Planning for Retirement

The following topics are covered on this webpage. If you have additional questions once you have read this information contact your Benefits Specialist.

Retirement Application Forms

When you are ready to retire there are application forms that you will need to complete. You can access them on the Retirement Application Forms website. If possible submit the forms to your Benefits Specialist **60 days** prior to your retirement date. For those employees that are not co-located with their Benefits Specialist, you may fax your completed forms for review to make sure that everything is correct before you mail them.

Choosing A Retirement Date

The date you choose as your retirement date is your last day as an active Federal employee. For voluntary retirements, you may choose any date within a month that you wish. Be aware however that choosing a date later than the last day of the month for FERS or the third day of the month for CSRS will result in a loss of earned annuity for the balance of that month as explained below.

CSRS retirees - set your retirement date as the last day of the month or the first three days of the month to have your annuity begin to accrue the next day. Example: If your retirement effective date is April 1st, your annuity will begin to accrue April 2nd. However, if your retirement effective date is April 4th or later, your annuity will not begin to accrue until the 1st of May. You would not earn any annuity for the balance of April in this scenario.

FERS retirees – set your retirement date for the last day of the month to have your annuity begin to accrue the next day. Example: If you retire September 30, your annuity begins to accrue on October 1st. However, if you retire on October 1st, your annuity will not begin to accrue until November 1st. You would not earn any annuity for the balance of October in this case.

Financial Disclosure Report for SES, SL and ST Retirees

All SES, SL, and ST financial disclosure report filers must submit an OGE Form 278 termination report **to the Ethics Office within 30 days of retirement** or separation from your position at USGS. This includes filers who will hold Scientist Emeritus status. The report may not be dated before your last day of Government service. Extensions of time to file may be granted, but a request for extension must be made in writing to the Ethics Office (EthicsOffice@usgs.gov) prior to the due date for filing the report. Contact Ken Belongia at 703-648-7422 or Sharon Bonney at 703-648-7439 in the Ethics Office if you have any questions.

Leave

Leave Accrual - Leave can only be earned when you work a complete pay period. If you retire on a day within the pay period which results in not working your full work schedule (i.e. 80 hours), you will not earn any leave for that pay period.

Service Credit For Sick Leave – FERS employees are now given credit for sick leave due to a change in the law as of October 2009. Under FERS, if you retire prior to 2014, you will receive credit for **half** of your sick balance at retirement. If you retire 1-1-14 or later, you will receive credit for your **full** sick leave balance at retirement. For CSRS employees your full sick leave balance is converted to service credit. Sick leave service credit is used for annuity computation only - it cannot be used for eligibility purposes.

To compute your annuity, only the total years and months are used after adding up your civilian, military, and sick leave service credit. The leftover days in the total are not used.

Use the Sick Leave Conversion Chart to determine how much credit you will receive for your sick leave balance. The leftover "days" are not converted to 8 hour days – it's more like a 6 hour day – so be very careful if you plan on using your sick leave to decrease the amount of leftover days. A miscalculation can result in losing a month of service credit.

Time Off Award, Travel and Shore Leave - Time Off Awards, travel time and/or shore leave are forfeited upon retirement if not used.

Leave Payout Questions - To verify whether you will receive a lump-sum payment for a particular type of leave, you may contact the National Business Center (NBC) payroll office for assistance at 1-800-662-4324.

Employee Express

You will have access to Employee Express for 3 pay periods after you retire. During this time you can access your last leave & earnings statements.

Electronic Official Personnel Folder (eOPF)

Access to your eOPF will end upon your separation. Your last Notification of Personnel Action (SF 50) will be provided to you by your Benefits Specialist for your records. It is a good idea to review your eOPF in preparation for retirement to ensure that all of your Federal service is accounted for. If it is not, notify your servicing Benefits Specialist as soon as possible prior to retirement – it can take some time to verify missing service. For assistance with eOPF or your password, send an email to eopf_hd@telesishq.com or contact the eOPF help desk at 1-866-275-8518.

Health Insurance (FEHB)

To be sure that you can continue your valuable Federal Employee Health Benefits (FEHB) coverage into retirement, it is important to know the program's rules regarding retirees. **You must meet the following two requirements**:

Retire on an immediate annuity (begin receiving annuity within 30 days of separation), or under a FERS MRA+10 postponed retirement (FEHB coverage is suspended until you begin receiving your annuity),

AND

Must be continuously enrolled in ***any*** FEHB plan for five continuous years of service immediately prior to retirement, or for the full period of service since your first opportunity to enroll (if less than five years).

- This includes time covered under your spouse's FEHB coverage – you don't have to be the one paying the premiums to count the coverage.
- Tricare (or Champus) coverage counts towards the five year requirement, but you must ensure that you are enrolled in FEHB **immediately prior** to retirement to be eligible to continue FEHB as an annuitant. This takes some planning on your part since retirement is not a life event that allows you to enroll – you must enroll during the Open Season prior to your retirement. Once you retire, you may request that OPM suspend (not cancel) your FEHB enrollment as a retiree if you wish.

   - Breaks in service are *not* counted as a break in coverage as long as you re-enroll within 60 days after your return to Federal service.

Your FEHB coverage is automatically transferred into retirement as part of the normal retirement process - you do not need to take any action and there is no form to fill out. Keep in mind that retirement is not a qualifying life event. You cannot enroll, cancel or change your FEHB coverage outside of an Open Season just because you retire.

Coverage and premiums will be the same in retirement as they were as an employee. The government continues to pay approximately 75% of the cost of premium and you pay the remainder.

Retirees are *not* eligible to participate in premium conversion however, so the premium you pay in retirement *does not* have the cost savings of being pre-tax.

After retirement, you will be able to make changes to your coverage during Open Season and due to qualifying life events. For more information, read the FEHB Guide for Retirees and their survivors.

Consult the FEHB & Medicare brochure for additional information about how these programs work together. The Medicare and You Handbook available on the Medicare website is also helpful in explaining the program.

Additional Resources:

- FEHB Handbook
- FEHB Frequently Asked Questions
- FEHB Fast Facts – Thinking About Retiring
- RI 70-09, FEHB for Federal Retirees and their Survivors
- OPM Insurance Operations Homepage

Dental & Vision Insurance (FEDVIP)

There isn't a 5 year requirement for continuing FEDVIP coverage into retirement as there is with FEHB and FEGLI. If you have FEDVIP coverage when you retire, it will automatically continue into retirement no matter how long you have had the coverage. Keep in mind that retirement is not a qualifying life event. You cannot enroll, cancel or change your FEDVIP coverage outside of an Open Season just because you retire.

If you retire on an immediate retirement, your FEDVIP enrollment information will be electronically transferred to the Office of Personnel Management (OPM) from NBC Payroll. OPM will deduct the premiums from your annuity payment. It may take a few annuity cycles for this to occur. Premiums as a retiree are not pre-tax. You can speed up this process by contacting BENEFEDS to notify them of your retirement. After the first successful deduction from your annuity, BENEFEDS will adjust your deduction to "catch up" for the payments that were missed during the transition. You'll receive a letter from BENEFEDS informing you of the amount of the adjusted deduction.

If you are not enrolled at retirement, you are eligible to enroll as an annuitant during the Open Season period each year or due to a life event.

Contact Information: BENEFEDS website online at www.benefeds.com or contact a FEDVIP Customer Representative at 1-877-888-3337, Monday through Friday, 9:00 a.m. to 7:00 p.m. Eastern Time.

Life Insurance (FEGLI)

If you have life insurance coverage at retirement, and are eligible to continue coverage into retirement, you will need to complete the SF 2818, Continuation of Life Insurance form. If you do not have coverage for a particular option (A, B or C), check the "I do not have..." block and sign and date.

If you are not sure what to elect and how much it will cost after retirement, use the FEGLI Calculator to run scenarios.

Life insurance coverage is transferred into retirement if you have had coverage since the first opportunity to enroll or for five continuous years immediately preceding the date of your retirement. This pertains individually to each of the four types of coverage: Basic, Option A, Option B, and Option C as well as the number of multiples. You can only transfer into retirement the individual coverage(s) and multiple(s) that you have held for 5 years. For additional information regarding carrying life insurance into retirement, access the FEGLI [Guide for Retirees and their Families](#).

You must continue your Basic Life insurance in order to keep any of the Optional coverage.

As a retiree, you have three options for **Basic coverage**:

> (1) **75% Reduction**: Monthly cost before age 65 = $.325 per $1,000 of Basic Insurance Amount (BIA); after age 65 = $0. The amount of your insurance reduces 2% per month after age 65 to a minimum 25% of your BIA.
>
> (2) **50% Reduction:** Monthly cost before age 65 = $.925 per $1,000 of BIA; after age 65 = $.60 per $1,000. The amount of your insurance reduces 1% per month after age 65 to a minimum of 50% of your BIA.
>
> (3) **No Reduction:** Monthly cost before age 65 = $2.155 per $1,000 of BIA; after age 65 = $1.83 per $1,000. The amount of your insurance will equal 100% of your BIA and is retained after age 65.

Option A – Standard: The cost of this coverage continues up to age 65. There is no cost after age 65 and the amount of the coverage begins to reduce by 2% per month until it reaches $2,500. You may cancel this coverage at any time.

Option B – Additional: You may elect either full reduction or no reduction. If you elect full reduction, until you reach age 65, premiums (based on age) will be withheld from your annuity at the same rate as active employees. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option B Additional Insurance.

Option C – Family: You may elect either full reduction or no reduction. If you elect full reduction, premiums are withheld from your annuity at the same rate as active employees until you reach age 65. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option C Family insurance.

Additional Resources:

- SF 2818, Continuation of Life Insurance Coverage form
- FEGLI Calculator
- FEGLI Frequently Asked Questions
- FEGLI Pamphlet RI 76-12, Information for Retirees and their Families
- FEGLI Premiums for Annuitants
- FEGLI Handbook
- OPM Insurance Operations Homepage

Long Term Care Insurance (LTC)

Federal Long Term Care Insurance Program (FLTCIP) coverage is portable. If you have coverage at the time of retirement, it will continue with you into retirement. Coverage will continue as long as you pay the premiums.

Any allotments you had set to come out of your salary payment will **discontinue** upon retirement. You will need to make arrangements with Long Term Care (LTC) to ensure that your premium payments are not interrupted. You will be able to arrange to have your premiums deducted from your annuity once your retirement has been finalized by OPM.

Contact an LTC Consultant at 1-800-582-3337 or submit a completed Billing change form to LTC to ensure that there is no break in payment of premiums after your retirement date.

Go to www.ltcfeds.com for additional information on the LTC program. If you are not currently enrolled, you have the option of enrolling after retirement using the full underwriting application. Applications may be submitted at any time.

Flexible Spending Account (FSA)

If you retire before the end of the plan year, the balances in your Health Care FSA (HCFSA) and Dependent Care FSA (DCFSA) are treated differently.

Your HCFSA will **terminate** on the date of your retirement. There are no extensions. Any health care expenses incurred prior to the date of separation will still be reimbursable but those incurred after the date of retirement will not.

You may continue to use the remaining balance in your DCFSA to pay for eligible dependent care expenses until the end of the plan year or until your account balance is used up, whichever comes first.

Go to www.fsafeds.com for additional information on the FSA program. FSA Customer Representatives are available at 1-877-372-3337, (TTY 1-800-952-0450), Monday through Friday, 9 a.m. to 9 p.m. ET.

Income Tax, Direct Deposit and Allotments

Your current Federal tax withholding and Direct Deposit information is **automatically** transmitted electronically to the Office of Personnel Management (OPM) when you retire. It is not necessary to complete any forms for this to occur.

Federal Tax - OPM automatically withholds Federal tax at the rate you established as an employee. To make a change to your withholding prior to retirement, use Employee Express. You will need to be sure that the change updates in the system prior to your retirement date in order for the correct information to flow to OPM. If you are not able to make the change in time, you may include a W-4P form with your retirement application to indicate the amount of Federal withholding.

Use the OPM Federal income tax withholding calculator to estimate how much you need to have withheld for Federal income tax. To use it you will need to know the approximate amount of your gross monthly annuity.

The IRS publication 721 explains how your annuity is taxed. It is available on the IRS website or you can have a copy mailed to you by contacting the IRS Customer Service at 1-800-829-3676.

Federal tax formulas are available on the National Business Center (NBC) Payroll website.

State Tax - OPM does not automatically withhold state income tax. If you reside in a state that taxes the Federal civil service annuity, it is up to you to initiate state tax withholding from your civil service annuity. OPM has voluntary withholding agreements with many states. If you live in one of these states you can either include a state tax withholding form with your retirement application paperwork, or you can wait until after you have retired to elect the amount of state tax withholding by contacting OPM directly (you will need to wait until you have received your Civil Service Annuity (CSA) number and personal identification number (PIN) from OPM to do so).

State taxes are not withheld from **interim** annuity payments. If you have elected to have state withholding or included a state tax form with your retirement application, OPM will not begin withholding state taxes until your retirement application has been finalized.

State tax withholding must be indicated in whole dollar amounts with a minimum of $5.

Direct Deposit - Your annuity payments will be deposited into the same account that your salary is deposited. If you wish to make a change prior to retirement, use Employee Express. Be sure that the change updates in the system **prior** to your retirement date in order for the correct information to flow to OPM. If you are not able to make a change in time, you may indicate a new direct deposit account on your retirement application.

Allotments - Any allotments you had set to come out of your salary payment will discontinue upon retirement. This includes payments to the Combined Federal Campaign (CFC).

Social Security

Retirees with 40 credits (quarters) or more are eligible for Social Security benefits as early as age 62, but benefits are permanently reduced for each month of entitlement prior to the full-benefit retirement age. The age at which unreduced benefits are payable increases from age 65 to 67 depending on what year you were born.

After retirement, you may receive Social Security benefits and work at the same time, but if you are younger than the full retirement age and earn more than certain amounts (earnings test), your Social Security benefit will be reduced. Click here for more information. This earnings test also affects a FERS Annuity Supplement.

Your Social Security benefit may be impacted by the Government Pension Offset (GPO) and/or the Windfall Elimination Provision (WEP). Go to the Government Employees SSA webpage for more information.

For further assistance, contact Social Security at 1-800-772-1213 or visit the SSA Web site.

Cost of Living Adjustment (COLA)

COLAs are allowed by law and will increase your monthly annuity. The amount of the annual COLA adjustment is the Consumer Price Index (CPI) increase for that year. To get a full COLA you must have been in receipt of an annuity payment **for a full year**. When OPM adjusts your annuity payment, they will send you a statement showing the effect of the increase on your annuity.

FERS and CSRS retirees receive their first COLA increase effective the December 1st after their retirement date (if age 62 for FERS non-disability retirees). The proration is based on one-twelfth of the applicable COLA increase for each month you were on the annuity rolls before December 1, not to exceed 12 months. For instance, to receive the full COLA on December 1, 2012, your annuity must have started no later than December 31, 2011.

FERS retirees are not eligible to begin receiving a COLA adjustment **until age 62**. For FERS, if the CPI is 2% or less, you will receive the full COLA. If the CPI increase is more than 2% but less than 3%, the COLA is 2%. If the CPI is more than 3%, the COLA is 1% less than the CPI increase. If you have a CSRS Component under FERS, you will receive the CSRS COLA for the component portion of your annuity.

Click here for more details regarding the payment of COLA's.

Thrift Savings Plan (TSP):

If you are enrolled in TSP when you retire, there is no requirement to immediately take a withdrawal or to close your account. When you wish to make a withdrawal, your options include withdrawing all of your money in a lump-sum, electing equal payments, electing an annuity, or rolling the money over into an IRA. Read the “Withdrawing Your TSP Account After Leaving Federal Service” booklet linked below for information regarding all of your withdrawal options after retirement.

After retiring, you can no longer make TSP contributions, but you will continue to be able to request Interfund Transfers to change the way your money is invested, and your account will continue to accrue the appropriate earnings. In addition, until you request a full withdrawal, you may transfer funds into the TSP from a traditional IRA or an eligible employer plan. You will need to begin receiving minimum distribution payments by April 1st of the year following the year in which you turn age 70 ½ or at retirement if you retire after age 70 ½.

TSP Withdrawal Information:

Publications

- Booklet - Withdrawing your TSP Account After Leaving Federal Service
- Tax Notice - Important Tax Information About Payments from your TSP Account
- Tax Notice - Important Information About your TSP Withdrawal and Required Minimum Distributions

Forms

Please wait at least 30 days from your separation date before submitting a Withdrawal Request to TSP. Payroll requires that amount of time to notify TSP of your separation.

- TSP 70 Request for Full Withdrawal
- TSP 77 Request for Partial Withdrawal
- TSP 60 Request for a Transfer into the TSP

- TSP 3 Designation of Beneficiary form
- TSP 9 Change of Address for Separated Employees
- TSP 15 Change in Name
- TSP 16 Exception to Spousal Requirements

TSP Calculators are available to help you run computations to show what you would receive if you decide to purchase an annuity or if you choose to take monthly payments or to project your future balance.

Loans - If you have an outstanding TSP loan, you may pay the loan in full within 90 days of separation or take a taxable distribution of the unpaid amount. Taking a taxable distribution means that the portion of the loan that hasn't been repaid will be treated as taxable income and you may be liable for the 10% penalty for early withdrawal. If you leave Federal service, a withdrawal request cannot be processed until your loan is closed by either payment in full or taxable distribution.

Mailing Address – Ensure that TSP has your current mailing address if you move after separation so that you will continue to receive your annual participant statement and other important mailings. Use the TSP-9 form above to update TSP's records as needed.

What Happens After Retirement

Separation Action Processed - Your retirement becomes effective on the date you chose to retire. A copy of your Retirement SF-50, Notification of Personnel Action will be provided to you by your Benefits Specialist for your records.

Retirement Package Forwarded to NBC Payroll - Your retirement application forms will be reviewed, your service history will be verified, and a retirement paperwork package will be assembled by your Benefits Specialist. Once the Retirement SF -50 is processed, the package is sent to the NBC payroll office. It will be held there until your last paycheck has been paid out - your retirement/pay history record is then closed out and the entire package is forwarded to OPM within 30 days of your retirement date for processing.

Final Paycheck – The payment for your last pay period of work is paid in the normal pay cycle.

Lump Sum Leave Payment - Typically, the lump sum payment for your annual leave balance, along with any other leave payable, is paid **within two to three pay periods** following your retirement date.

Federal income tax, state income tax (if applicable), Social Security (if applicable) and Medicare deductions are taken from the lump-sum payment.

If you retire before the end of the leave year, the payment will include all accrued annual leave. If you retire after the end of the leave year, the lump sum payment will be limited to the amount of annual leave carried over (a maximum of 240 hours for most employees) plus any leave you earn in the new leave year. Click here to see leave year beginning and ending dates through 2019.

The leave is paid out as if you had remained employed until the leave had been used. This means that if you retire at the beginning of the year when a pay adjustment normally occurs, you will receive a higher payout for your leave if the balance would extend you past the effective date of the pay adjustment.

Taxes are applied to lump-sum payments in the year in which the payment is received. Example: An employee retiring September 30 could incur a larger tax burden by collecting almost a full year's salary plus a large lump-sum payment for unused annual leave. If you were to retire on December 31, your lump sum payment would be received in the next tax year.

OPM Acknowledges Receipt of Application - OPM has the final responsibility of adjudicating your retirement. Once OPM receives your retirement application package, they will send you a letter containing your retirement claim number. The claim number will begin with the letters "CSA". You must reference this number when writing or calling OPM about your claim.

First Annuity "Interim" Payment – You should receive your first annuity payment approximately **6 to 8 weeks** after you retire. For subsequent months, you will receive annuity payments on the first business day of each month as payment for the preceding month's earned annuity. "Interim pay" equals approximately 80 - 100% of your regular annuity payment (can be less if there are court-ordered benefits), less federal tax withholding. Insurance premiums will not be deducted during interim pay but your coverage will continue if you are eligible.

You will receive this "interim pay" each month until OPM finalizes your retirement application. For FERS employees, interim annuity status means that you will not be receiving any FERS Annuity supplement payment (if applicable) until OPM finalizes your annuity.

Annuity Finalized - Once OPM finalizes your retirement application claim, they will mail to you a booklet entitled "Your Federal Retirement Benefits" which outlines in detail how much your monthly annuity payment is, as well as health & life insurance coverage & premiums, tax information, survivor benefit deduction, etc. You should save all correspondence received from OPM for future reference. You will begin receiving your full annuity payment in addition to any back pay owed to you during the "interim pay" minus your health and life insurance deductions and any other appropriate deductions.

At this time you may request to have your FEDVIP and/or Long Term Care Insurance premiums deducted from your annuity. You may also set up your State tax withholding using OPM's Services Online system. You will receive a PIN number from OPM to allow you to access your personal information in Services Online or by phone.

Office of Personnel Management (OPM) Contact Information:

Once you retire, your retirement annuity is paid to you by the ***Office of Personnel Management (OPM).*** OPM becomes your "servicing personnel office" and you will need to contact them to make any changes to your benefits coverage or ask questions about your annuity.

OPM Phone Numbers for Retirees

If you are….	Contact OPM at….	Hours of Operation	
		Automated System	Customer Service Representative
IN the Washington DC area	1-202-606-0500	Open 24 hours/ day, 7 days/ week	7:30 a.m. to 7:45 p.m., Eastern time, Monday through Friday
OUTSIDE the Washington DC area	1-888-767-6738		
Hearing Impaired	1-800-878-5707		

To use the automated phone system's features, you will need your CSA and Personal Identification Number (PIN). At the time OPM completes processing of your retirement papers, they will mail you your PIN. Contact the Customer Service Representative if you need to obtain a new PIN.

Automated System:

The OPM Services Online website provides access to the same automated information as the phone line provides. Some of the things you can do by using the automated system include:

- Change your Federal Income Tax withholding
- Change your State Income Tax withholding
- Buy Savings Bonds
- Request a duplicate Form 1099-R
- Change your Personal Identification Number (PIN)
- Establish an allotment to an organization
- Change your mailing address
- Sign up for direct deposit of your payment
- Set up a checking or savings allotment
- View your annuity statement

OPM's Mailing Address:

Office of Personnel Management
Retirement Operations Center
PO Box 45
Boyers, PA 16017

OPM's Email address:

retire@opm.gov

Additional Pre-Retirement Planning Resources

- Your Federal Employees Benefit Statement is available in Employee Express in "Related Sites" section.
- OPM Retirement Planning website
- OPM Retirement Information and Services
- OPM Retirement Frequently Asked Questions (FAQs)
- CSRS & FERS Handbook