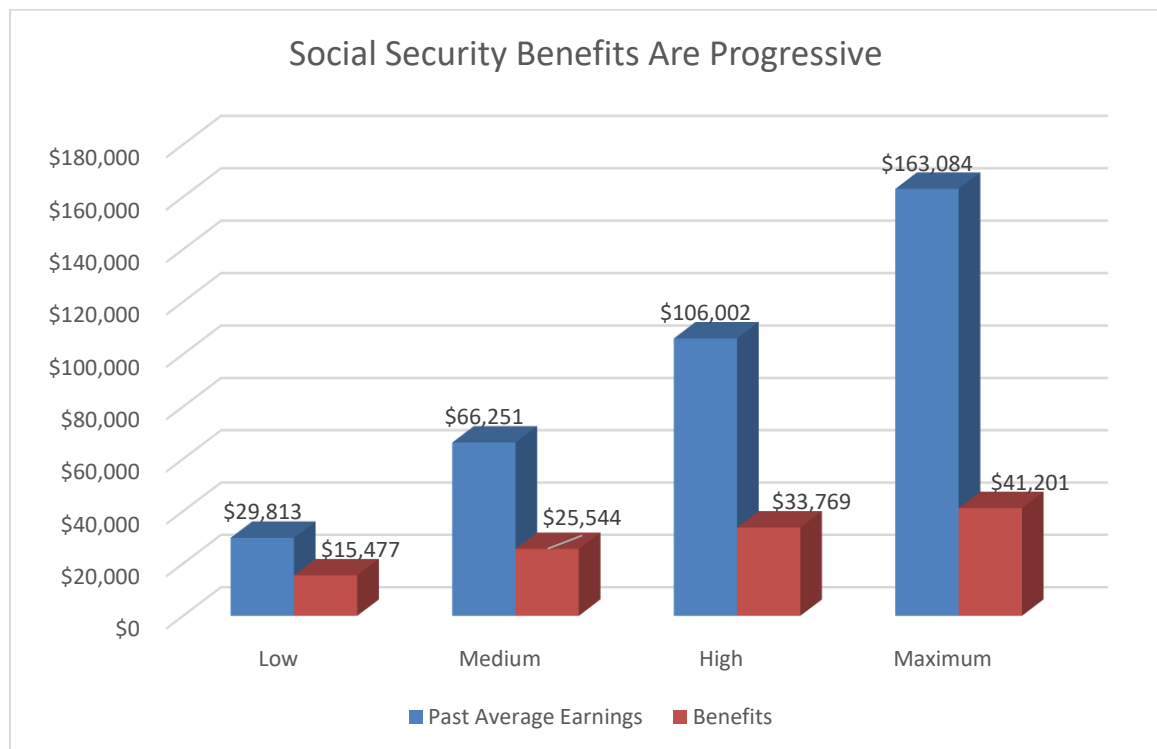
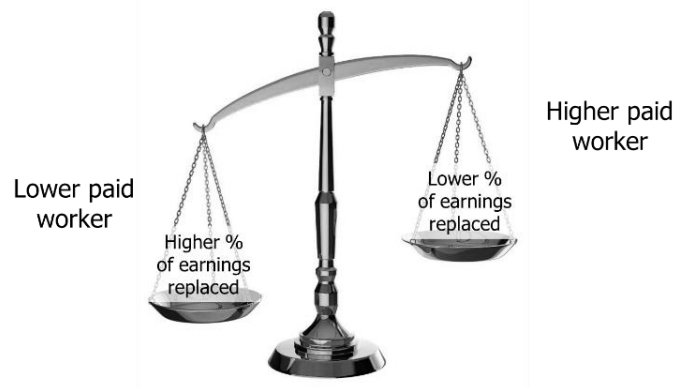
Note: Persons born on January 1 of any year should refer to the previous year of birth.

Calculating the Retirement Benefit

Social Security benefits are intended to replace only a percentage of a worker's earnings, and the percentage is tilted toward giving lower paid workers a higher return than higher paid workers. For example, a lower paid worker could receive a benefit that equals about 55% of pre-retirement earnings, whereas the average replacement rate for a higher paid worker is about 25%.

By setting up a Social Security account, you will be able to see your projected retirement benefit. This gives you a snapshot of your projected benefit at various ages until you reach age 70.

Keep in mind that to maintain your lifestyle in retirement, you may need to replace 70 – 80% of your pre-retirement income. This will include the FERS (or CSRS) retirement benefit, Social Security retirement and income from your savings in the TSP.



Source: Social Security Administration, Actuarial Note 20249

www.ssa.gov/oact/NOTES/ran9/an2024-9.pdf

Center on Budget and Policy Priorities <https://www.cbpp.org/sites/default/files/atoms/files/8-8-16socsec.pdf>

Table 40: Examples: Case A (Born 1964) Average Earner and Case B (Born 1959) High Earner

Year	Case A Born in 1964 (average earner)			Case B Born in 1959 (high earner)*		
	Nominal Earnings	Indexing Factor	Indexed Earnings	Nominal Earnings	Indexing Factor	Indexed Earnings
1986	\$16,196	4.0323	\$65,307	\$42,000	3.1232	\$131,176
1987	17,283	3.7905	65,512	43,800	2.9360	128,596
1988	18,191	3.6126	65,717	45,000	2.7982	125,918
1989	18,971	3.4750	65,925	48,000	2.6916	129,197
1990	19,909	3.3216	66,130	51,300	2.5728	131,983
1991	20,715	3.2023	66,335	53,400	2.4803	132,450
1992	21,850	3.0454	66,541	55,500	2.3588	130,913
1993	22,107	3.0194	66,750	57,600	2.3387	134,708
1994	22,770	2.9405	66,955	60,600	2.2776	138,020
1995	23,755	2.8271	67,159	61,200	2.1898	134,015
1996	24,994	2.6953	67,367	62,700	2.0877	130,898
1997	26,533	2.5467	67,572	65,400	1.9726	129,007
1998	28,007	2.4201	67,779	68,400	1.8745	128,214
1999	29,657	2.2923	67,983	72,600	1.7755	128,903
2000	31,392	2.1722	68,190	76,200	1.6825	128,205
2001	32,238	2.1216	68,396	80,400	1.6433	132,120
2002	32,660	2.1005	68,603	84,900	1.6270	138,129
2003	33,558	2.0504	68,807	87,000	1.5881	138,168
2004	35,224	1.9593	69,015	87,900	1.5176	133,396
2005	36,621	1.8901	69,219	90,000	1.4640	131,762
2006	38,419	1.8071	69,427	94,200	1.3997	131,851
2007	40,281	1.7286	69,631	97,500	1.3389	130,545
2008	41,330	1.6898	69,838	102,000	1.3088	133,500
2009	40,826	1.7156	70,043	106,800	1.3289	141,922
2010	41,914	1.6760	70,249	106,800	1.2982	138,645
2011	43,354	1.6251	70,455	106,800	1.2587	134,433
2012	44,839	1.5759	70,662	110,100	1.2206	134,390
2013	45,544	1.5560	70,867	113,700	1.2052	137,033
2014	47,298	1.5027	71,073	117,000	1.1639	136,177
2015	49,085	1.4522	71,279	118,500	1.1248	133,285
2016	49,783	1.4359	71,485	118,500	1.1122	131,796
2017	51,651	1.3880	71,691	127,200	1.0751	136,750
2018	53,677	1.3394	71,898	128,400	1.0375	133,212
2019	55,848	1.2911	72,103	132,900	1.0000	132,900
2020	57,590	1.2556	72,309	137,700	1.0000	137,700
2021	62,889	1.1531	72,515	142,800	1.0000	142,800
2022	66,421	1.0949	72,722	147,000	1.0000	147,000
2023	69,560	1.0484	72,927	160,200	1.0000	160,200
2024	73,133	1.0000	73,133	168,600	1.0000	168,600
2025	75,868	1.0000	75,868	176,100	1.0000	176,100
Highest-35 total			\$2,446,845	\$4,814,781		
AIME (Average Indexed Monthly Earnings)			\$5,825	\$11,463		

*Nominal earnings for Case B are limited to the maximum taxable amount for each year; actual earnings can be higher.

Source: <https://www.ssa.gov/OACT/ProgData/retirebenefit1.html>

The Calculation

Step One: Index earnings (multiply the index factors by the nominal earnings for each year of wages)

Step Two: Add the highest 35 years of indexed earnings (lowest earnings are shown in **bold**)

Step Three: Divide the High-35 total by 420 months (35 x 12) to compute the average indexed monthly earnings (AIME)

Step Four: Apply the formula to compute the Primary Insurance Amount (PIA):

$$\begin{aligned} & \text{(a) } 90\% \times \$1,286^* \text{ of AIME, plus} \\ & \text{(b) } 32\% \times \text{AIME over } \$1,286^* \text{ and through } \$7,749^*, \text{ plus} \\ & \text{(c) } 15\% \text{ of AIME over } \$7,749^* \end{aligned}$$

*The dollar amounts in the formula are sometimes called "bend points" and usually change every year. They are determined the year in which the person is first eligible to receive benefits.

Table 41: Case A Calculation (AIME = \$5,825)

Case A Calculation (AIME = \$5,825)					
a.	90%	X	\$1,286	=	1,157.40
b.	32%	X	\$4,539* (\$5,825 - \$1,286)	=	\$1,452.48
c.	15%	X	\$0	=	\$0.00
Monthly benefit at age 67 (FRA)				=	\$2,609.80*
Monthly benefit reduced at age 62 (30% reduction)				=	\$1,826.90*

*Replacement of pre-retirement income:

- \$2,609.80 x 12 months = \$31,317.60 (This benefit replaces 41.27% of 2025 earnings)
- \$1,826.90 x 12 months = \$21,922.80 (This benefit replaces 28.89% of 2025 earnings)

Table 42: Case B Calculation (AIME = \$11,463)

Case B Calculation (AIME = \$11,463)					
a.	90%	X	\$996	=	\$896.40
b.	32%	X	\$5,006 (\$6,002 - \$996)	=	\$1,601.92
c.	15%	X	\$5,461 (\$11,463 - \$6,002)	=	\$819.15
Monthly benefit at age 66 and 10 months (FRA)				=	\$3,317.47

The worker in Case B first became eligible in 2021 (the year Case B reached age 62). The \$3,317.47 shown above will be truncated to the next lower dime and increased by Cost-of-Living Adjustments, or COLAs, for 2021 through 2025. These COLAs are 5.9%, 8.7%, 3.2%, 2.5%, 2.8% respectively. The resulting full benefit amount (Primary Insurance Amount - PIA) is **\$4,152.40***.

*Replacement of pre-retirement income

- \$4,152.40 x 12 = \$49,828.80 (This benefit replaces 28.29% of \$176,100 earnings in 2025).

For income higher than the maximum taxable amount, the income replacement is less:

- \$49,828.80 replaces 22.14% of \$225,000 of annual wages
- \$48,216 replaces 16.07% of \$300,000/of annual wages

Reduction in Benefit Due to Earnings

You can get Social Security retirement or survivors' benefits and work at the same time. But, if you are younger than the FRA, and earn more than certain amounts, your benefits will be reduced. The amount that your benefits are reduced, however, isn't lost. Your benefit will increase at your Full Retirement Age to account for benefits withheld due to earlier earnings. Social Security will adjust the amount of your benefits based on what you told them you would earn. **If you think your earnings will be different, it is important to let Social Security know right away to avoid overpayment.**

If you work for someone else, only your wages count toward Social Security's earnings limits. If you are self-employed, only your net earnings from self-employment are counted. Social Security does not count income such as other government benefits, investment earnings, interest, pensions, annuities, rental income and capital gains.

If you work for wages, income counts when it is earned, not when it is paid. If you have income that you earned in one year, but the payment was made in the following year, it should not be counted as earnings for the year you receive it. Some examples are accumulated vacation pay and bonuses. There is a form that your payroll office can submit to Social Security (Form SSA-131, Employer Report of Special Wage Payments) to show that your lump sum Annual Leave, a buyout payment, or a bonus payment should not be used against the earnings test if it is paid in the year after the income was earned. This form should be submitted by employees who are retiring at age 62 or later and claiming Social Security benefits at the same time as their CSRS or FERS retirement. Contact your payroll office for more information.

Table 43: Reduction of Benefits Due to Earnings (2026)

If you are...	And earn more than...	Your benefit will be reduced by...
Under your Full Retirement Age (FRA)	\$24,480 / year	\$1 for every \$2 over the limit
In the year you will reach your Full Retirement Age (FRA)	\$65,160 / year	\$1 for every \$3 over the limit until the month you reach Full Retirement Age
In the year(s) past reaching your Full Retirement Age (FRA)	No limit	Zero

There is a special rule that applies to earnings for one year, usually the first year of retirement. Under this rule, you can get a full Social Security check for any whole month you are retired, regardless of your yearly earnings. In 2026, a person under FRA for the entire year is considered retired if monthly earnings are \$2,040 or less (\$24,480/12). Beginning in the second year, only the yearly limits will apply.

Example: Freddy retires at age 62 on October 30, 2026. He will earn \$65,000 through October. He takes a part-time job beginning in November earning \$1,500 per month. Although his earnings for the year substantially exceed the 2026 annual limit (\$24,480), he will receive a Social Security payment for November and December. This is because his earnings are less than \$2,040, the monthly limit for people younger than FRA. Beginning in 2027, only the yearly limits will apply.

For more information: <https://www.ssa.gov/planners/retire/whileworking.html>

Delayed Retirement Credits

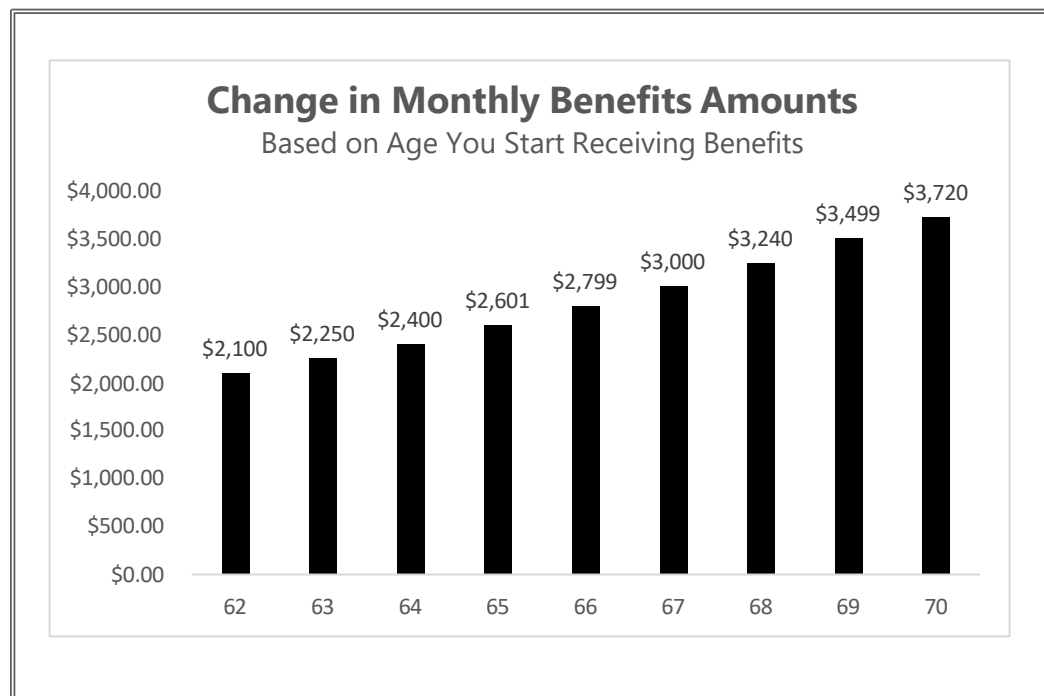
You may choose to delay applying for Social Security benefits to earn delayed retirement credits.

- For every month you delay, you will increase your full benefit by a percentage.
- You can earn delayed retirement credits up to age 70.
- The percentage varies based on your year of birth.
- Earning the delayed retirement credits will also increase a surviving spouse's or surviving divorced spouse's benefit.

The following chart shows the percentage increase to your basic benefit for each month you delay applying for benefits between your FRA full retirement age and age 70.

Table 44: Delayed Retirement Credits Based on Year of Birth

Year of Birth	Yearly Rate of Increase	Monthly Rate of Increase
1933–1934	5.5%	.4583%
1935–1936	6.0%	.5000%
1937–1938	6.5%	.5417%
1939–1940	7.0%	.5833%
1941–1942	7.5%	.6250%
1943 or later	8.0%	.6667%



This chart assumes a \$3,000 monthly benefit at the Full Retirement Age of 67 for someone born in 1960 or later.

Source: Social Security Administration

Claiming Social Security

There is no “best age” to claim Social Security, it is a personal choice.

Things to consider:

- **Are you still working?**
Consider the earnings limits between 62 and your Full Retirement Age (FRA).
- **Do you need the money?**
FERS supplement ends at 62.
- **Are you eligible on someone else’s work record?**
Are you eligible for a survivor benefit?
Are you eligible on the work record of your spouse or former spouse?
- **Are other family members eligible on your work record?**
An eligible spouse or child may receive monthly payments of up to one-half of your full retirement benefit amount.

There are many factors that determine the best time to claim your Social Security benefit, but in the end, depending on the age that you claim your benefit, you will either receive a smaller benefit for more years or a larger benefit for fewer years. After all, the date of your final check is not going to change. **As a hedge against the risk of longevity**, the following illustration shows by **claiming at a later age**, a larger total payment is received for **those living to later ages**:

Table 45: Claiming Social Security Between Age 62 and 70

Claiming Age	Monthly Benefit	Total Benefit Paid Over the Lifetime at Various Dates of Death			
		Live to age 75 # of months Total \$	Live to age 85 # of months Total \$	Live to age 95 # of months Total \$	Live to age 105 # of months Total \$
62	\$2,100	156 \$327,600	276 \$579,600	396 \$831,600	516 \$1,083,600
63	\$2,250	144 \$324,000	264 \$594,000	384 \$864,000	504 \$1,134,000
64	\$2,400	132 \$316,800	252 \$604,800	372 \$892,800	492 \$1,180,800
65	\$2,601	120 \$312,120	240 \$624,240	360 \$936,360	480 \$1,248,480
66	\$2,799	108 \$302,292	228 \$638,172	348 \$974,052	468 \$1,309,932
67	\$3,000	96 \$288,000	216 \$648,000	336 \$1,008,000	456 \$1,368,000
68	\$3,240	84 \$272,160	204 \$660,960	324 \$1,049,760	444 \$1,438,560
69	\$3,499	72 \$251,928	192 \$671,808	312 \$1,091,688	432 \$1,511,568
70	\$3,720	60 \$223,200	180 \$669,600	300 \$1,116,000	420 \$1,562,400

Here are statistics that may help you determine if delaying your application for Social Security retirement benefits makes sense:

Table 46: Average Life Expectancy

Current Age in 2026	Male		Female	
	Average Life Expectancy in Years	Estimated Age	Average Life Expectancy in Years	Estimated Age
62	21.6	83.6	24.5	86.5
67	18.1	85.1	20.5	87.5
70	16.0	86.0	18.1	88.1

Social Security Administration Life Expectancy Calculator:

<https://www.ssa.gov/oact/population/longevity.html>

Table 47: Number of Social Security Beneficiaries (as of end of June 2025)

	Total	Age 85-95	Over Age 95
Retired worker beneficiaries	52,999,217	4,940,479	305,854 (99,680 are men)
Spouses of retired workers	2,053,781	160,960	2,542 (524 are men)
Widowed beneficiaries	3,513,531	717,750	94,085 (1,078 are men)

Source: www.ssa.gov/oact/ProgData/byage.html

Notes:

Stopping and Suspending Social Security Retirement Benefits

If you are receiving Social Security Retirement benefits and you change your mind about when it should start, the Social Security Administration provides two methods for stopping benefits.

Stop benefits: You can withdraw your Social Security claim within 12 months of starting benefits. If you stop your claim, you may re-apply at a future date. You can only stop payment once per lifetime. To withdraw your claim, you must make a request in writing. You must repay all the benefits you and your family received based on your retirement application. The repayment must include any:

- Benefits your spouse or children received based on your application, whether or not they are living with you, and
- Money withheld from your checks including Medicare Part B, Part C, and Part D premiums.

Suspend benefits: If you are not eligible for withdrawal because more than 12 months have elapsed, but you have reached your Full Retirement Age (FRA) and have not yet reached age 70, you can voluntarily suspend retirement benefits. During a suspension, you earn delayed retirement credits, which boost your eventual benefit by two-thirds of 1% for each suspended month (or 8% for each suspended year). When you resume collecting Social Security, you will have locked in a higher monthly payment for life.

- If you voluntarily suspend your retirement benefit, any benefits you receive on someone else's record will also be suspended. As long as your retirement benefits are suspended, your spouse and children cannot collect family benefits on your work record.
- If you voluntarily suspend your retirement benefit, a divorced spouse will be able to continue receiving benefits.
- Your Part B premiums cannot be deducted from your suspended benefits and you will be billed by the Centers for Medicare & Medicaid Services for future Part B premiums.
- Once your benefit payments are suspended, they will start automatically the month you reach age 70 or earlier, if you contact Social Security.

For example, if your FRA is 67 and you claim benefits at 62, filing early will cause a reduction of 30% compared to what you will get if you wait until age 67 to file. If you suspend your benefits at age 67, you will qualify for an 8% increase to your monthly benefit for each year that you wait. The 8% is calculated based on the reduced benefit, but waiting until age 70, you will see an increase of 24%, in addition to any cost-of-living adjustments in the interim.

Reference: <https://www.ssa.gov/planners/retire/suspend.html>

Notes:

You and Your Family Benefits

Spouse Benefits

When you file for retirement benefits and you are married, your spouse may be eligible for a benefit based on your earnings. The spousal benefit can be as much as half of your PIA, depending on their age at retirement. If your spouse begins receiving benefits before their FRA, they will receive a reduced benefit. However, if caring for a qualifying child, the benefit is not reduced.

If your spouse is eligible for a retirement benefit based on their own earnings, and if that benefit is higher than the spousal benefit, then they would receive their retirement benefit instead of the spousal benefit.

Requirements:

- Married at least one year, **and** age 62 or older, **or**
- At any age and caring for a child under age 16, **or**
- At any age and caring for a child of any age who has a disability.

Former Spouse

If you are 62, unmarried, and divorced from someone entitled to Social Security retirement or disability benefits, you may be eligible to receive benefits based on their work record. The amount of benefits you claim has no effect on the benefits of your former spouse and their current spouse.

Requirements include:

- Must have been married to your former spouse for 10 years or more.
- If you have since remarried, you cannot collect benefits on your former spouse's record unless your later marriage ended by annulment, divorce, or death.
- If you are entitled to benefits on your own record, your benefit amount must be less than you would receive based on your former spouse's work (Social Security will pay the higher of the two benefits for which you are eligible, but not both).

Former spouses who were married for at least 10 years, as well as some valid non-marital legal relationships, may be eligible.

Children

Every year, about 4.4 million children receive monthly benefits because one or both of their parents are disabled, retired, or deceased. Children may be eligible if they are unmarried and are:

- Age 17 and younger, **or** ages 18–19 and in school (K–12) full time, **or**
- Any age if they developed a disability before age 22.
- Under certain circumstances, married children, stepchildren, adopted children, grandchildren, and step-grandchildren may qualify for benefits.

Married Couples Claiming Considerations

Benefits for Spouses

Bill is the “breadwinner” of the family. Cathy worked outside the home for lower wages and/or fewer years, and although she has earned enough credits to qualify for a benefit based on her own work record, the spousal benefit based on Bill’s work record is higher than the benefit she earned for herself. When she files for Social Security benefits, she is “deemed” to file for her own as well as any other benefits she is entitled to receive. To receive benefits on her spouse’s work record, Bill must claim his benefit.

Table 48: Spouses – Bill (born 1958); Cathy (born 1962). Former Spouse – Debra (born 1962)

Situation	Monthly Amount
Bill claims his full benefit at his FRA	\$2,680.00
Cathy has earned a Social Security benefit of \$500/month; she files on Bill’s work record at age 62. Her benefit is increased to 32.5% of Bill’s PIA, which is larger than her own benefit.	\$871
Combined monthly benefit for Bill and Cathy	\$3,551
At Cathy’s FRA, Cathy would receive ½ of Bill’s monthly benefit	\$1,340.00
If Bill passed away after Cathy reached her FRA, she will collect a survivor’s benefit of 100% of Bill’s full benefit amount.	\$2,680.00
Benefits for Former Spouse: Debra (born 1962)	Monthly Amount
Debra (age 62), Bill’s ex-wife, receives benefits from Bill’s Social Security (as much as 50%, depending on claiming age). If she didn’t remarry after the divorce, and they were married for at least 10 years (she may remarry after age 60 and receive survivor’s benefit), she would receive a full survivor’s benefit.	\$871 OR \$1,340.00 OR \$2,680.00

Dual Entitlement

Sam is taking advantage of receiving the 8% per year increase for delaying his Social Security benefit FRA. Social Security will pay the benefit based on your own work record first. If the benefit on the spouse’s work record is higher, they will get an additional amount on your work record so that the combination of benefits equals that higher amount. The spousal benefits in this example are both less than the earned benefit, so Sam and Stacy each receive their earned benefit. If Sam were to predecease Stacy, she would be eligible to continue her benefit or receive a survivor’s benefit equal to 100% of Sam’s \$3,240 benefit amount.

Table 49: Dual Entitlement - Stacy and Sam (born 1956)

Situation	Type of Benefit	Monthly Amount
Stacy files for Social Security at her FRA and will receive 100% of her earned benefit.	Stacy Full Benefit	\$2,045
Sam will delay filing for his Social Security until he reaches age 70 in 2026, at which time, he will receive 129.3% of his full benefit amount due to delayed	Sam Delayed Retirement Credits	\$3,240
Couple’s Combined Social Security Benefits After 2026		\$5,285
The surviving spouse will receive the higher of the two benefits.	Survivor’s Benefit	\$3,240

Taxes on Social Security Benefits

You will pay Federal income taxes on your benefits if your *combined income* (50% of your benefit amount plus any other earned income) exceeds \$25,000/year filing individually or \$32,000/year filing jointly.

You can pay the IRS directly to withhold taxes from your payment, or you may choose to withhold 7%, 10%, 12%, or 22% of your monthly payment. Download Form W-4V: Voluntary Withholding Request from the IRS website. There are three ways to make this request:

1. Online: <https://www.ssa.gov/manage-benefits/request-withhold-taxes>
2. By phone: 1-800-772-1213; TTY +1 800-325-0778 if you're deaf or hard of hearing. Tell the representative the percentage of your monthly payment you want withheld for taxes.
3. By mail or in person: <https://www.irs.gov/pub/irs-pdf/fw4v.pdf> (call to make an appointment to apply in person)

Each January you will receive a Social Security Benefit Statement (Form SSA-1099) showing the amount of benefits you received in the previous year. You can use this Benefit Statement when you complete your Federal income tax return to find out if your benefits are subject to tax.

For more information about taxation of benefits, read IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits. <https://www.irs.gov/pub/irs-pdf/p915.pdf>

States that tax Social Security

Most states exempt Social Security Benefits from state taxes. Consult your state for tax information. As of 2026, eight states will continue to tax benefits.

- Colorado
- Connecticut
- Minnesota
- Montana
- New Mexico
- Rhode Island
- Utah
- Vermont

Most of these states use different criteria than the Federal government for taxing Social Security payments, setting higher income thresholds, offering various deductions or otherwise limiting taxation of benefits in ways that exempt many beneficiaries.

Source: <https://www.kiplinger.com/retirement/602202/taxes-in-retirement-how-all-50-states-tax-retirees>

Notes :

Module 3: Federal Insurances

Introduction

Topics

- Federal Employees Health Benefits Program (FEHB)
- High Deductible Health Plans (HDHP)
- Medicare
- Federal Employees Dental and Vision Insurance Program (FEDVIP)
- Federal Flexible Spending Accounts (FSA)
- Federal Employees' Group Life Insurance Program (FEGLI)
- Federal Long Term Care Insurance Program (FLTCIP)

Notes:

Health Insurance

Requirements to continue coverage under the FEHB Program into retirement:

1. Retire on an immediate annuity (one that begins within 30 days after separation) which also includes Minimum Retirement Age (MRA) + 10 provisions of the Federal Employees Retirement System (FERS).
 - If you postpone receipt of your annuity because you are eligible for a reduced immediate MRA + 10 retirement, your FEHB enrollment will terminate when you separate from your employment. You may choose to resume FEHB coverage on the date you select your annuity to begin (provided you met the 5-year test below as of the date you originally separated and postponed your annuity). You must select an annuity "commencement date" at least two days before your 62nd birthday. If you separate from Federal employment at your MRA with 20 or more years of service, you may choose an annuity commencement date on the first day of the month after your 60th birthday. Follow the instructions carefully on form RI 92-19, Application for Deferred or Postponed Annuity.
 - A deferred retirement is not an immediate annuity and does not meet this requirement. A deferred retirement is available when an employee separates from Federal service with at least 5 years of civilian service, but without meeting the age requirement for an immediate retirement (refer to Module 1).
2. Covered by FEHB under your own enrollment, or as a family member under another FEHB enrollment for the 5 years of service immediately preceding retirement or since your first opportunity to enroll, if fewer than 5 years. Time covered under the Uniformed Services Health Benefits Program (also known as TRICARE or CHAMPUS) or CHAMPVA if the individual was covered under an FEHB enrollment at the time of retirement.

Temporary Continuation of Coverage

If you are not eligible to continue health insurance coverage, you may elect Temporary Continuation of Coverage (TCC). During this time, you will pay the full premium (both the employee and government portions) for up to 18 months. Refer to Booklet RI 70-5, Guide to Federal Employees Health Benefit Plans for TCC and Former Spouse available at <https://www.opm.gov/healthcare-insurance/healthcare/temporary-continuation-of-coverage/>.

Open Season

Open Seasons are held for retirees and for active employees. OPM will provide information to retirees for future Open Seasons. Employees and retirees cannot be denied coverage because of age, health, or pre-existing conditions.

Resources:

- OPM's Open Season webpage: www.opm.gov/healthcare-insurance/open-season/
- Compare Health Plans: <http://www.opm.gov/healthcare-insurance/healthcare/plan-information/compare-plans/>
- Consumers' Checkbook Guide to Health Plans for Federal Employees: <http://www.checkbook.org/newhig2/hig.cfm>

FEHB Coverage in Retirement

Retiring immediately before or during Open Season

You must submit a form **SF 2809, Health Benefits Election**, with your retirement application or upload the form using OPMs Online Retirement Application (ORA) when making an FEHB Open Season election that is effective after your retirement date. Open Season elections for retirees are effective on January 1st.

Suspension or Cancellation

Annuitants may **suspend** their FEHB coverage to enroll in a non-Federal Medicare Advantage Plan, Medicaid, Peace Corps Health Plan, TRICARE, or TRICARE For Life. To suspend coverage, annuitants should use form **RI 79-9, Health Benefits Cancellation/Suspension**, or use form **OPM 2809, Health Benefits Registration**. If you suspend a Self, Self + 1 or Family enrollment, coverage for your family members is also suspended. If you suspended coverage, you may re-enroll during a subsequent Open Season.

Voluntary cancellation of coverage **permanently bars re-enrollment** in the program unless you cancel to enroll as a family member under another person's FEHB coverage.

Premiums:

- The government will continue to pay up to 75% of the FEHB premium for annuitants. OPM will withhold the premium from your monthly CSRS or FERS retirement benefit. Annuitants are not, however, eligible for premium conversion that allows Federal employees to pay their health benefit premiums with pre-tax dollars.
- Retired Public Safety Officers (i.e., Law Enforcement Officers, Firefighters, etc.) can exclude from taxable income the smaller of the amount of the FEHB or Federal Long Term Care insurance premiums or up to a maximum of \$3,000. Consult IRS Publication 721, Tax Guide to U.S. Civil Service Retirement Benefits.
- If your CSRS or FERS benefit is not large enough to cover your share of the premiums for your FEHB plan, you may either change to a lower-cost plan or option (one in which your share of the premium is low enough to be withheld from your annuity) or choose to pay your premiums directly. You will be notified by OPM if this situation occurs.

Notes:

Family Coverage

Family Members include:

- Spouse (including a valid common law marriage)
- Your children under age 26 including adopted children, stepchildren, and foster children.
- A child age 26 or over who is incapable of self-support because of a mental or physical disability that existed before age 26 is also an eligible family member.

Survivors:

- Coverage will automatically continue for a **retiree's** surviving spouse and children if one of them receives a survivor annuity and were covered under your Self and Family or Self + 1 enrollment at the time of your death. If there is only one family member, the enrollment will be changed automatically to Self-only coverage.
- A spouse or dependent child of a deceased FERS **employee** may be entitled to continue their health benefit enrollment even if no monthly survivor annuity benefit is received. This situation will occur when the surviving spouse is entitled to only the FERS Basic Employee Death Benefit or a dependent child whose survivor benefit is reduced by Social Security benefits (refer to Module 1).

Divorce:

- You **must** contact your FEHB plan and your HR office or OPM (if retired) to let them know the date of the divorce or annulment and have them **remove** your former spouse from the policy.
- Your former spouse may be eligible to enroll under Spouse Equity, or Temporary Continuation of Coverage (TCC), or convert to an individual policy with your carrier.
- The former spouse will be required to pay both the government and the employee/retiree portion of their health plan premiums under spouse equity and TCC enrollment.
- Enrolling under the Spouse Equity provisions is a three-step process for the former spouse. First, they must apply to enroll within the required time limit (31 days from the date of divorce or annulment). Second, they must establish eligibility to enroll. Third, actual enrollment can take place only after the first two steps have been completed.
- You may continue coverage for your children (up to age 26 or disabled) in the event of a divorce whether they reside with you or with your former spouse.

Resources:

FEHB Handbook: <https://www.opm.gov/healthcare-insurance/healthcare/reference-materials/fehb-handbook/>

FAQ: <https://www.opm.gov/healthcare-insurance/insurance-faqs>

High Deductible Health Plans

High Deductible Health Plans (HDHPs) are insurance plans that offer greater control over your health care dollars and provide potential tax incentives. Except for preventive care, the plan deductible must be met before benefits are paid. The minimum deductible for 2026 is \$1,700 (Self Only) and \$3,400 (Family). The maximum out-of-pocket is limited to \$8,500 (Self Only) and \$17,000 (Self + 1 or Family) when you use in-network PPO providers.

FEHB High Deductible Health Plans credit a portion of your premium to either a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA). Enrollees with an HSA may contribute **pre-tax** dollars up to \$4,400 (Self Only) and \$8,750 (Self + 1 or Family) for 2026. This limit applies to the contributions made by the insurance plan as well as enrollee contributions. If you are 55 or older the IRS allows you to contribute up to \$1,000 in catch-up contributions for 2026. The money in the HSA belongs to you even if you change plans or employment.

Example: GEHA Benefit Plan (HDHP)

Bi-weekly Premiums: Self: \$81.62; Self + 1: \$175.47; Family: \$215.63

Table 50: Example: GEHA Benefit Plan (HDHP)

Plan	HSA Bank Contribution	You may contribute	Deductible	Co-insurance – Your Cost
Self Only	\$83.33/month \$1,000/year	\$3,400/year (plus \$1,000 if 55+)	\$1,800 in network/ \$4,500 out of network	5% of plan allowance in network and 35% out of network
Self + 1; Self and Family	\$166.66/month \$2,000/year	\$6,750/year (plus \$1,000 if 55+)	\$3,600 in network/ \$9,000 out of network	

Characteristics of an HSA:

- You do not have to use the account funds in the plan year; the balance remains in the account.
- The funds will earn **tax-free** interest.
- Withdrawals for qualified expenses are **tax-free**.
- Penalty of 10% for non-qualified expenses, if under 65.
- You will not lose the funds if you change plans, leave Federal service, or retire.

To qualify for an HSA, you must meet the following requirements:

- Covered under a High Deductible Health Plan (HDHP).
- Have no other health coverage including Medicare and TRICARE (there are a few exceptions).
- Cannot be claimed as a dependent on someone else's tax return.

Not eligible for an HSA? You will have a Health Reimbursement Arrangement (HRA).

- Entire HRA credit is available from your effective date of enrollment.
- Use these funds to pay for qualified medical expenses and Medicare premiums.
- Cannot make additional tax-free contributions to these accounts.
- May carry over unused credits from year to year; however, they will not earn interest.
- You will forfeit the funds if you change health plans or terminate Federal employment.

Medicare Overview

Medicare is a health insurance program for people who are age 65 and older, or disabled and under age 65, or have end-stage renal disease (permanent kidney failure treated with dialysis or a transplant). Parts A and B are sometimes referred to as Original Medicare. When eligible, most Federal retirees choose to enroll in Medicare A and B. Medicare Parts C and D are available commercially and through FEHB providers.

Table 51: Medicare Overview

Part	Description
A	Inpatient care when you are admitted into a hospital, skilled nursing facility, hospice, or are receiving home health care while recovering from an accident or illness.
B	Services received from a doctor, outpatient hospital care, diagnostic tests, durable medical equipment, ambulance services, and many other health services and supplies that are not covered by Part A. Usually, Part B covers drugs you would not typically give to yourself, such as infused or injected drugs.
C	Part C, also known as Medicare Advantage (MA), is a Medicare-approved plan from a private company that offers an alternative to Original Medicare for your health and drug coverage. These “bundled” plans include Part A, Part B, and usually Part D. Many FEHB plans offer a Medicare Advantage option.
D	Medicare drug coverage: Part D helps pay for brand-name and generic drugs.

As a retiree, there are advantages to enrolling in Medicare when it is the primary payer.

- Many FEHB plans will waive their cost-sharing (deductible, copayments, and coinsurance) when Medicare is primary payer.
- Some FEHB plans will reimburse a portion of your Part B premium.
- Another benefit to Medicare enrollment is to gain additional coverage. Some services covered by Part B might not be covered or are only partially covered by your FEHB plan, such as orthopedic and prosthetic devices, durable medical equipment, home health care, and medical supplies. Check your plan brochure for details.
- You may go outside of the HMO network for Part B services and receive reimbursement by Medicare for services from any provider who accepts Medicare.
- Be sure to notify your FEHB plan that you or a family member has enrolled in Medicare to avoid billing errors.

Outside of the United States: In most situations, Medicare will not pay for health care or supplies you get outside the U.S. The term “outside the U.S.” means anywhere other than the 50 states of the U.S., the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. There are some limited exceptions. Medicare Part B does not cover prescription drugs outside of the U.S. All FEHB plans provide coverage for care outside of the U.S.

Part A: Hospital Insurance

Part A (Inpatient Coverage) Premiums

Most people receive Part A premium – free. The Medicare 1.45% payroll tax paid by employees and employers covers most of the cost of Part A coverage.

Coverage

Part A covers most of the cost for care when admitted for the following:

- Inpatient care in hospitals
- Skilled nursing facility care following a hospital stay
- Hospice
- Home health care when your doctor orders home health care and certifies that you are homebound and need the services.

Medicare Part A and FEHB for Retiree

- Primary payer: Medicare
- Secondary payer: FEHB

Table 52: 2026 Payment by Medicare Part A (Primary) and FEHB (Secondary)

Hospital Charge	Medicare Pays	FEHB Pays
Up to 60 days of semi-private room and board, general nursing, and miscellaneous service and supplies	All but \$1,736	\$1,736
61 st through 90 th day	All but \$434 per day	\$434 per day (30 days x \$434 = \$13,020)
Days 91 and beyond (up to 60 lifetime reserve days)	All but \$868 per day	\$868 per day (60 days x \$868 = \$52,080)
After 60 lifetime reserve days are used, additional days	\$0	All charges (there may be some out-of-pocket changes in a non-member hospital)

Notes:

Part B: Doctor and Outpatient Care

Part B (Outpatient care) Premiums

- Part B standard premium is \$202.90 per month per person (2026)
- Some individuals with higher income will pay more due to IRMAA (Income-Related Monthly Adjustment Amount) premiums. See the chart below.

Premium Penalties

If you do not sign up for Part B when you are first eligible, you may have to pay a penalty if you enroll later. For each 12-month period you delay enrollment in Part B, you will have to pay an extra 10% based on the standard Part B premium, unless you qualify for a Special Enrollment Period (SEP).

Coverage

Doctor visits, physical therapy, ambulance services, diagnostic testing, outpatient care, durable medical equipment, drugs when administered by a medical professional (i.e., infused or injected).

Part B becomes the primary payer after age 65, or later, if you (or your spouse) retire past age 65 and are no longer covered by "current employment" health coverage.

Income-Related Monthly Adjustment Amount (IRMAA) COSTS

Table 53: 2026 Income-Related Monthly Adjustment Amount for Medicare Part B

If 2024 Modified Adjusted Gross Income is:		2026 Part B Premium
Single	Married Couple	Monthly Per Person
\$109,000 or less	\$218,000 or less	\$202.90
\$109,001 - \$137,000	\$218,001 - \$274,000	\$284.10
\$137,001 - \$171,000	\$274,001 - \$342,000	\$405.80
\$171,001 - \$205,000	\$342,001 - \$410,000	\$527.50
\$205,001 - \$500,000	\$410,001 - \$750,000	\$649.20
\$500,001 and above	\$750,001 and above	\$689.90

Part C: Medicare Advantage (MA)

Medicare Part C was created in 1997 as the "Medicare + Choice" program by the Balanced Budget Act of 1997. The program was renamed "Medicare Advantage" in 2003. Medicare Advantage is a Medicare-approved plan offered through private companies. Medicare Part C or Medicare Advantage (MA) provides an alternative to Original Medicare for your health and drug coverage.

These "bundled" plans include Part A, Part B, and usually Part D. A significant drawback of MA is that some providers have dropped out of MA plans. Additional benefits of using an MA plan may include free gym membership, dental/vision/hearing aids, meal delivery (frozen dinners in the mail after a hospital stay), limited non-emergency transportation to medical appointments, and an allowance for over-the-counter medications. The IRS out-of-pocket maximum for Part C plans is \$9,250 (2026).

The majority of FEHB plans offer an MA option except for BC/BS Federal Employee Plans. You can find the plans that offer this option by visiting the carrier's website and finding the page labeled "retiree resources" or "FEHB and Medicare." After enrolling in an FEHB plan offering this benefit, you must contact the plan and "opt into" the MA option. **You must be enrolled in Medicare Part A and Part B to enroll in Part C.**

Table 54: Comparison of FEHB MA and Commercial MA Plan Options

FEHB MA	Commercial MA (www.medicare.gov)
Part B premium reduction*	May provide Part B reduction
No deductible, copays, or coinsurance	Varying out-of-pocket costs
Must pay premiums for FEHB	Some plans have \$0 premium
Enhanced Part D drug coverage included	May have to purchase Part D
Use any provider if eligible to receive payment under Medicare and willing to bill and accept payment from the plan	Potentially limited provider network
Many offer nationwide coverage	May have a limited or restricted service area
May opt in or opt out at any time	Enroll or disenroll from October 15 th – December 7 th

* BCBS Basic, Aetna Direct, and GEHA High Option are the only FEHB plans that rebate some of the Part B premium without using an MA option. Additionally, MHBP HDHP allows you to use the Health Fund to reimburse some of the Part B premium.

Why doesn't everyone use Medicare Advantage?

- *14 health systems dropping Medicare Advantage plans 2026*
<https://www.beckershospitalreview.com/finance/16-health-systems-dropping-medicare-advantage-plans-2026/>
- *When Hospitals Ditch Medicare Advantage Plans, Thousands of Members Get To Leave, Too*
<https://kffhealthnews.org/news/article/hospitals-abandon-medicare-advantage-plans-members-quit-too/>
- Some retirees "suspend" FEHB coverage using form RI 79-9, Health Benefits Cancellation/Suspension Confirmation form, to enroll in a *commercial* MA plan that are available through www.medicare.gov through the "health and drug plan" finder tool. In this situation, *you must wait for the next Open Season to cancel your FEHB suspension.*

To learn more about MA plans, see *Medicare Advantage in 2025: Enrollment Update and Key Trends* <https://www.kff.org/medicare/medicare-advantage-enrollment-update-and-key-trends/>

Part D: Medicare Drug Coverage

Part D: Medicare Prescription Drug Coverage and FEHB

Part D helps pay for brand-name and generic drugs. Many FEHB Plans automatically enroll Medicare eligible retirees in a Medicare Part D Prescription Drug Plan (PDP) Employer Group Waiver Plans (EGWPs). Members enrolled in a Medicare PDP-EGWP will be able to take advantage of Medicare enhancements such as a \$2,100 (2026) out-of-pocket Part D spending limit annually per person. Once you reach the maximum for the year, you pay nothing for your prescriptions for the rest of the year.

Coverage

- Medicare PDP-EGWP pharmacy coverage is equal or better than the corresponding FEHB drug coverage
- Part D Medicare PDP-EGWPs have no additional premium – except for IRMAA
- May opt out of Part D and return to FEHB drug coverage
- You may be automatically enrolled – if enrolled or eligible for Part A and/or Part B
- Lower out-of-pocket costs

Part D Premiums

Table 55: 2026 Income-Related Monthly Adjustment Amount for Medicare Part D

If 2024 Modified Adjusted Gross Income is:		2026 Part D Premium
Single	Married Couple	Monthly Per Person*
\$109,000 or less	\$218,000 or less	\$0
\$109,001 - \$137,000	\$218,001 - \$274,000	\$14.50
\$137,001 - \$171,000	\$274,001 - \$342,000	\$37.50
\$171,001 - \$205,000	\$342,001 - \$410,000	\$60.40
\$205,001 - \$500,000	\$410,001 - \$750,000	\$83.30
\$500,001 and above	\$750,001 and above	\$91.00

* FEHB plans do not charge a premium for FEHB Medicare PDP-EGWP.

The average monthly premium for a stand-alone Medicare Part D plan is estimated to be \$34.50 in 2026 (Centers for Medicare and Medicaid Services). However, the actual cost of a Part D plan can vary significantly based on the specific plan, your income, and other factors.

FEHB members who have a Medicare PDP-EGWP cannot use this coverage to purchase drugs while traveling or residing overseas. If you take a maintenance medication and you intend to go overseas for an extended period, you may be eligible for an extended prescription refill before you leave the U.S. This will require a 12-month prescription from your doctor and is not applicable for controlled substances. Contact the Pharmacy Program at 1-888-338-7737 to learn more.

Coordination of Benefits

The following chart will help determine when Medicare will be the primary payer:

Table 56: When Medicare will be the Primary Payer

When you or your covered spouse are age 65 or over and have Medicare and you...	Primary Payer	Secondary Payer
1. Have FEHB coverage on your own as an active employee	FEHB	Medicare
2. Have FEHB coverage on your own as an annuitant or through your spouse who is an annuitant	Medicare	FEHB
3. Have FEHB through your spouse who is an active employee	FEHB	Medicare
4. Are a re-employed annuitant with the Federal government and your position is excluded from FEHB and you are not covered under FEHB through your spouse under #3 above	Medicare	FEHB

Additional circumstances can be found in your FEHB plan brochure. It is critical that you tell the FEHB plan if you or a covered family member has Medicare coverage so they can administer these requirements correctly. Having coverage under more than two health plans may change the order of benefits determined on this chart.

Full chart found at: <https://www.opm.gov/healthcare-insurance/healthcare/plan-information/plans/BrochureJson?brochureNumber=71-005&year=2026>

Notes:

Enrollment in Medicare

If you are receiving Social Security benefits for at least 4 months before you turn 65, you do not need to do anything to sign up. You will be automatically enrolled in both Medicare Part A and Part B. You will receive a welcome package in the mail with your Medicare card 3 months before your Medicare coverage starts.

Table 57: Initial Enrollment Period (IEP)

Initial Enrollment Period (IEP)						
3 months before the month you turn 65	2 months before the month you turn 65	1 month before the month you turn 65	The month you turn 65	1 month after the month you turn 65	2 months after the month you turn 65	3 months after the month you turn 65
Sign up early to avoid a delay in coverage. To get Part A and/or Part B the month you turn 65, you must sign up during the first 3 months before you turn 65.			If you sign up the month you turn 65 or during the 3 months after you turn 65, your coverage begins the following month.			

You may be entitled to a Special Enrollment Period (SEP) if you do not enroll in Part B at age 65, because you are still working and are covered by you or your spouse's current employment group health plan. Also, some individuals want to continue making contributions to a Health Savings Account (HSA).

Table 58: Special Enrollment Period (SEP)

Special Enrollment Period (SEP)		
You can use a SEP to enroll in Medicare Part B while you're still in a group health plan based on current employment	OR	No later than 8 months after employment ends.
To enroll during your SEP, complete an Application for Enrollment in Part B, form CMS-40B, and have your HR office help you complete a Request for Employment Information, form CMS-L564.		

If you missed enrolling in Medicare Part A and/or Part B during your IEP or do not have a SEP, you can enroll during the annual General Enrollment Period.

Table 59: General Enrollment Period (GEP)

General Enrollment Period (GEP)	
Between January 1 – March 31 each year	Your coverage starts the month after you sign up. You might pay a monthly late enrollment penalty, if you do not qualify for a Special Enrollment Period.

Premium Penalties: Part B

If you do not sign up for Part B when you are first eligible or during a Special Enrollment Period, you may have to pay a penalty if you enroll later. You will have to pay a permanent 10% penalty for each 12-month period that you could have been enrolled but delayed enrollment.

Example: Mr. Smith's Initial Enrollment Period ends September 30, 2023. He is planning to sign up for Part B during the General Enrollment Period in March 2026. His Part B premium will be permanently increased by a 20% penalty. (While Mr. Smith will wait a total of 30 months to sign up, this is only two full 12-month periods.)

If you are 65 or older, you can enroll online at www.ssa.gov/medicare/sign-up for Parts A and B, or Part A only. You may also call Social Security at 800-772-1213. Tell the representative you want to sign up for Medicare Parts A and B, or Part A only. TTY +1 800-325-0778

Notes:

Changes in FEHB Enrollment

Outside of the FEHB Open Season period, you may change your FEHB enrollment to a different available plan or option at any time beginning on the 30th day before you become age 65. You may use this opportunity only once by completing OPM form 2809, select Qualifying Life Event 2L. You should consider the needs of other family members who may not be eligible for Medicare when choosing an FEHB plan.

Status from Primary to Secondary Payer

Medicare is generally the primary payer and FEHB is the secondary payer if FEHB premiums are deducted from your retirement benefit (or your spouse's retirement). This means that Medicare will be billed for payment of medical services first and FEHB will be billed for the remainder after Medicare pays. In many cases, your deductible and copayments will be waived under your FEHB plan, and your out-of-pocket expenses will be reduced to zero. See Section 9 of your FEHB plan 2026 brochure. If you have coverage under TRICARE (military healthcare), it will always pay last.

If you are already 65 or older when you retire:

- Call the Medicare Coordination of Benefits Contractor at 1-800-633-4227. TTY users should call 1-877-486-2048. Provide your name, the name and address of your health plan, your policy number, and the date coverage changed (the date of your retirement).
- Be sure to tell your doctor and other providers about the change in your insurance or coverage because Medicare now becomes primary payer.
- You should also contact your FEHB plan to let them know when you are enrolled in Medicare.

Appealing IRMAA After a Life Changing Event

As a beneficiary, you have the right to appeal if you believe that the amount you are paying due to IRMAA is incorrect. First, you must request a reconsideration of the initial determination from the Social Security Administration by calling 1-800-772-1213 or filing IRMAA Life Changing Event, form SSA-44. You may appeal for one of the following qualifying reasons:

- You married, divorced, or became widowed.
- You or your spouse stopped working or reduced your work hours.
- You or your spouse lost income-producing property due to a disaster or other event beyond your control.
- You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan.
- You or your spouse received a settlement from an employer or former employer because of the employer's closure, bankruptcy, or reorganization.

If any of the above applies to you, Social Security will need to see documentation verifying the event and how it has reduced your income. The documentation you provide should be related to the event and may include a death certificate, a letter from your employer about your retirement, or something similar. If you filed a Federal income tax return for the year in question, you would need to show Social Security your signed copy of the return.

Federal Employees Dental and Vision Insurance Program

The Federal Employees Dental and Vision Insurance Program (FEDVIP) offers comprehensive dental and vision benefits. FEDVIP is not part of the FEHB program, or any supplementary dental and vision product offered by the FEHB plan.

The dental carriers are:

- Aetna Dental
- BCBS FEP Dental
- GEHA Connection Dental Federal
- MetLife Federal Dental Plan
- United Concordia Dental
- United HealthCare Dental
- Delta Dental's Federal Employees Dental Program

Regional dental service providers:

- Dominion National
- Humana Dental
- EmblemHealth Dental
- Triple-S Salud

The vision carriers are:

- Aetna Vision Preferred
- BCBS FEP Vision
- UnitedHealthcare Vision Plan
- VSP Vision Care
- MetLife Federal Vision Plan

Federal employees who are eligible to enroll in FEHB may enroll in FEDVIP:

- During your first 60 days as a newly eligible employee; or
- During the Federal Benefits Open Season (mid-November to mid-December); or
- When you have a Qualifying Life Event (For more information:
<https://www.benefeds.gov/learn/fedvip/fedvip-qualifying-life-events/>)

Continuation of FEDVIP coverage into retirement:

- FEDVIP does not require 5 years of coverage prior to retirement to carry coverage into retirement.
- Retirees who were not enrolled while employed may enroll in any Open Season.
- Your FEDVIP coverage will end when you resign from Federal employment.
- You can re-enroll in FEDVIP when you begin to receive your annuity under a postponed MRA+10.

Eligible Family Members include your spouse and unmarried dependent children under age 22, which includes legally adopted children, stepchildren, and foster children who live with you in a regular parent-child relationship. Under certain circumstances, you may continue coverage for a disabled child 22 years or older.

FEDVIP rules and FEHB rules for family member eligibility are NOT the same.

Visit www.BENEFEDS.gov to enroll during Open Season or call 1-877-888-FEDS (3337) or TTY 711

Federal Flexible Spending Accounts

General Information about Federal Flexible Spending Accounts

- Use pre-tax dollars to pay for out-of-pocket medical and/or dependent care expenses.
- Can be used for eligible expenses for you, your spouse, and your dependents. A comprehensive list of eligible expenses can be found at www.fsafeds.gov.
- When you enroll in FSAFEDS your annual allotment will be divided by the number of pay periods remaining in the calendar year.
- Use or lose rule: With few exceptions, any money left in your FSA is forfeited after the benefit period ends. See below for the HCFSA carryover amount and the DCFSA grace period.

Health Care Flexible Spending Account (HCFSA)

- Employees may elect up to \$3,400, but not less than \$100 annually.
- A married couple who are both eligible to participate in an FSA at work (private sector or Federal) may each contribute to an HCFSA of up to \$3,400.
- The benefit elections are irrevocable once the plan year has begun unless the employee experiences a Qualifying Life Event (QLE).
- Employees enrolled or covered by a High Deductible Health Plan (HDHP) may use a Limited Expense Health Care Flexible Spending Account (LEX HCFSA) to cover dental and vision expenses.
- To be eligible for up to a \$680 carryover, you must meet the following requirements:
 - Be actively employed by an FSAFEDS-participating agency and contributing to a HCFSA or a LEX HCFSA account through December 31; and
 - Re-enroll for the next benefit period. If you do not re-enroll, you forfeit your right to a carryover amount.

Dependent Care Flexible Spending Account (DCFSA)

- Employees may contribute to a Dependent Care FSA (DCFSA) to help pay for dependent care expenses. The minimum election is \$100 annually.
- Employees may contribute up to the maximum of \$7,500 per household if filing taxes single, jointly, or head of household (\$3,750 if married filing separately).
- The grace period still applies to the DCFSA, which means you have from January 1 to March 15 of the following year to incur expenses and use funds from the previous plan year.
- You can use your DCFSA account to pay for the eligible dependent expenses of a qualifying child (your child under the age of 13) or relative (your spouse, adult relative, or adult child who is physically or mentally incapable of self-care).
- Consult your tax advisor for more information on the dependent care tax credit.

FSA's and Retirement

Federal retirees are not eligible to participate in the FSA program. Once you retire, you can no longer contribute money to an account (except for some re-employed annuitants).

The following is from the FAQs on <http://www.fsafeds.gov>

What happens if I separate or retire before the end of the Plan Year?

The balances in your HCFSAs, LEX HCFSAs, and DCFSAs are treated differently if you separate or retire before the end of the calendar year.

Your HCFSAs or LEX HCFSAs will terminate as of the date of your separation or retirement. There are no extensions. Any eligible health care expenses incurred prior to the date of separation will still be reimbursed but those incurred after the separation date are not reimbursable, even if you accelerated your allotments. ***If you used your entire elected amount before FSAFEDS has deducted it from your pay, you will not be responsible for the remaining allotments.***

Unlike the HCFSAs, you may only be reimbursed up to the funds available in your DCFSAs on the day your claim is processed. Your entire election is not available on the first day of the benefit period. Your DCFSAs remaining balance can continue to be used to pay for eligible dependent care expenses until your account balance is depleted or the end of the calendar year, whichever comes first.

Example:

Richard is enrolled in both a HCFSAs and DCFSAs for the 2025 Benefit Period and retires on June 30, 2026. He may only submit claims for health care expenses which are incurred prior to his June 30, 2026 separation date, but he can continue to incur dependent care expenses through December 31, 2026 or until his balance is depleted. He would not be eligible for the grace period under his DCFSAs.

Notes:

Life Insurance (FEGLI)

Federal Employees' Group Life Insurance (FEGLI) is group term life insurance available to you and your family as a Federal employee and during your retirement. This type of insurance builds no cash value, and the cost rises with age. You may not continue Accidental Death and Dismemberment insurance after retirement.

- FEGLI consists of Basic life insurance and three optional types of coverage.
- The Government pays one-third of the premium for Basic life insurance.
- Employees pay two-thirds of the premium for Basic life insurance and the full cost of any optional coverage they elect.

New Federal employees are automatically covered by Basic life unless they waive coverage. Employees must have Basic insurance to elect any of the options.

FEGLI Website: www.opm.gov/healthcare-insurance/life-insurance/

Table 60: FEGLI Resources

Resource	Contents
FEGLI Calculator	• Determine the face value of your current FEGLI coverage • Calculate the premiums for various combinations of coverage • Determine if choosing a different option can change the amount of your life insurance and your premium withholdings • Determine how the life insurance carried into retirement will change over time
FEGLI Handbook	Detailed guidance for employees, annuitants, compensationers, and employing offices
FEGLI Publications	• FEGLI Booklet for Federal Employees (FE 76-21) • FEGLI Booklet for Postal Employees (FE 76-20) • FEGLI Information for Retirees and Their Families (RI 76- 12) • FEGLI Publications and Forms: https://www.opm.gov/healthcare-insurance/life-insurance/reference-materials/

Notes:

Life Insurance and Optional Coverage

Basic Life

Basic coverage is an employee's annual salary rounded up to the next \$1,000 plus \$2,000. However, younger employees are covered by an additional Basic insurance provision called the Extra Benefit, which doubles the amount of Basic insurance payable at no extra cost for enrollees age 35 or younger. Beginning on an enrollee's 36th birthday, the Extra Benefit decreases 10% each year until age 45, after which, there is no Extra Benefit.

The cost of Basic life coverage is \$0.16 per \$1,000 biweekly. New rates effective 10/1/2021.

Example:

- Salary = \$47,300
- Coverage = \$50,000
- Cost is $50 \times .16 = \$8.00$ biweekly

Optional Coverage

There are three types of optional coverage that you may elect and pay the full cost for each.

Table 61: Cost of Optional Coverage

Age Group	Biweekly Cost by Option		
	A: Standard (\$10,000 coverage)	B: Additional Up to 5x annual basic pay (per \$1,000 of Coverage)	C: Family Coverage for Spouse and dependent Children* (for each Multiple of Coverage)
Under age 35	\$0.20	\$0.02	\$0.20
35–39	\$0.20	\$0.02	\$0.24
40–44	\$0.30	\$0.03	\$0.37
45–49	\$0.60	\$0.06	\$0.53
50–54	\$1.00	\$0.10	\$0.83
55–59	\$1.80	\$0.18	\$1.33
60–64	\$6.00	\$0.40	\$2.43
65–69	\$6.00	\$0.48	\$2.83
70–74	\$6.00	\$0.86	\$3.83
75–79	\$6.00	\$1.80	\$5.76
80+	\$6.00	\$2.88	\$7.80

*This type of coverage provides \$5,000 for your spouse and \$2,500 for each child. You may elect additional coverage in multiples of up to five times the base amount.

Life Insurance Changes

Changes to FEGLI while employed:

An employee who experiences a Qualifying Life Event (QLE - marriage, divorce, death of a spouse or birth or adoption of a child) will have 60 days to elect Basic, plus any or all optional insurance [Option A, Option B (up to 5 multiples) and Option C (up to 5 multiples)]. If there were reasons why the employee was not able to elect coverage within this time limit, the employing agency may allow a 6-month belated election opportunity.

Federal employees who are called to Active Duty for more than 30 days may continue their FEGLI coverage for up to 24 months. FEGLI is free for the first 12 months; however, employees must pay the employee and agency share of the premiums for their Basic and any optional coverage they may have for the additional 12 months of coverage.

To enroll in FEGLI outside of an Open Enrollment or a Qualifying Life Event, request a Standard Form 2822 and Standard Form 2817 from your human resources office (also available at www.opm.gov/insure/life) and obtain a physical. If the Office of Federal Employees' Group Life Insurance (OFEGLI) approves your request, you are automatically enrolled in Basic. If you want Optional insurance (Options A, B) as well as Basic, you can enroll in Option A and/or Option B within 60 days from the date of OFEGLI's approval. Obtaining a physical does not allow you to enroll in Option C. You must either enroll in Option C during an unrestricted Open Enrollment or else in connection with a QLE.

To continue your FEGLI coverage into retirement:

Retirees maintain the Basic and optional coverage that was in effect on the last day of their employment. No Open Enrollments. No Qualifying Life Events. To qualify you must:

- Retire on an immediate annuity (one that begins within 30 days after separation) or a postponed immediate annuity under the MRA + 10 provisions of FERS.
- Have been enrolled in FEGLI for the 5 years immediately preceding the starting date of your annuity (or for a FERS retiree who elected a postponed annuity, the 5 years immediately preceding your separation) or, if fewer than 5 years, for the entire period that coverage was available to you.
- Have not converted to an individual policy.
- Have not waived coverage of Basic life insurance.

Notes:

Basic Life Insurance and Retirement

You will pay a premium for Basic coverage during retirement only until age 65. After that you will receive Basic coverage at no cost. However, you will continue to pay premiums for your optional coverage. Once you reach 65, or at retirement, whichever is later, your Basic coverage will be reduced by 2% per month until it reaches 25% of the original value – a 75% reduction.

For an additional cost, you may elect to maintain 50% or all of your Basic coverage after you retire and are over age 65. If you elect 50%, your Basic coverage will be reduced by 1% per month until it reaches 50% of the original value.

Election of retirement coverage is made through the Online Retirement Application (ORA) or by completing form SF 2818.

Table 62: Cost of Basic Coverage After Retirement

Reduction at age 65	Cost before age 65	Cost on and after age 65
75%	\$0.3467*	Free
50%	\$1.0967*	\$0.75*
None	\$2.5967*	\$2.25*

*Per \$1,000 per month

Example: Cost of Basic Coverage After Retirement

- Age at retirement: 61
- Basic coverage: \$50,000

Table 63: Example - Cost of Basic Coverage After Retirement

Retirement election (reduction at age 65)	Amount of insurance after reduction	Cost per month before age 65	Cost per month on and after age 65
75%	\$12,500	\$17.34	Free
50%	\$25,000	\$54.84	\$37.50
None	\$50,000	\$129.84	\$112.50

NOTE 1: Employees who continue working past age 65 may continue FEGLI basic coverage at the normal employee premium rate. Their life insurance will begin to reduce at retirement and additional premiums may be charged, based on the election made on form SF 2818.

NOTE 2: If you elect 50% or no reduction at retirement, you may cancel this election at any time. You will then get 75% reduction. If you have assigned your insurance, you cannot cancel your election of 50% Reduction or No Reduction. Only your assignee(s) can cancel your election.

Basic Life Insurance and Optional Coverage

Living Benefit: You may elect to receive a lump-sum payment if you are terminally ill and have a documented medical prognosis that your life expectancy is 9 months or fewer. If you elected a partial living benefit, you must elect No Reduction at retirement for your Basic insurance. You cannot later cancel that election. If you elected a partial living benefit, you may not change from No Reduction to 75% reduction.

Assignment: You may assign your life insurance to another individual(s), corporation, or trustee. You are still the insured person, but you no longer own the insurance on your life. You will continue to pay the FEGLI premiums from your employee salary or retirement annuity. An assignment is irrevocable. You may not later change your mind or cancel the assignment. You may only assign your Basic insurance and Option A or B coverage. Once you have retired, if you have assigned your insurance, only your assignee(s) may change from No Reduction to Full Reduction for your Option B coverage.

Optional Coverage

If you are covered under Option A when you retire, your coverage will continue in full until you reach age 65, or at retirement, whichever is later, and then it will be reduced by 2% per month until it reaches \$2,500. Once it starts to reduce, Option A has no further premiums.

There are no other choices for Option A other than to cancel this coverage.

If you are covered by Options B and/or C when you retire, you may continue the highest number of multiples in effect during the 5 years of service immediately preceding retirement or since first opportunity and during all subsequent periods of opportunity, you may choose full reduction for some multiples and no reduction for other multiples.

- Full reduction—At age 65 or at retirement, whichever is later, the amount of your Option B and/or Option C coverage will begin to reduce at the rate of 2% per month until it reaches zero. Once coverage begins to reduce, there are no further premiums.
- No reduction—At age 65, or at retirement, whichever is later, the full amount of your Option B and/or Option C coverage will continue for life unless you change it to Full Reduction.

Notes:

Optional Coverage and Retirement

Example: Options A, B, and C Monthly Premiums

Table 64: Example – A, B, and C Monthly Premiums

	\$10,000 (Retiree) Option A	\$240,000 (Retiree) Option B		\$25,000 (Spouse) Option C, 5 Multiples	
Age	Cost	Cost per \$1,000	Cost for \$240,000	Cost per Multiple	Cost for 5 Multiples
50-54	\$2.17	\$0.217	\$52.08	\$1.80	\$9.00
55-59	\$3.90	\$0.390	\$93.60	\$2.88	\$14.40
60-64	\$13.00	\$0.867	\$208.08	\$5.27	\$26.35
65-69	\$0	\$1.040	\$249.60	\$6.13	\$30.65
70-74	\$0	\$1.863	\$447.12	\$8.30	\$41.50
75-79	\$0	\$3.900	\$936.00	\$12.48	\$62.40
80+	\$0	\$6.240	\$1,497.60	\$16.90	\$84.50

Employees may cancel their Basic and/or optional life insurance coverage at any time electronically or by completing a new SF-2817, Life Insurance Election form. If you cancel your Basic life insurance, you will also lose any optional coverage you may have.

Retirees will need to write to:

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

NOTE: Before you reach age 65, you may change from No Reduction to Full Reduction at any time. Shortly before you reach age 65, OPM will send you a letter reminding you of your initial election and asking if you want to make any changes. At that time, you can choose to change your initial election and have some multiples of Option B and/or Option C (as applicable) coverage reduce and others not reduce. You may change from No Reduction to 75% reduction at any time unless you assigned your insurance (Option B only).

Be sure to include your retirement claim number (CSA number) or Social Security number and specify what action you want taken. Please note you cannot increase your coverage after retirement or reinstate any coverage that you cancel.

Notes:

FEGLI Form SF-2818, Continuation of Life Insurance Coverage as a Retiree

Continuation of Life Insurance Coverage
As an Annuitant or Compensation
 Federal Employees' Group Life Insurance (FEGLI) Program

Important:
 Read instructions on pages 1 - 3
 before completing this form.

Identifying Information

1. Employee's name (<i>last, first, middle</i>)	2. Date of birth (<i>mm/dd/yyyy</i>)	3. Social Security number
4. Employing department/agency	5. Work location (<i>city, state, ZIP code</i>)	6. Compensation claim number (<i>if applicable</i>)

Basic Life Insurance

7. Do you want to have Basic Life insurance in retirement/compensation if you are eligible?

☐ Yes (*If yes, complete item 8.*)
 ☐ No
 ☐ I received a full Living Benefit. (*skip to Item 9*)

8. What level of Basic do you want in retirement/compensation? *Check only one box. If you received a partial Living Benefit, you must check No Reduction.*

☐ 75% Reduction
 ☐ 50% Reduction
 ☐ No Reduction

Option A — Standard Optional Insurance

9. Do you want to have Option A in retirement/compensation if you are eligible? To continue Option A, you must also continue Basic. (*Check "yes" only if you currently have as an employee*)

☐ Yes
 ☐ No
 ☐ I don't have Option A.

Option B — Additional Optional Insurance

10. Do you want to have Option B in retirement/compensation if you are eligible? To continue Option B, you must also continue Basic. (*Check "yes" only if you currently have as an employee*)

☐ Yes (*If yes, complete item 11.*)
 ☐ No
 ☐ I don't have Option B.

11. How many multiples of Option B do you want to have in retirement/compensation? You can elect up to the number of multiples you are eligible to continue in retirement. Put a number on each line to indicate how many multiples you want for NO REDUCTION and FULL REDUCTION. If the number is "zero", "0" should be written on that line. The total of both No and Full Reduction multiples cannot exceed 5. See the instructions.

_____ (*number of NO REDUCTION multiples*)
 _____ (*number of FULL REDUCTION multiples*)

Option C — Family Optional Insurance

12. Do you want to have Option C in retirement/compensation if you are eligible? To continue Option C, you must also continue Basic. (*Check "yes" only if you currently have as an employee.*)

☐ Yes (*If yes, complete item 13.*)
 ☐ No
 ☐ I don't have Option C.

13. How many multiples of Option C do you want to have in retirement/compensation? You can elect up to the number of multiples you are eligible to continue in retirement. Put a number on each line to indicate how many multiples you want for NO REDUCTION and FULL REDUCTION. If the number is "zero", "0" should be written on that line. The total of both No and Full Reduction multiples cannot exceed 5. See the instructions.

_____ (*number of NO REDUCTION multiples*)
 _____ (*number of FULL REDUCTION multiples*)

Signature

14. **Signature** (*Do not print.*) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable.

 Date (*mm/dd/yyyy*)

Source: [Continuation of Life Insurance Coverage as an Annuitant or Compensation \(FEGLI\)](#)

Long Term Care Insurance

Long term care encompasses a wide range of health and personal care – from simple assisted living arrangements to intensive nursing home care – for elderly or disabled person(s). This type of care can include a combination of medical, nursing, custodial, social, and community services designed to help people who have disabilities or chronic care needs, including dementia. Services may be provided in the person's home, in the community, in assisted living facilities or in nursing homes. This type of care generally involves:

- Help with Activities of Daily Living (ADLs) and/or
- Supervision for individuals with cognitive impairment.

All tax-qualified long term care insurance plans allow benefits to be paid when you need assistance with 2 of 6 ADLs or a cognitive impairment. ADLs are things we take for granted. When you wake up in the morning and hop out of bed and get dressed, you are doing ADLs. Standard ADLs include:

- Bathing
- Dressing
- Eating
- Transferring
- Continence
- Toileting

A cognitive impairment is a deficiency in a person's short or long-term memory; orientation as to person, place, and time; deductive or abstract reasoning; or judgment as it relates to safety awareness. It is not just being a little bit forgetful. An individual with Alzheimer's disease would be considered to have cognitive impairment.

Paying for Long Term Care?

FEHB, Medicare, and TRICARE do not cover long-term care. Health insurance covers acute care and home health care while recovering from an illness or surgery.

Public programs currently cover 16% of all long term care. These programs include:

- Medicare (limited to skilled care; does not cover unskilled care in a nursing home)
- Medicaid (income based / nursing home care only)
- Community services
- Department of Veterans Affairs (limited to certain veterans and spouses)

Private options include:

- Family caregiver (71% of all long term care)
- Voluntary and faith-based organizations
- Long term care insurance
- Personal savings and investments (5.2% of all care)
- Reverse mortgages
- Continuing Care Retirement Communities (CCRC)
- Life insurance, annuities and trusts

Source: [AARP \(www.AARP.org\)](http://www.AARP.org)

Federal Long Term Care Insurance Program Suspension

Suspension Period for FLTCIP Applicants

New applications for coverage are suspended until at least December 2026. This was done to allow OPM and the FLTCIP carrier, John Hancock Life and Health Insurance Company, the time to thoroughly assess benefit offerings and establish sustainable premium rates that reasonably and equitably reflect the cost of the benefits provided.

Current FLTCIP Policy Holders

Current enrollees' coverage status will not change as long as they continue to pay premiums. For those in a claim status, there is no change to coverage or the claims reimbursement process as long as benefits have not been exhausted.

To start a claim:

- Review eligibility requirements
- A licensed health care practitioner has certified in the last 12 months that you are unable to perform, without substantial assistance from another person, at least two **Activities of Daily Living** for an expected period of at least 90 days due to a loss of functional capacity, or you require substantial supervision due to your **severe cognitive impairment**.
- Contact customer service to discuss the claims process and review the information needed from you, including the necessary forms.
- Complete the FLTCIP Claims Initiation Form, along with medical documentation.
- Next steps include FLTCIP customer service contacting your physician, requesting medical records, possibly a medical exam, and conducting an on-site assessment.
- FLTCIP decision: this process may take several weeks, depending on the amount of information needed to determine your eligibility for benefits. A written notice of the final decision will be sent no later than 10 business days after all the information has been gathered.

Source: <https://www.ltcfeds.gov/claims-information/starting-claims>

Resources for Information on LTC Insurance

Table 65: Resources for Long Term Care

Resource	Contact Information
FedPoint (Administrators of the Federal Long Term Care Insurance Program) www.LTCFEDS.gov Call Center hours: 9 AM – 7 PM ET	FLCIP, Attn: FedPoint PO Box 797 Greenland, NH 03840 Phone: 1-800-582-3337 TTY: 711 Int'l: 1-571-730-5938
American Health Care Association	1201 L St. NW Washington, DC 20005 Phone: 202-842-4444 www.ahcancal.org
National Association of Insurance Commissioners	https://content.naic.org/consumer/long-term-care-insurance.htm
LongTermCare.gov	https://acl.gov/ltc Service of the U.S. Department of Health and Human Services

Considerations for Self-Funding Long Term Care

- The likelihood of needing care
- The cost of care
 - <https://www.ltcfeds.gov/tools/cost-of-care>
- Type of care that would best fit your needs and situation
 - <https://www.ltcfeds.gov/long-term-care/options>
- Average length of care
- Aging in place options
 - <https://www.nia.nih.gov/health/aging-place-growing-older-home>

Using personal resources to pay for Long Term Care: <https://www.ltcfeds.gov/long-term-care/self-funding>

NOTE: Determining if you can self-fund may require the assistance of a trusted and qualified financial advisor.

Long Term Care Statistics

The cost of long term care can be expensive and vary greatly depending on the type of care you receive, the place where it is provided, and where you live. For example, the national average cost for a semi-private room in a nursing home is \$112,420¹ per year.

When considering cost, do not forget to also factor in inflation—the cost of care today may be much more in the future when you need care. If inflation continues to average 2.54%² every year, in 20 years the annual cost of care in a nursing home will increase from \$112,420 to almost \$186,000.

National average costs for LTC services

The chart below reflects the national average cost of long term care in various settings, ranging from care at home to care in a facility.¹

Table 66: National Average Costs of Long Term Care

Facility-Based Care	2024 National Annual Average	2024 Average Cost
Nursing home, private room	\$127,020	\$348 daily
Nursing home, semiprivate	\$112,420	\$308 Daily
Assisted living facility	\$66,132	\$5,511 monthly
Home/Community-Based Care	2024 National Annual Average	2024 Average Cost
Home health care aide	\$51,480 ³	\$33 hourly
Adult day care	\$29,640 ³	\$114 daily

Long Term Care Statistics

- Over 80% of elderly people receiving assistance, including many with several functional limitations, live in private homes in the community, not in institutions.
- 65.7 million informal and family caregivers provide care to someone who is ill, disabled or aged in the U.S.
- Annually 8,357,200 people receive support from the 5 main long term care services; home health agencies (4,742,500), nursing homes (1,383,700), hospices (1,244,500), residential care communities (713,300) and adult day service centers (273,200).
- Of the older population with long term care needs in the community, about 30% (1.5 million persons) have substantial long term care needs (three or more ADL limitations). Of these, about 25% are 85 and older and 70% report they are in fair to poor health.
- Individuals 85 years and older are one of the fastest growing segments of the population. In 2012, there are an estimated 5.9 million people 85+ in the United States. [Updated February 2015] This figure is expected to increase to 19.4 million by 2050. This means that there could be an increase from 1.6 million to 6.2 million people age 85 or over with severe or moderate memory impairment in 2050.

Source: <https://www.caregiver.org/resource/selected-long-term-care-statistics/>

¹ "The Federal Long Term Care Insurance Program 2024 Cost of Care Survey," conducted by illumifin <https://cdn.ltcfed.gov/planning-tools/downloads/Cost-of-Care-Survey.pdf>

² U.S. Department of Labor, Bureau of Labor Statistics, "Historical Consumer Price Index for All Urban Consumers," 30-year average, from 1995-2024, <https://data.bls.gov/timeseries/CUUR0000SA0> (August 2025).

³ Annual home health aide cost is based on six hours of care per day, five days per week. Annual adult day care cost is based on five days of care per week.

Module 4: Thrift Savings Plan

Introduction

Topics:

- Contributions
- Investment Options
- Loans and In-Service Withdrawals
- Distributions
- Taxes
- Death Benefits and Beneficiaries

Contact the TSP:

- ThriftLine: 1-877-968-3778 (toll-free)
You will need your 6-digit ThriftLine PIN to access your account.
Business Hours: Monday – Friday from 7:00 a.m. to 9:00 p.m. ET
International: (404) 233-4400 (not toll-free)
711 TTS Relay: Persons with a hearing or speech disability may utilize the free Telecommunications Relay Service (TRS) by dialing 711 from any phone.
- For general inquiries, you can email thriftline@tsp.gov. Do not email Personally Identifiable Information (PII) or documents. Please note that you cannot request account transactions by email.
- ThriftLine Service Center
C/O Broadridge Processing
PO Box 1600
Newark, NJ 07101-1600
- For account-specific communication sent to you electronically, log in to My Account and select the notification icon on the far right to access your Secure Mailbox.

Notes:

Contributions

Civil Service Retirement System (CSRS) employees may contribute to the TSP but do not receive any contributions from their agency.

FERS employees must contribute at least 5% of their basic pay **every pay period** to receive full matching for the year. The matching occurs biweekly – **not annually**.

Table 67: Percent of Basic Pay Contributed to Your Account per Pay Period

If you contribute:	Your agency automatically contributes:	Your agency matches your contributions by:	Total contributions to your account:
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
6% or more	1%	4%	11% or more

The annual elective deferral limit applies to the combined total of Traditional and Roth contributions. For 2026, the deferral limit is \$24,500. If you are not maxing out your contributions to this limit, consider increasing your contributions when you receive a pay increase.

TSP Catch-up Contributions

If you are turning 50 or older and exceed the IRS elective deferral limit, then your contributions will automatically start counting toward the IRS catch-up limit. For 2026, this limit is \$8,000. Your election will carry over each year unless you submit a new one.

Beginning in January 2025, participants between age 60 and 63 will have a higher catch-up limit. This limit is \$11,250. In the year that you turn 64 and older, you need to lower your contribution election at the beginning of the year. If you continue contributing at the higher amount, you might reach the lower catch-up limit early and miss out on Agency/Service Matching Contributions for the rest of the year.

As of January 1, 2026, if your income for the prior year is above the IRS wage threshold for that year, any catch-up contributions you make in the current year must be designated as Roth, regardless of your current election. For example, the requirement applies in 2026 if you earned more than \$150,000 in 2025. This amount is adjusted annually for inflation. If you don't already have a Roth balance, your first Roth contribution will automatically create one. If you don't want to contribute to Roth, you can stop your contributions at any time.

You can use the TSP-1 Thrift Savings Plan Election Form to make changes to your contributions to TSP or you can use your agency's or service's electronic payroll system to make any changes to your TSP contributions.

Annual Limit on Elective Deferral fact sheet: <https://www.tsp.gov/publications/tspfs07.pdf?TSP-FS-07>

Pre-tax or Post-tax Contributions**Traditional TSP**

Traditional TSP contributions are deducted from your paycheck on a pre-tax basis. These deductions lower your taxable income at the time they are deducted. When you withdraw these contributions, agency funds (for FERS employees) and their earnings, the money becomes subject to taxes in the year of the distribution.

If you make a Traditional contribution to your TSP account from tax-exempt pay (i.e., pay that is subject to the combat zone tax exclusion), that contribution will be kept separate from the rest of your Traditional TSP money so that you will not ever have to pay taxes on it. The money that contribution earns while in your TSP account, however, will be taxed upon withdrawal just like other traditional money.

Roth TSP

When you contribute to Roth TSP, the contributions are made on an after-tax basis and will not lower your taxable income at the time you make the contributions. When you take distributions from your Roth TSP, the distributions are tax-free, including the interest. The earnings must meet the following requirements to be considered tax-free:

- 5 years have passed since January 1 of the calendar year in which you made your first Roth contribution, and
- You have reached age 59½, have a permanent disability, or are deceased.

No part of a qualified distribution of Roth money is taxed under any circumstances. The earnings portion of a nonqualified distribution is taxed and may be subject to the early withdrawal penalty unless you transfer or roll over the payment.

If you make a Roth contribution to your TSP account from tax-exempt pay, you never pay taxes on that income—not at the time you contribute it and not when you withdraw it. The earnings on that contribution are also tax-free if you meet the qualifying requirements just described.

Roth In-Plan Conversions

Roth in-plan conversion allows you to convert a portion of money from your Traditional TSP balance to your Roth TSP balance within your TSP account. This option is available to you throughout your working years and in retirement if your Traditional TSP balance meets eligibility requirements. If you do not have a Roth TSP balance in your TSP account, you can still do a Roth in-plan conversion. In this case, your first Roth in-plan conversion will create a Roth TSP balance.

When you convert pre-tax money from your Traditional TSP balance, your Roth in-plan conversion amount becomes part of your taxable income for the year. This means that you will owe income tax on the conversion amount at your income tax rate. You must pay the income tax on the conversion amount using personal funds from another source, such as a savings account. You cannot use part of the amount you are converting to pay taxes.

This is a complex topic. We strongly recommend you consult a tax advisor before you do a Roth in-plan conversion.

Investment Options

Core Funds

Table 68: TSP Core Funds

G Fund	F Fund	C Fund	S Fund	I Fund
Government Securities Investment Fund	Fixed Income Index Investment Fund	Common Stock Index Investment Fund	Small Cap Stock Index Investment Fund	International Stock Index Investment Fund
Ensure preservation of capital and generate returns above those of short-term U.S. Treasury securities.	Match the performance of the Bloomberg U.S. Aggregate Bond Index.	Match the performance of the Standard and Poor's 500 (S&P 500) Index.	Match the performance of the Dow Jones U.S. Completion Total Stock Market Index.	Match the performance of the MSCI ACWI IMI ex USA ex China ex Hong Kong Index.
Low Risk	Low-medium Risk	Medium Risk	Medium-High Risk	High Risk

Lifecycle (L) Funds

Each of the eleven L Funds is a diversified mix of the five individual funds (G, F, C, S, and I). They were designed to let you invest your entire portfolio in a single L Fund and get the best expected return for the expected risk that is appropriate for you.

Every quarter, the target allocations of all the L Funds except L Income are automatically adjusted, gradually shifting them from higher risk to lower risk as they get closer to their target dates. The L Funds with a time horizon of over 25 years (L 2055 – L 2075) are almost exclusively invested in the C, S, and I stock index funds with very little invested in the G and F Funds. The allocations gradually shift to higher G and F Fund balances as they get closer to reaching their time horizon date. When an L Fund reaches its target date, it goes out of existence and any money in it becomes part of the L Income Fund, which generally keeps the same target allocation. For example, in the year 2030, the L 2030 Fund will be rolled into the L Income Fund.

At the end of each trading day, the L Funds will be rebalanced to maintain each L Fund's target allocation for that quarter. This is done by buying and selling the individual funds that make up the L Fund so that the percentages go back to what they were at the beginning of the day.

When the L 2030 Fund rolls into the L Income Fund automatically in July 2030, the remaining L Funds for 2035 through 2075 will remain in 5-year increments.

TSP Fund Information: <https://www.tsp.gov/publications/tsplf14.pdf?TSP-LF-14>

TSP Core Fund and L Fund Quick Review:

<https://www.tsp.gov/publications/tsppc16.pdf?TSP-PC-16>

TSP Fund Information Card: <https://www.tsp.gov/publications/tsppc16.pdf?TSP-PC-16>

Mutual Fund Window

The Mutual Fund Window (MFW) is an option for TSP participants seeking greater investment flexibility. If you meet certain eligibility requirements and pay the necessary fees, you can choose to invest a portion of your TSP savings in your choice of available mutual funds. With this option, you can transfer money from your TSP account through the Mutual Fund Window and open a separate investment account provided by TSP's MFW vendor. Once your account is established, you can buy, sell, and exchange mutual funds that you select from those available.

If you have more than one TSP account, such as a civilian account and a Uniformed Services account, and you want to invest money from each account in the MFW, you need to establish two separate MFW accounts. This means that eligibility requirements and associated fees also apply separately to each account. As with all complex investment decisions, you may want to consult a qualified financial advisor.

TSP Mutual Fund Window Fact Sheet: [TSP Mutual Fund Window \(73kb\)](#)

Here is what the Mutual Fund Fact Sheet says about the MFW:

A mutual fund pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio. Mutual funds are companies, and investors buy shares in them just like people buy stock in other companies that produce goods or provide services. Each share of a mutual fund represents an investor's part ownership in the fund and in the income it generates.

TSP funds are similar to mutual funds, as they allow investors to pool money and purchase shares in a portfolio of hundreds of holdings. The difference is that low-cost TSP funds are designed specifically for TSP participants. Only TSP participants can invest in them, and their only goal is to maximize participants' retirement savings.

Eligibility and Fees

TSP participants must initially transfer a minimum of \$10,000 into the window, then the following fees will apply:

- \$37 annual administrative fee to ensure that use of the MFW does not indirectly increase TSP administrative expenses for TSP participants who choose not to use the MFW
- \$95 annual maintenance fee
- \$28.75 per-trade fee
- Other fees and expenses specific to the mutual funds you choose

One reason this option is not very popular is the annual fees and account restrictions. Just to open a TSP mutual fund account with the required minimum investment of \$10,000, participants would need a \$40,000 TSP account balance. Assuming only two transactions a year, participants would incur more than 2% in fees on that \$10,000 balance, and that is before layering on the expense ratios for the actual mutual funds.

Keeping Score: <https://www.tsp.gov/publications/tsplf37a.pdf?TSP-LF-37-a>

All Over the Map: <https://www.tsp.gov/publications/tsplf35.pdf?TSP-LF-35>

TSP Loans

Active TSP participants are allowed to borrow money from their TSP accounts. The interest rate charged on a TSP loan stays the same for the life of the loan and is the same as the G Fund interest rate for the month before you request the loan. A loan may seem like a great idea but remember that while your money is out on loan, it is not earning any interest. Another consequence is if you are not able to contribute as much to the TSP because of the financial burden of loan payments, your TSP account will not grow as quickly, and you may not receive the full agency/service match if your contributions fall below 5%.

How to apply for a TSP loan

Log in to *My Account* to begin the request or call the TSP's ThriftLine. There is a loan application fee of \$50 for a general-purpose loan or \$100 for a primary residence loan.

Repaying your TSP loan

When the loan is processed, you agree to repay the loan in full, and authorize payroll deductions (or direct debits from your bank if in a nonpay status).

When you leave Federal service, you will have three options for repayment:

- Set up monthly payments (check, money order, direct debit)
- Payoff loan by required deadline
- Stop making payments (loan foreclosure) – outstanding balance becomes taxable

Note: If you will not be age 55 or older in the year the loan foreclosure is declared, you may be subject to the IRS 10% early withdrawal penalty tax in addition to income tax on the outstanding balance of your loan.

Loan Booklet: <https://www.tsp.gov/publications/tspb04.pdf?TSP-BK-04>

Notes:

TSP In-Service Withdrawal

In-service withdrawal

An in-service withdrawal is a permanent withdrawal from your TSP account and cannot be repaid. There are two types of TSP in-service withdrawal options:

1. **Financial hardship withdrawal** must be due to at least one of the following reasons: recurring negative monthly cash flow; medical expenses and personal casualty losses not covered by insurance; legal expenses for separation or divorce from your spouse; and losses due to a major disaster declared by FEMA. You cannot withdraw less than \$1,000. You may only withdraw your own contributions and earnings that have accrued. These distributions are considered a permanent withdrawal from your TSP account. You cannot redeposit the money back into your TSP. Furthermore, it reduces the amount of money that grows and generates compound earnings. The TSP will withhold 10% on the taxable portion of your withdrawal for Federal income tax. The taxable portion of your withdrawal is subject to Federal income tax and a potential early withdrawal penalty tax.
2. **Age-59 ½ in-service withdrawals:** You must be at least 59 ½ to use this option. The TSP will withhold 20% for Federal income tax on the taxable portion of the withdrawal unless you roll it over to an IRA or an eligible employer plan. You may only take up to four age-59 ½ withdrawals per calendar year. You may only withdraw funds in which you are vested and must withdraw at least \$1,000 or your entire vested account balance (even if less than \$1,000). When you make an age-59 ½ withdrawal, you must pay 20% Federal income tax on the taxable portion of the withdrawal unless you are able to roll it over to an IRA or an eligible employer plan.

In-service withdrawal booklet: <https://www.tsp.gov/publications/tspb12.pdf?TSP-BK-12>

Notes:

Distributions

The TSP offers four basic options for receiving distributions from your TSP account after you retire or separate from Federal employment. You may choose to leave your funds in the TSP if you have a minimum balance of \$200 or more in your account; however, you must begin receiving distributions when you become subject to Required Minimum Distributions (RMDs). You can move money into the TSP by making rollovers from eligible employer plans and Traditional IRAs. If your TSP balance falls below the \$200 minimum balance, your account will be closed.

Partial Distribution

Unlimited partial distributions must be at least \$1,000 and are allowed even while receiving installment payments from your TSP.

Fixed Dollar Installment Payments

You can choose to receive monthly, quarterly, or annual payments from your account.

You can stop or make changes to your installment amount at any time in the *My Account* section of the TSP Website. After your initial installment payment start date, the TSP will process subsequent installments on the fifteenth (or next business day) of the month they are due. If you stop or change your installments after noon Eastern Time on that date, you will still receive any payment already processed. These payments can either be directly deposited in your bank account or into your IRA. You may also receive payments by check.

Life Expectancy Installment Payments

You can choose to receive installment payments that are computed based on your life expectancy (using the IRS Single Life Table). The amount is adjusted annually at the beginning of the year based on your age and your account balance at the end of the preceding year. The TSP will also recalculate if you roll over money to your TSP account or take an additional distribution from it. In that case, the recalculation will take place on the first business day following the month of the transaction. Receiving installments based on life expectancy is one of the exceptions to incurring the 10% early withdrawal penalty tax. However, the penalty can be applied retroactively if you stop your life expectancy installments or take additional money from your account within five years of beginning installments or before you turn 59 1/2 years old, whichever is later.

Annuity Purchase

You can use all or part of your TSP account to purchase a life annuity through MetLife which is the TSP's vendor for this option. Purchasing an annuity means that you pay now to receive monthly payments for the rest of your life (or, if you choose a joint life annuity, for the lives of you and your joint annuitant).

You no longer manage your money when purchasing a life annuity in exchange for guaranteed monthly payments for life. An annuity purchase is not like your TSP account, an IRA, a CD, or a bank account. Once purchased, your annuity is not part of your TSP account, and you cannot change or cancel the purchase. The minimum for an annuity purchase is \$3,500. The minimum applies to your Traditional balance and your Roth balance separately.

TSP Distributions: <https://www.tsp.gov/publications/tspb25.pdf>

Taxes

Required Minimum Distributions (RMD) for the TSP

Table 69: Required Minimum Distributions (RMD) for the TSP

Date of Birth	Required Beginning Date
Before 1/1/51	April 1 of the year after separation.
1/1/51 – 12/31/59	April 1 of the year after participant is both separated and at least age 73.
After 12/31/59	April 1 of the year after participant is both separated and at least age 75.

- The first year in which you are separated from service and have reached your required age is your first distribution year (see table above). If you do not receive enough money during your first distribution year to meet your RMD, the TSP is required to disburse the remainder of the RMD to you by April 1 of the following year.
- Note that the deadline for receiving the RMD for your first distribution calendar year is not until April of your second distribution calendar year. The extended April deadline applies only to the first year. After that, the deadline for receiving RMDs is December 31 each year. That means during your second distribution calendar year, you may have two RMDs, one by April 1 for the first distribution calendar year and one by December 31 for the second. In the years that follow the second distribution calendar year, you will have just one RMD, due December 31.
- Be aware that neither the specified dollar amount nor the TSP-computed payment option is guaranteed to last your lifetime.

Early Withdrawal Penalty Tax

If you receive a TSP distribution or withdrawal before you reach age 59½, in addition to regular income tax, you may have to pay an early withdrawal penalty tax equal to 10% of any taxable portion of the distribution or withdrawal not rolled over. The additional 10% tax generally does not apply to:

- Payments made after you separate from service during or after the year you reach age 55;
- If you are a Public Safety Employee as defined in section 72(t)(10)(B)(ii) of the Internal Revenue Code, payments made after you separate from service during or after the year you reach age 50 or have 25 years of service under the TSP;
- See the TSP tax booklet shown below for additional exceptions.

Reporting Taxes

The TSP will report all withdrawals and distributions to the IRS, to the appropriate state tax agencies if applicable, and to you on IRS Form 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.* Distributions from beneficiary participant accounts will be reported as death payments on IRS Form 1099-R.

Tax Rules about TSP Payments: <https://www.tsp.gov/publications/tspb26.pdf?TSP-BK-26>

TSP Death Benefits and Beneficiaries

If there was a beneficiary designation on file with the TSP on the date of a participant's death, the TSP account will be distributed according to that designation. You cannot rely on your will, prenuptial agreement, separation agreement, property settlement agreement, or court order to specify who will inherit your TSP account because the TSP does not use any of these documents to distribute death benefit payments.

Beneficiaries

If you die with a balance in your TSP account and you did not designate beneficiaries for that account, the account will be distributed according to the following order of precedence required by law:

1. To your spouse
2. If none, to your child or children equally, with the share due any deceased child divided equally among that child's descendants
3. If none, to your parents equally or to your surviving parent
4. If none, to the appointed executor or administrator of your estate
5. If none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death

Log into TSP *MyAccount* to designate a beneficiary. You need the Social Security number, full name, birth date, and address of each beneficiary. If your beneficiary is a trust, an estate, or another organization, you will need to know the trustee's, executor's, or business's information.

Spouse Beneficiary. If a spouse is determined to be the beneficiary of your account, the TSP will establish a beneficiary participant account in the spouse's name. The money in the beneficiary participant account will be invested just as it was in the deceased participant's account except for any money the participant had invested in the Mutual Fund Window. Money from the Mutual Fund Window will be reinvested in TSP funds according to the deceased participant's investment election on file. The money in a beneficiary participant account is not subject to Federal income tax until it is withdrawn. Depending on the type of distribution, a surviving spouse may be able to continue to defer the taxes by rolling over the beneficiary account distribution to a Traditional Individual Retirement Account (IRA) or an eligible employer plan. They may also roll over traditional money to a Roth IRA but must pay taxes on the full amount in the year of the rollover.

Important note about a Beneficiary Participant Account (BPA): Death benefit payments made from a Beneficiary Participant Account must be paid directly to the beneficiary(ies) of the account. These payments are subject to certain tax restrictions and cannot be rolled over to an IRA or eligible employer plan. In addition, your beneficiary(ies) will have to pay the full amount of taxes on the taxable portions of the payment in the year it is received. For this reason, you may wish to discuss other options with your spouse in the event they inherit your TSP account balance.

Non-spouse Beneficiary. A beneficiary who is not a surviving spouse cannot retain a TSP account. The TSP will establish a temporary TSP account for the non-spouse beneficiary. Payment from this account will be made directly to a non-spouse beneficiary or to an "inherited IRA." Non-spouse beneficiaries have 90 days to request payment from their temporary TSP account. If a non-spouse beneficiary does not initiate payment within 90 days, the TSP will automatically send the payment on the 90th day or the next business day.

Death Benefits: <https://www.tsp.gov/publications/tspb31.pdf?TSP-BK-31>

A Guide for Beneficiary Participants: <https://www.tsp.gov/publications/tspb33.pdf?TSP-BK-33>