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# **CIVIL SERVICE RETIREMENT BENEFITS**

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**Retirement Eligibility**

**Annuity Benefits**

**Survivor Benefits**

**Credit for Service**

**Voluntary Contributions**

**Retirement Application Process**

**CSRS Offset Benefits**



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# Civil Service Retirement Benefits

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# Retirement Eligibility

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## Basic Eligibility Requirements:

1. 5 years of creditable civilian service
2. Subject to the retirement system for 1 out of the 2 years immediately preceding the separation on which the retirement is based (except disability).

### Age and Service Requirements

		<u>Age</u>	<u>Years of Service</u>
1.	Optional	55 60 62	30 20 5
2.	Early Optional (VERA)	50* Any*	20 25
3.	Discontinued Service (DSR)	50* Any*	20 25
4.	Disability	Any	5
5.	Deferred	62	5
6.	Law Enforcement / Firefighters	50	20

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**\* Age Reduction:**

*Annuity is reduced 2% for each year retiree is under age 55, 1/6 of 1% for each full month under age 55.*

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## Types of Retirement

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### **Optional Retirement (Full Immediate Benefits)**

You may voluntarily retire and receive full unreduced retirement benefits at any time after meeting one of the following age and service combinations.

Age	Service
55	30
60	20
62	5

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### **Early Optional Retirement (VERA) (Voluntary Separation)**

If you are offered an early optional retirement, you may voluntarily retire if you meet the age and service requirements shown below. Agencies may be granted permission to offer early retirements by OPM if the agency is undergoing a major reduction in workforce, reorganization or transfer of function. Agencies such as the Department of Defense that have been granted agency-specific VERA are not required to seek OPM approval for their use of this option. Your annuity benefit will be reduced by 2% for each year (1/6 of 1% per month) that you are under age 55 on date of retirement.

Age	Service
50	20
Any age	25

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### **Discontinued Service Retirement (DSR) (Involuntary Separation)**

If you are involuntarily separated from your position and are not given a “reasonable offer” of another position, you receive an immediate annuity if you have met the age and service requirements shown below. Your annuity benefit will be reduced by 2% for each year (1/6 % per month) that your are under age 55 on date of retirement.

Age	Service
50	20
Any age	25

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## **Types of Retirement**

*(Continued)*

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### **Disability Retirement**

If you become disabled, unable to provide useful and efficient service in your current grade or pay level because of a medical condition, you may be eligible for a disability retirement at any age after five years of civilian service.

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### **Deferred Retirement**

If you separate from service before meeting the eligibility requirements for an immediate annuity and do not take a refund of retirement contributions, you will be eligible for deferred retirement benefits at age 62. You will not be permitted to continue or reinstate Federal Employees' Health Insurance (FEHB) or Federal Employees' Group Life Insurance (FGLI).

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### **Law Enforcement Officers and Firefighters**

You are eligible for full, unreduced benefits and receive the more generous LEO / FF calculation at age 50 or older after completing 20 years of qualifying law enforcement or firefighter service.

## CSRS Retirement Eligibility

Type of Retirement Age/Service Requirements	Year-Age-Service	Basic Annuity (% of Average Salary)	Comments
Full Immediate Benefits 55 - 30 60 - 20 62 - 5			
Early Optional Retirement (VERA) 50 - 20 Any Age- 25			Agency must offer early retirement opportunity Age Reduction (2% / year under age 55)
Discontinued Service Retirement (DSR) 50 - 20 Any Age - 25			Involuntary Separation No Reasonable Offer Age Reduction ( 2% / year under age 55)
Deferred Retirement 62 - 5			No FEHB / No FEGLI
Law Enforcement Officers and Firefighters 50 - 20			Requires 20 years of Qualifying LEO / FF service

# Annuity Computations

**Basic Components of the Annuity**

The amount of the annuity benefit is based upon:

- High 3 years average salary, and
- Length of creditable service and sick leave

**Average Salary**

Average Salary includes:

- Locality pay,
- Shift pay for wage grade employees,
- LEAP for Law Enforcement Officers, and
- AUO for Firefighters.

Average Salary does not include:

- Bonuses,
- Awards, or
- Overtime

**Average Salary Calculation**

1. Multiply each annual salary rate by the fraction of the year that the salary was in effect. Time factor charts are available in chapter 50 of the CSRS and FERS Retirement Handbook for Personnel and Payroll Offices.
2. Total earnings for the three-year period.
3. Divide by 3 years.

### Sample Average Salary Calculation

From	Through	Salary rate	Total time	Time factor	Earnings
05-01-2010	05-07-2011	\$48,434	1 yr 0 mo 7 days	1.019444	\$49,375.75
05-08-2011	04-30-2013	\$51,569	1 yr 11 mo 23 days	1.980556	\$102,135.29
			= 3 years	3.000000	\$151,511.04
				(±.000001)	\$50,503.68
					3 years
					= \$50,503.68

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# Annuity Computations

(Continued)

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## General Formula

### **CSRS General Formula (Basic Annual Benefit):**

$$\begin{aligned} & 1.50\% \times \text{"High-3"} \times 5 \text{ years} \\ + & 1.75\% \times \text{"High-3"} \times 5 \text{ years} \\ + & 2.00\% \times \text{"High-3"} \times \# \text{ of years and months of service over 10} \\ \hline = & \text{Basic Annuity} \end{aligned}$$

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## Shortcut Formula

### **CSRS Shortcut Formula:**

$$(\text{Years of service} - 2) \times 2 = \text{Basic Annuity expressed as \% of High-3 (+ .25)}$$

#### **Example: 30 Years of Service**

$$\begin{aligned} (30 - 2) \times 2 &= 56\% \text{ of High-3} \\ &+ .25 \\ &= 56.25\% \text{ of High-3} \end{aligned}$$

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## Example: Shortcut Formula

Total Service and USL:  
32 years 3 months 25 days  
**32 years 3 months**  
32 - 3/12 years  
32.25 years  
- 2  
30.25  
x 2  
60.50  
+ .25  
60.75%

\$50,000 Average Salary  
X .6075  
\$30,125

#### Possible Reductions:

- age reduction
- survivor reduction
- unpaid deposit
- unpaid redeposit

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## Annuity Factor Charts

Refer to the annuity factor charts and worksheets on the following pages to calculate your Civil Service retirement benefit.

## CSRS General Formula Computation Chart

Multiply the high-3 average salary by the factor shown under applicable years and months of CSRS service and unused sick leave.

Yrs. of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
5	0.075000	0.076458	0.077917	0.079375	0.080833	0.082292	0.083750	0.085208	0.086667	0.088125	0.089583	0.091042
6	.092500	.093958	.095417	.096875	.098333	.099792	.101250	.102708	.104167	.105625	.107083	.108542
7	.110000	.111458	.112917	.114375	.115833	.117292	.118750	.120208	.121667	.123125	.124583	.126042
8	.127500	.128958	.130417	.131875	.133333	.134792	.136250	.137708	.139167	.140625	.142083	.143542
9	.145000	.146458	.147917	.149375	.150833	.152292	.153750	.155208	.156667	.158125	.159583	.161042
10	.162500	.164167	.165833	.167500	.169167	.170833	.172500	.174167	.175833	.177500	.179167	.180833
11	.182500	.184167	.185833	.187500	.189167	.190833	.192500	.194167	.195833	.197500	.199167	.200833
12	.202500	.204167	.205833	.207500	.209167	.210833	.212500	.214167	.215833	.217500	.219167	.220833
13	.222500	.224167	.225833	.227500	.229167	.230833	.232500	.234167	.235833	.237500	.239167	.240833
14	.242500	.244167	.245833	.247500	.249167	.250833	.252500	.254167	.255833	.257500	.259167	.260833
15	.262500	.264167	.265833	.267500	.269167	.270833	.272500	.274167	.275833	.277500	.279167	.280833
16	.282500	.284167	.285833	.287500	.289167	.290833	.292500	.294167	.295833	.297500	.299167	.300833
17	.302500	.304167	.305833	.307500	.309167	.310833	.312500	.314167	.315833	.317500	.319167	.320833
18	.322500	.324167	.325833	.327500	.329167	.330833	.332500	.334167	.335833	.337500	.339167	.340833
19	.342500	.344167	.345833	.347500	.349167	.350833	.352500	.354167	.355833	.357500	.359167	.360833
20	.362500	.364167	.365833	.367500	.369167	.370833	.372500	.374167	.375833	.377500	.379167	.380833
21	.382500	.384167	.385833	.387500	.389167	.390833	.392500	.394167	.395833	.397500	.399167	.400833
22	.402500	.404167	.405833	.407500	.409167	.410833	.412500	.414167	.415833	.417500	.419167	.420833
23	.422500	.424167	.425833	.427500	.429167	.430833	.432500	.434167	.435833	.437500	.439167	.440833
24	.442500	.444167	.445833	.447500	.449167	.450833	.452500	.454167	.455833	.457500	.459167	.460833
25	.462500	.464167	.465833	.467500	.469167	.470833	.472500	.474167	.475833	.477500	.479167	.480833
26	.482500	.484167	.485833	.487500	.489167	.490833	.492500	.494167	.495833	.497500	.499167	.500833
27	.502500	.504167	.505833	.507500	.509167	.510833	.512500	.514167	.515833	.517500	.519167	.520833
28	.522500	.524167	.525833	.527500	.529167	.530833	.532500	.534167	.535833	.537500	.539167	.540833
29	.542500	.544167	.545833	.547500	.549167	.550833	.552500	.554167	.555833	.557500	.559167	.560833
30	.562500	.564167	.565833	.567500	.569167	.570833	.572500	.574167	.575833	.577500	.579167	.580833
31	.582500	.584167	.585833	.587500	.589167	.590833	.592500	.594167	.595833	.597500	.599167	.600833
32	.602500	.604167	.605833	.607500	.609167	.610833	.612500	.614167	.615833	.617500	.619167	.620833
33	.622500	.624167	.625833	.627500	.629167	.630833	.632500	.634167	.635833	.637500	.639167	.640833
34	.642500	.644167	.645833	.647500	.649167	.650833	.652500	.654167	.655833	.657500	.659167	.660833
35	.662500	.664167	.665833	.667500	.669167	.670833	.672500	.674167	.675833	.677500	.679167	.680833
36	.682500	.684167	.685833	.687500	.689167	.690833	.692500	.694167	.695833	.697500	.699167	.700833
37	.702500	.704167	.705833	.707500	.709167	.710833	.712500	.714167	.715833	.717500	.719167	.720833
38	.722500	.724167	.725833	.727500	.729167	.730833	.732500	.734167	.735833	.737500	.739167	.740833
39	.742500	.744167	.745833	.747500	.749167	.750833	.752500	.754167	.755833	.757500	.759167	.760833
40	.762500	.764167	.765833	.767500	.769167	.770833	.772500	.774167	.775833	.777500	.779167	.780833
41	.782500	.784167	.785833	.787500	.789167	.790833	.792500	.794167	.795833	.797500	.799167	.800833

<sup>1</sup> The maximum benefit based upon service is 80% of the high-3 average salary. Credit for unused sick leave may increase the annuity above 80%.

## CSRS 2% Age Reduction Chart

(Discontinued Service Retirements and Early Optional Retirements only)

Age at separation and at least one day over	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
40_-----	.0701667	.0703333	.0705000	.0706667	.0708333	.0710000	.0711667	.0713333	.0715000	.0716667	.0718333	.0720000
41_-----	.721667	.723333	.725000	.726667	.728333	.730000	.731667	.733333	.735000	.736667	.738333	.740000
42_-----	.741667	.743333	.745000	.746667	.748333	.750000	.751667	.753333	.755000	.756667	.758333	.760000
43_-----	.761667	.763333	.765000	.766667	.768333	.770000	.771667	.773333	.775000	.776667	.778333	.780000
44_-----	.781667	.783333	.785000	.786667	.788333	.790000	.791667	.793333	.795000	.796667	.798333	.800000
45_-----	.801667	.803333	.805000	.806667	.808333	.810000	.811667	.813333	.815000	.816667	.818333	.820000
46_-----	.821667	.823333	.825000	.826667	.828333	.830000	.831667	.833333	.835000	.836667	.838333	.840000
47_-----	.841667	.843333	.845000	.846667	.848333	.850000	.851667	.853333	.855000	.856667	.858333	.860000
48_-----	.861667	.863333	.865000	.866667	.868333	.870000	.871667	.873333	.875000	.876667	.878333	.880000
49_-----	.881667	.883333	.885000	.886667	.888333	.890000	.891667	.893333	.895000	.896667	.898333	.900000
50_-----	.901667	.903333	.905000	.906667	.908333	.910000	.911667	.913333	.915000	.916667	.918333	.920000
51_-----	.921667	.923333	.925000	.926667	.928333	.930000	.931667	.933333	.935000	.936667	.938333	.940000
52_-----	.941667	.943333	.945000	.946667	.948333	.950000	.951667	.953333	.955000	.956667	.958333	.960000
53_-----	.961667	.963333	.965000	.966667	.968333	.970000	.971667	.973333	.975000	.976667	.978333	.980000
54_-----	.981667	.983333	.985000	.986667	.988333	.990000	.991667	.993333	.995000	.996667	.998333	1.000000

## CSRS Benefit Calculations

1	Enter Hi-3 Average Salary	\$
2	Multiply by CSRS retirement factor ____years ____months of CSRS service and USL	X
3	Basic Annual CSRS Benefit *	\$
4	Reduction for Age (if under age 55) Early Optional Retirement or DSR Multiply by 2 % reduction factor	X
5	CSRS Annual Benefit Reduced for Age	\$
6	Reduction for Unpaid Deposits Non-deduction service before 10/1/82 Subtract 10% of deposit plus interest due at retirement	-
7	CSRS Annual Benefit (without Survivor Benefit)	\$
8	Survivor Reduction: Survivor Base elected = _____ (Maximum = line 7) Amount up to \$ 3600 = _____ X .025 = _____ Amount over \$ 3600 = _____ X .10 = _____ <b>Total Reduction</b> = _____	-
9	CSRS Annual Benefit w/ survivor reduction	\$
10	CSRS Monthly Benefit Divide by 12 and round to lower dollar.	\$
11	Reduction for Unpaid Redeposit (Pre 3/1/91 Refund) Divide Redeposit plus interest by actuarial factor = Equals monthly reduction in benefit	-
12	CSRS Monthly Benefit	\$
13	Survivor Benefit: Enter Survivor Base (Maximum = line 7)	\$
14	Multiply survivor base by 55%	X .55
15	CSRS Annual Survivor Benefit	\$
16	CSRS Monthly Survivor Benefit Divide by 12 and round to lower dollar	\$

\*Assumes full-time service.

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## CSRS Example

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### CSRS Example: (VERA or DSR)

Retirement Date:	10/2/013
Date of Birth:	4/20/59
Age:	54 years, 5 months, 12 days
Average Salary:	\$48,000
SCD:	7/16/82 Service: 30 years, 2 months, 17 days
USL:	1127 hours 6 months, 15 days
<b>Total:</b>	<b>30 years, 9 months, 2 days</b>

## CSRS Benefit Calculations

1	Enter Hi-3 Average Salary	\$ 48,000.00
2	Multiply by CSRS retirement factor 30 years 9 months of CSRS service and USL	X .577500
3	Basic Annual CSRS Benefit *	\$ 27,720.00
4	Reduction for Age (if under age 55) Early Optional Ret or DSR Multiply by 2 % reduction factor	X .9900
5	CSRS Annual Benefit Reduced for Age	\$ 27,442.80
6	Reduction for Unpaid Deposits Non-deduction service before 10/1/82 Subtract 10% of deposit plus interest due at retirement	- N/A
7	CSRS Annual Benefit (without Survivor Benefit)	\$ 27,442.80
8	Survivor Reduction Survivor Base elected = 27,442.80 ( Maximum = line 7) Amount up to \$ 3600 = 3,600.00 X .025 = 90.00 Amount over \$ 3600 = 23,842.80 X .10 = 2,384.28 <b>Total Reduction = 2,474.28</b>	- 2,474.28
9	CSRS Annual Benefit with survivor reduction	\$ 24,968.52
10	CSRS Monthly Benefit Divide by 12 and round to lower dollar.	\$ 2,080.00
11	Reduction for Unpaid Redeposit (Pre 3/1/91 Refund) Divide redeposit plus interest by actuarial factor = monthly reduction in benefit	- N/A
12	CSRS Monthly Benefit	\$ 2,080.00
13	Survivor Benefit: Enter Survivor Base (Maximum = line 7)	\$ 27,442.80
14	Multiply survivor base by 55%	X .55
15	CSRS Annual Survivor Benefit	\$ 15,093.54
16	CSRS Monthly Survivor Benefit Divide by 12 and round to lower dollar	\$ 1,257.00

\*Assumes full-time service.




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## Law Enforcement Officers and Firefighters

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### Law Enforcement Officer and Firefighter (LEO / FF) Calculation

#### **LEO / FF Formula (Basic Annual Benefit):**

2.50% X "High-3" X 20 years of qualifying LEO /FF service

2.00% X "High-3" X # of years & months of service over 20

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= Basic Annuity

### Example

#### Example: LEO / FF Calculation

**24 years of qualifying LEO / FF service**

**2 years of military service**

**1 year of unused sick leave**

**27 years of total service and USL**

2.50% X "High-3" X 20 years

LEO / FF service = 50%

2.00% X "High-3" X 7 years

service + USL = 14%

Basic Annuity = 64%

### LEO / FF Annuity Factor Chart

Refer to the annuity factor chart on the following page to calculate your CSRS Law Enforcement Officer or Firefighter retirement benefit.

## CSRS 2.5% Percent Annuity Factor Chart for Law Enforcement Officers and Firefighters

Multiply the high-3 average salary by the factor shown under applicable years and months of CSRS service and unused sick leave.

No. of Years	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.025000	0.027083	0.029167	0.031250	0.033333	0.035417	0.037500	0.039583	0.041667	0.043750	0.045833	0.047917
2	0.050000	0.052083	0.054167	0.056250	0.058333	0.060417	0.062500	0.064583	0.066667	0.068750	0.070833	0.072917
3	0.075000	0.077083	0.079167	0.081250	0.083333	0.085417	0.087500	0.089583	0.091667	0.093750	0.095833	0.097917
4	0.100000	0.102083	0.104167	0.106250	0.108333	0.110417	0.112500	0.114583	0.116667	0.118750	0.120833	0.122917
5	0.125000	0.127083	0.129167	0.131250	0.133333	0.135417	0.137500	0.139583	0.141667	0.143750	0.145833	0.147917
6	0.150000	0.152083	0.154167	0.156250	0.158333	0.160417	0.162500	0.164583	0.166667	0.168750	0.170833	0.172917
7	0.175000	0.177083	0.179167	0.181250	0.183333	0.185417	0.187500	0.189583	0.191667	0.193750	0.195833	0.197917
8	0.200000	0.202083	0.204167	0.206250	0.208333	0.210417	0.212500	0.214583	0.216667	0.218750	0.220833	0.222917
9	0.225000	0.227083	0.229167	0.231250	0.233333	0.235417	0.237500	0.239583	0.241667	0.243750	0.245833	0.247917
10	0.250000	0.252083	0.254167	0.256250	0.258333	0.260417	0.262500	0.264583	0.266667	0.268750	0.270833	0.272917
11	0.275000	0.277083	0.279167	0.281250	0.283333	0.285417	0.287500	0.289583	0.291667	0.293750	0.295833	0.297917
12	0.300000	0.302083	0.304167	0.306250	0.308333	0.310417	0.312500	0.314583	0.316667	0.318750	0.320833	0.322917
13	0.325000	0.327083	0.329167	0.331250	0.333333	0.335417	0.337500	0.339583	0.341667	0.343750	0.345833	0.347917
14	0.350000	0.352083	0.354167	0.356250	0.358333	0.360417	0.362500	0.364583	0.366667	0.368750	0.370833	0.372917
15	0.375000	0.377083	0.379167	0.381250	0.383333	0.385417	0.387500	0.389583	0.391667	0.393750	0.395833	0.397917
16	0.400000	0.402083	0.404167	0.406250	0.408333	0.410417	0.412500	0.414583	0.416667	0.418750	0.420833	0.422917
17	0.425000	0.427083	0.429167	0.431250	0.433333	0.435417	0.437500	0.439583	0.441667	0.443750	0.445833	0.447917
18	0.450000	0.452083	0.454167	0.456250	0.458333	0.460417	0.462500	0.464583	0.466667	0.468750	0.470833	0.472917
19	0.475000	0.477083	0.479167	0.481250	0.483333	0.485417	0.487500	0.489583	0.491667	0.493750	0.495833	0.497917
20	0.500000	0.501667	0.503333	0.505000	0.506667	0.508333	0.510000	0.511667	0.513333	0.515000	0.516667	0.518333
21	0.520000	0.521667	0.523333	0.525000	0.526667	0.528333	0.530000	0.531667	0.533333	0.535000	0.536667	0.538333
22	0.540000	0.541667	0.543333	0.545000	0.546667	0.548333	0.550000	0.551667	0.553333	0.555000	0.556667	0.558333
23	0.560000	0.561667	0.563333	0.565000	0.566667	0.568333	0.570000	0.571667	0.573333	0.575000	0.576667	0.578333
24	0.580000	0.581667	0.583333	0.585000	0.586667	0.588333	0.590000	0.591667	0.593333	0.595000	0.596667	0.598333
25	0.600000	0.601667	0.603333	0.605000	0.606667	0.608333	0.610000	0.611667	0.613333	0.615000	0.616667	0.618333
26	0.620000	0.621667	0.623333	0.625000	0.626667	0.628333	0.630000	0.631667	0.633333	0.635000	0.636667	0.638333
27	0.640000	0.641667	0.643333	0.645000	0.646667	0.648333	0.650000	0.651667	0.653333	0.655000	0.656667	0.658333
28	0.660000	0.661667	0.663333	0.665000	0.666667	0.668333	0.670000	0.671667	0.673333	0.675000	0.676667	0.678333
29	0.680000	0.681667	0.683333	0.685000	0.686667	0.688333	0.690000	0.691667	0.693333	0.695000	0.696667	0.698333
30	0.700000	0.701667	0.703333	0.705000	0.706667	0.708333	0.710000	0.711667	0.713333	0.715000	0.716667	0.718333
31	0.720000	0.721667	0.723333	0.725000	0.726667	0.728333	0.730000	0.731667	0.733333	0.735000	0.736667	0.738333
32	0.740000	0.741667	0.743333	0.745000	0.746667	0.748333	0.750000	0.751667	0.753333	0.755000	0.756667	0.758333
33	0.760000	0.761667	0.763333	0.765000	0.766667	0.768333	0.770000	0.771667	0.773333	0.775000	0.776667	0.778333
34	0.780000	0.781667	0.783333	0.785000	0.786667	0.788333	0.790000	0.791667	0.793333	0.795000	0.796667	0.798333
35	0.800000											

The maximum benefit based upon service is 80% of the high-3 average salary. Credit for unused sick leave may increase the annuity above 80%.



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## Unused Sick Leave

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### **Credit for Unused Sick Leave For CSRS Retirees**

- Unused sick leave is not included for determining eligibility.
- Unused sick leave is added to length of service in computing the annuity benefit.
- Unused sick leave is credited only in immediate retirements.
- Unused sick leave is computed on the basis of a 2087 hour work year for most federal employees.

### **Example**

Service :	=	30 years - 4 months - 15 days
USL 624 hours	=	3 months - 18 days
		<hr/>
Total:	=	30 years - 7 months - 33 days
	=	30 years - 8 months - 3 days
	=	30 years - 8 months

## Sick Leave Chart - 2087 Hours

### Sick Leave Chart - 2087 Hours

No. of Days	1 Day & Up	1 Mo. & Up	2 Mo. & Up	3 Mo. & Up	4 Mo. & Up	5 Mo. & Up	6 Mo. & Up	7 Mo. & Up	8 Mo. & Up	9 Mo. & Up	10 Mo. & Up	11 Mo. & Up
0	—	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	40	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	566	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	69	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	92	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	98	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	121	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	127	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	144	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	150	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	156	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

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## Leave Without Pay (LWOP)

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Leave Without Pay (LWOP) is fully creditable as civilian service for retirement purposes if less than six months per calendar year.

### Example 1

LWOP: 1/1/70

RTD: 7/1/70

= 6 months LWOP in 1970

= Full Credit in 1970

### Example 2

LWOP: 1/1/92

RTD: 8/1/92

= 7 months LWOP

- 1 month excess LWOP

= 6 months creditable LWOP

+ 5 months service

= 11 months credit 1992

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## Maximum Annuity

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- The maximum annuity benefit is 80% of the High-3 based on service.
- 41 years and 11 months of service earns the maximum annuity of 80%. (35 years under the Law Enforcement or Firefighter calculation earns the 80% maximum.)
- Unused sick leave is credited in addition to the 80% maximum.
- Excess CSRS contributions are refunded to the annuitant, less any deposits or redeposits required for prior service periods.

### Example

45 years of service = 80%  
2 years of USL = +4%  
  
= 84% of high-3 average salary

**Retiring December 2013:**

High-3 average salary = December 2010 - December 2013

Maximum annuity: 41 years 11 months  
Maximum service date: November 2010

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## Part -Time Service

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Part-time Service is service with a pre-arranged, regularly scheduled tour of duty which is less than full-time.

**Computation of CSRS Annuity** involving part-time service on or after 4/7/86:

Full credit is granted for part-time service in determining eligibility for retirement. The retirement benefit is reduced for part-time service after 4/6/86 by a ratio of the number of part-time hours to the number of hours the employee would have worked had the employee worked full-time.

Two computations must be performed in computing the annuity of an employee whose service includes part-time employment on or after 4/7/86.

**Computation #1: (Pre-4/7/86 annuity)**

Deemed full-time salary rates for the high-3 years average salary and full-time credit for service through 4/6/86 plus credit for unused sick leave are used in computing the annuity under the General Formula.

Prior to October 28, 2009, actual salary rates (part-time or full-time) were used in the pre-4/7/86 calculation, regardless of the tours of duty worked during that time. The National Defense Authorization Act of 2010 requires that full-time deemed salary rates be used in the pre-4/7/86 calculation.

**Computation #2: (Post 4/6/86 annuity)**

Deemed full-time salary rates for service on or after 4/7/86 are used in computing the high-3 average salary. This average salary is then multiplied by the appropriate % in the CSRS General Formula (1.5%, 1.75% or 2%) and full-time service factors. This figure is then multiplied by the ratio of post-4/6/86 hours worked (according to tour of duty) to the number of hours the employee would have worked had all post-4/6/86 service been full time.

The results of the two computations are added together to obtain the basic annuity.

## Reductions in Basic Annuity

**CSRS Reduction for Age**

Annuity is reduced 2% for each year retiree is under age 55, 1/6 percent for each full month under age 55.

### Age Reduction Example (VERA / DSR)



**Correct Age Reduction**

\$50,000 average salary  
 25 years = 46.25% ave.sal.  
 Age: 49 years 11 months 13 days  
 (10% age reduction)

<b>Calculate Basic Annuity:</b>	\$50,000	
	X .4625	\$23,125/year

<b>Apply Age Reduction:</b>	\$23,125	
	- \$2,313	\$20,812/year



**Incorrect Age Reduction**

\$50,000 average salary  
 25 years = 46.25% ave.sal.  
 10 % age reduction

**Calculate Reduced Annuity:**

	46.25% of average salary	
-	10.00% age reduction	36.25% of average salary

	\$50,000	
X	.3625	= \$18,125/year

**Reduction for Unpaid Deposit**

Non-deduction service prior to 10/1/82 :  
 Annuity is reduced by 10% of any unpaid deposit.

**Reduction to Provide Survivor Benefit**

CSRS Survivor Reduction =  
 2-1/2% of 1st \$3600 of the survivor base plus 10% of the remainder of the survivor base.

**Reduction for Unpaid Redeposit**

(For refunds for service which ended before 10/1/90). Annuity is actuarially reduced for unpaid redeposit.

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## Survivor Benefits

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### Regular Survivor Benefits

- Spouse
- Former Spouse

### Insurable Interest Survivor Benefits

- Spouse
- Former Spouse
- Insurable Interest Survivor (Financially dependent)

### Children's Survivor Benefits

- Children who are unmarried and
- Under age 18;
  - Under age 22 if a full-time student;
  - at any age if the child became disabled before age 18

### Lump Sum Benefit

Remaining retirement contributions, if any.

### Spouse Equity Act

A qualifying court order may require OPM to apportion an annuity benefit between a retiree and a former spouse and / or provide survivor benefits to a former spouse upon the death of a retiree.

For detailed information on court-awarded benefits for former spouses, please view the module on Court Orders. You may also refer to the CSRS and FERS Retirement Handbook for Personnel and Payroll Offices, Chapter 5, Court Orders, available on the OPM Web site, [www.opm.gov](http://www.opm.gov). (Use the search engine. Search CSRS and FERS Retirement Handbook.)

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## Regular Survivor Benefits

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*A retiring employee may elect to provide Regular Survivor Benefits for a spouse and/or former spouse at time of retirement. In cases of divorce occurring after 5/7/85, the retiree may be required by court order, to provide regular survivor benefits to a former spouse.*

### Amount of Election = Survivor Base

The amount of money that the retiring employee elects to be used to determine the survivor benefit and the cost to the retiree to provide this benefit is called the **survivor base**.

#### Full Survivor Benefits

The retiring employee may elect that “All” of his/her basic annuity be used as the survivor base. This is the maximum that can be used as the survivor base.

#### Partial Survivor Benefit

The retiring employee may elect any dollar amount “less than all” of his/her basic annuity to be used as the survivor base. Notarized consent of current spouse is required.

#### Split Survivor Benefits

The retiring employee may elect that the current spouse and/or one or more former spouses each receive a survivor benefit provided that the total survivor base does not exceed the retiree’s basic annuity. Notarized consent of current spouse is required.

#### No Survivor Benefit

The retiree may elect to provide “No Survivor Benefit” Notarized consent of current spouse is required.

#### Survivor Receives

In the event of the annuitant’s death, the survivor receives 55% of the elected base, increased by any cost of living adjustments which have occurred since the date of the annuitant’s retirement.

### Survivor Reduction Formula

#### Cost to the Annuitant

The retiree’s annuity benefit is reduced to provide a regular survivor benefit according the following “Survivor Reduction” formula:

**Survivor  
Reduction**

$$\begin{array}{l} 2\text{-}1/2\% \text{ of first } \$3,600 \text{ base} \\ + \text{ 10\% of the remainder of base} \\ \hline = \text{ Annual reduction to provide} \\ \text{ survivor benefit} \end{array}$$

**Example 1****Full Survivor Benefit \$40,000 annuity****Base:** \$40,000**Cost:** 2-1/2 % of \$3,600 = \$ 90

10% of \$36,400 = \$3,640

**TOTAL** = **\$3,730**

\$40,000 per year (\$3,333 per month)

- \$3,730

\$36,270 per year (\$3,022 per month)

**Survivor Receives 55% of Base**

55% of \$40,000 = \$22,000 per year

= \$1,833 per month

**Example 2****Partial Survivor Benefit Base = \$3,600****Base:** \$3,600**Cost:** 2-1/2 % of \$3,600 = \$90

\$40,000 per year (\$3,333 per month)

- \$90

\$39,910 per year (\$3,325 per month)

**Survivor Receives: 55% of Base**

55% of \$3,600 = \$1,980 per year

= \$ 165 per month

**Example 3****Select Dollar Base****Base** X .55 = Survivor Rate → **Base** =  $\frac{\text{Survivor Rate}}{.55} \rightarrow \frac{\$6,000}{.55} = \mathbf{\$10,910 \text{ Base}}$ **Cost:** 2-1/2 % of \$3,600 = \$ 90

+ 10% of \$7,310 = \$ 731

= \$ 821

\$40,000 per year (\$3,333 per month)

- \$ 821

\$39,179 per year (\$3,264 per month)

**Survivor Receives: 55% of Base**

55% of \$10,910 = \$6,000 per year

= \$ 500 per month

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## Federal Health Insurance For Surviving Spouse

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### Health Benefits for the Surviving Spouse

A surviving spouse will not be permitted to continue Federal Health Benefits upon the death of a retiree unless a survivor annuity is payable.

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## Survivor Election Changes After Retirement

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**Within 30 days** after the date of the first regular monthly annuity payment, a retiree may name a new survivor or change the survivor election by filing a new election in writing.

**Within 18 months after the commencing date of the annuity**, a retiree may elect a survivor annuity or increase the amount of the survivor annuity for a spouse by submitting the request for change in writing to OPM. A deposit representing the difference between the reduction for the new survivor election and the original survivor election, plus a charge of \$ 245.00 per thousand dollar change in survivor base, plus interest, is required.

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## Termination of Entitlement To Survivor Benefits

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*Entitlement to survivor benefits terminates on the following events:*

**Current Spouse  
Future Entitlement**

A current spouse future entitlement to survivor benefits is terminated by divorce or death. The reduction in the annuitant's rate to provide the survivor protection is removed and the annuitant's benefit is restored to the full rate, prospectively.

**Widows/Widowers  
Receipt of Benefit**

A widow's/widower's receipt of regular survivor benefits is terminated upon death or remarriage prior to age 55. Benefits are restored if that marriage later ends.

Exception for remarriages occurring after January 1, 1995:

If the widow or widower was married to the individual on whose service the survivor annuity is based for at least 30 years, remarries before age 55, the survivor annuity will not be terminated.

**Former Spouse  
Future Entitlement**

A former spouse future entitlement to regular survivor benefits is terminated upon death or remarriage prior to age 55. The annuitant's benefit is restored to the full rate, prospectively. Entitlement is not restored to the former spouse if that marriage later ends.

**Former Spouse  
Receipt of Benefit**

A former spouse receipt of survivor benefits is terminated upon death or remarriage prior to age 55. Benefits are NOT restored if that marriage later ends.

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## Post Retirement Marriage

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A retiree who marries after retirement may elect regular survivor benefits for his/her post-retirement spouse. The survivor election is optional. Spousal consent is not required. The election must be made within 2 years of the date of the marriage or within 2 years of the date of the former spouse's loss of entitlement to the regular survivor benefit.

### Elections Available

Survivor elections available after retirement for new spouses are:

- 1) full survivor annuity;
- 2) partial survivor annuity;
- 3) no survivor annuity.

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### Retroactive Survivor Reduction is Based Upon Actuarial Reduction

An annuitant who retires on or after May 7, 1985 and elects to provide survivor benefits for a spouse whom he/she married after retirement will have his/her annuity reduced by the total amount by which his/her annuity would have been reduced if that election had been made at the time of retirement, plus 6 percent annual interest, divided by an actuarial factor, plus the continuing reduction in the annuity to provide survivor benefit. Any period of time during which the retiree's annuity was being reduced fully to provide a survivor benefit will not be included in the calculation of the reduction.

### Actuarial Reduction

#### Monthly Reduction

The monthly reduction for this retroactive survivor election is equal to:

$$\frac{\text{Retroactive reduction in annuity, plus 6\% interest}}{\text{Actuarial Factor}}$$

+

The continuing reduction for survivor benefit



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## Insurable Interest Survivor Benefit

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*Any retiring employee (regardless of marital status), in good health, may elect an insurable interest survivor benefit for any person who is financially dependent upon the retiree.*

**Survivors**

The insurable interest survivor may be a spouse, a former spouse or anyone who is financially dependent upon the retiree.

**Amount of the Election**

The insurable interest benefit is based upon the retiree’s full annuity. The retiree may not elect any other survivor base.

**Cost to the Annuitant**

The cost of an insurable interest benefit is based on the age difference between the retiree and the insurable interest survivor.

Age of Insurable Interest Survivor in Relation to Age of Retiree	Reduction in Basic Annuity
Older or less than 5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

**Insurable Interest Survivor Receives**

In the event of the annuitant’s death, the insurable interest survivor receives 55% of the retiree’s commencing annuity after the reduction to provide the insurable interest survivor benefit, plus COLAs.

**Termination of Entitlement to the Insurable Interest Benefit**

The insurable interest survivor benefit will be terminated upon death of the insurable interest survivor, or on conversion of the benefit to a regular survivor annuity. If entitlement to insurable interest benefit terminates while the retiree is living, the retiree’s annuity benefit will be restored to the full rate, prospectively.

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## Lump Sum Benefit

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### **Amount of the Lump Sum Benefit**

The balance of an employee's or annuitant's retirement contributions is payable as a lump sum benefit only if there is no spouse, former spouse, children or insurable interest survivor eligible for survivor benefits

### **Order of Precedence**

The lump sum is payable under the following Order of Precedence:

1. Designated Beneficiary
2. Spouse
3. Child/Children in equal shares
4. Parents
5. Executor or administrator of estate
6. Next of Kin

### **Designation of Beneficiary**

An SF 2808, Designation of Beneficiary, Civil Service Retirement System, can be completed by an employee, a former employee or a retiree to designate a beneficiary or beneficiaries of any lump sum amount payable upon his/her death.

The designations described above should not be confused with designation forms used for other types of benefits, such as:

### **Other Types of Designations**

SF 2823, Designation of Beneficiary, Federal Employees' Group Life Insurance Program;

SF 1152, Designation of Beneficiary, Unpaid Compensation of Deceased Civilian Employee; or

TSP 3, Designation of Beneficiary, Federal Retirement Thrift Savings Plan.



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## Credit For Service

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### **Non-deduction Service**

Temporary Service  
Deposits

### **Refunded Service**

Refunds / Redeposits  
New Redeposit Option (Actuarial Reduction)

### **Military Service**

Creditable Military Service  
Documentation of Service  
Military Retirement  
Post-56 Military Deposits

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## Non-deduction / Deposit Service

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**Non-deduction Service** Non-deduction service is service during which no Civil Service Retirement contributions were withheld from salary.

**Deposit** The deposit is equal to the amount of money the employee would have contributed to the Civil Service Retirement System had he/she been covered by the CSR Act, plus interest.

<b>Contribution Rates</b>	1956-1969:	6.5%	2000:	7.4%
	1970-1998:	7%	2001-2002:	7.5%
	1999:	7.25%	2003-present:	7%

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### Non-deduction service performed before 10/1/82:

#### 3% Interest

If the non-deduction service was performed prior to 10/1/82: Interest is charged at the rate of 3% compounded annually. No interest is charged during periods of separation beginning before 10/1/56.

#### If the deposit is NOT paid:

Full credit is granted for the service for eligibility and computation purposes. The annual retirement benefit is reduced by 10% of the unpaid deposit.

#### If a deposit IS paid:

Full credit is granted for the service with no reduction in the annuity.

#### Example 1: Non-deduction Service Performed Prior to 10/1/82

**Alice, Age 55**  
**\$50,000 Average Salary**

1979 - 1980 : Temp Appt.  
(earned \$14,285)

1980 - 2013 : CSRS

\$1,000 Deposit  
+ 3 % interest  
\$2,600 Deposit Due

Reduction in annuity:  
10% of \$2,600 = \$260 per year  
= \$22 per month

## Non-deduction / Deposit Service

(Continued)

### Non-deduction service performed on or after 10/1/82:

#### Variable Interest

If the non-deduction service was performed on or after 10/1/82: Interest is charged at the rate of 3% per year through 12/31/84 and at a variable interest rate beginning 1/1/85.

#### If the deposit is NOT paid:

**Credit is granted for eligibility only. No credit is granted for the non-deduction service in the annuity computation.**

#### If the deposit IS paid:

Full credit is granted for the service with no reduction in the annuity

#### Variable Interest Rates

1985	13.0%		1999	5.75%
1986	11.125%		2000	5.875%
1987	9.0%		2001	6.375%
1988	8.375%		2002	5.5%
1989	9.125%		2003	5.0%
1990	8.75%		2004	3.875%
1991	8.625%		2005	4.375%
1992	8.125%		2006	4.125%
1993	7.125%		2007	4.875%
1994	6.250%		2008	4.375%
1995	7.00%		2009	3.875%
1996	6.875%		2010	3.125%
1997	6.875%		2011	2.75%
1998	6.75%		2012	2.25%
			2013	1.625%

*Note: Variable interest accrues on December 31 of each year.*

#### Example 2: Non-deduction Service Performed on or After 10/1/82

**Betty, Age 55**  
**\$50,000 Average Salary**

1975 - 1982 CSRS

Oct 1983 - Oct. 1984: Temp Appt.  
(earned \$15,000)

1984 - 2013: CSRS Offset

\$1,050 Deposit  
+ variable interest  
\$6,000 Deposit due

Reduction in annuity:

No credit for 1 year of service  
= 2% of average salary  
= 2% of \$50,000  
= \$1,000 per year  
= \$83 per month

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## **Non-deduction / Deposit Service**

*(Continued)*

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### **Procedures for Payment of Deposit**

#### **Personnel Office Estimates**

Agency Personnel Office can provide estimates of deposit due and annuity reductions.

#### **Employees May Submit Application to Make Deposit to OPM**

If more than 6 months from retirement date, an employee may obtain an Application to Make Deposit / Redeposit (SF 2803) from Personnel or [www.opm.gov](http://www.opm.gov), Federal Forms. Employee completes the front and returns SF 2803 to Personnel. Agency Personnel office will complete form and forward to OPM. OPM will notify the employee of the amounts due. **If both deposits and redeposits are involved, the employee should notify OPM that payment should be directed to deposits for non-deduction service before payment to redeposits.**

#### **Employees May Submit Application to Make Deposit to OPM with Retirement Application**

If employee is within 6 months of retirement, send Application to Make Deposit / Redeposit (SF 2803) or a letter requesting information on amount of deposit due to OPM along with the retirement application. OPM will inform retiree of amount due, annuity rates with and without payment and procedures for payment.

#### **OPM Notifies Retiring Employees of Deposits for non-deduction service performed after September 30, 1982**

OPM will send notification of any outstanding deposits for non-deduction service performed after September 30, 1982, describe the reduction in annuity and payment procedures prior to final processing of the annuity claim.



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## Refunded Service / Redeposit Service

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### Refunded Service

Refunded Service is Federal civilian service during which Civil Service Retirement contributions were withheld but later refunded to the employee.

### Redeposit

Redeposit is repayment of the refund plus interest.

### Impact on Annuity

The impact on the annuity depends upon the date that the refunded service ended.

**Actuarial Reduction**  
(Refunded Service which ended before 3/1/91)

**If the refunded service ended before 3/1/1991 and the redeposit is not paid:**

Credit is granted for the service in calculating the annuity benefit. The annuity is actuarially reduced.

**Loss of Service**  
(Refunded Service which ended on or after 3/1/91)

**If the refunded service ended on or after 3/1/1991 and the redeposit is not paid:**

- Full credit is granted for the service in determining eligibility for retirement.
- No credit is granted for the refunded service in the computation of the annuity benefit.

### Interest

The interest charged on redeposits depends upon the date that the application for refund was received by the employing agency or by the Office of Personnel Management before or after 10/1/82.

- Refund Prior to 10/1/82: 3% Interest
- Refund on or after 10/1/82: Variable Interest

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## Refunded Service / Redeposit Service

(Continued)

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### Refunded Service Ended Before 3/1/91: Actuarial Reduction

- Credit is granted for the service in calculating the annuity benefit.
- The annuity is actuarially reduced, using the actuarial factors below.

$$\text{Monthly reduction} = \frac{\text{Redeposit due at retirement}}{\text{Actuarial factor}}$$

**Actuarial Factors**  
(Annuities commencing  
on or after 10/1/2011)

Age at Retirement	Monthly Reduction Factor
51	248.9
52	244.7
53	240.3
54	235.5
55	230.7
56	225.7
57	220.4
58	215.2
59	209.9
60	204.6
61	199.0
62	193.3
63	187.7
64	182.0
65	176.2
66	170.5
67	164.6
68	158.9
69	153.2
70	147.5

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### Refunded Service Ended on or After 3/1/91:

If the Redeposit is not paid:

- Full credit is granted for the service in determining eligibility for retirement.
- No credit is granted for the refunded service in the computation of the annuity benefit.

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## Refund Prior to 10/1/82

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### Refund Prior to 10/1/82: 3% Interest

If the application for refund was received by the agency or OPM prior to 10/1/82: Interest is charged at the rate of 3% compounded annually. No interest is charged during periods of separation beginning before 10/1/56.

#### Example: Refund Prior to 10/1/82 (3% Interest)

**Albert, Age 55**  
**\$50,000 Average Salary**

1980 - 1981 - CSRS	\$1,000 Refund <u>+ 3% interest</u>
1982 - 2013 - CSRS	\$2,500 Redeposit due

Reduction in annuity:  $\frac{\$2,500}{230.7} = \$11$  per month

#### If the Redeposit is paid:

Full credit is granted for the service for eligibility and computation purposes.

## Refund on or After 10/1/82

### Refund on or after 10/1/82 - Variable Interest

If the application for refund was first received by the agency or OPM on or after 10/1/82: Interest is charged at the rate of 3% per year through 12/31/84 and at a variable interest rate beginning 1/1/85.

#### Variable Interest Rates

1985	13.0%	1999	5.75%
1986	11.125%	2000	5.875%
1987	9.0%	2001	6.375%
1988	8.375%	2002	5.5%
1989	9.125%	2003	5.0%
1990	8.75%	2004	3.875%
1991	8.625%	2005	4.375%
1992	8.125%	2006	4.125%
1993	7.125%	2007	4.875%
1994	6.250%	2008	4.375%
1995	7.00%	2009	3.875%
1996	6.875%	2010	3.125%
1997	6.875%	2011	2.75%
1998	6.75%	2012	2.25%
		2013	1.625%

*Note: Variable interest accrues on December 31 of each year.*

#### Example: Refund on or after 10/1/82: Variable Interest (Refunded service ended before 3/1/91)

**Barry, Age 55**  
**\$50,000 Average Salary**

1973 - 1986 - CSRS	\$14,000 Refund
	<u>+ variable interest</u>
1987 - 2013 - CSRS	69,000 Redeposit due

Reduction in annuity:  $\frac{\$69,000}{230.7} = \$299$  per month

#### If the Redeposit is paid:

Full credit is granted for the service for eligibility and computation purposes.

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## Refunded Service Ended on or After 3/1/91

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### Refunded Service Ended on or After 3/1/91:

**If the Redeposit is not paid:**

- Full credit is granted for the service in determining eligibility for retirement.
- No credit is granted for the refunded service in the computation of the annuity benefit.

**Example: Refunded service ended on or after 3/1/91**

**Charlie, Age 55**  
**\$50,000 Average Salary**

1979 - 1995 - CSRS	\$18,000 Refund <u>+ variable interest</u>
1996 - 2013 - CSRS	\$44,000 Redeposit due

**If the Redeposit is NOT paid:**

No credit is granted for 1979-1995 in the computation of the annuity.  
Annuity is based upon 17 years (1996 - 2013) = 30.25% of the high-3 average salary.  
30.25% of \$50,000 = \$15,125 per year.

**If the Redeposit IS paid:**

Full credit is granted for the service in the computation of the annuity.  
Annuity is based upon 33 years of service = 62.25% of the high-3 average salary.  
62.25% of \$50,000 = \$31,125 per year.

**Payment of \$44,000 redeposit increases annuity \$16,000 per year.**



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## Procedures for Payment

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### **Notify Personnel Office of Outstanding Refunds**

Personnel Office can provide estimates of redeposit due and annuity reductions.

### **OPM Notifies Retiring Employees of Redeposits**

OPM will automatically send notification of any outstanding redeposits, describe the reduction in annuity and payment procedures along with the first annuity statement.

### **Employees May Submit Application to Make Redeposit to OPM Prior to Retirement**

If more than 6 months from retirement date, an employee may obtain an Application to make Deposit / Redeposit, SF 2803, from Personnel. This form is also available on [www.opm.gov](http://www.opm.gov). Go to "Find Forms" on the right hand side of the home page.. Employee completes the front and returns SF 2803 to Personnel. Agency Personnel office will complete form and forward to OPM. OPM will provide billing statement to employee.

## CSRS Credit for Civilian Service

Type of Service Retirement Credit	List Dates of Service and Amount of Refund	Calculation of Deposit/Redeposit	Impact on Annuity if Payment is Not Made	Procedures for Payment
Pre 10/1/82 Non-deduction Service		7% (or 6.5%) of earnings plus 3% interest \$ _____	Annuity is reduced by 10% of unpaid deposit -\$ _____/yr = -\$ _____/mo	SF 2803 → OPM
Post 9/30/82 Non-deduction Service		7% of earning plus variable interest. \$ _____	No credit for service in the annuity calculation	SF 2803 → OPM
Pre 10/1/82 CSRS Refund		Refund plus 3% interest. \$ _____	Annuity is actuarially reduced. -\$ _____/month	OPM will notify retirees or SF 2803 → OPM
Post 9/30/82 Pre 3/1/91 CSRS Refund		Refund plus variable interest. \$ _____	Annuity is actuarially reduced. -\$ _____/month	OPM will notify retirees or SF 2803 → OPM
Post 2/28/91 Refund		Refund plus variable interest. \$ _____	No credit for service in the annuity calculation. -\$ _____/yr. = -\$ _____/mo	SF 2803 → OPM

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## Military Service

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### **Creditable Military Service**

Active, honorable military service may be creditable towards CSRS retirement benefits. Creditable service may include:

- Service in military academies,
- Active duty in reserves,
- Reservists' annual 15-day training camps or cruises (during non-federal service)
- Service by NROTC students when ordered to active duty or training duty (including summer cruises) as members of the Naval or Marine Corps Reserve,
- Service by AROTC students after October 13, 1964 when ordered to active duty or training duty as members of the Army Reserves,
- Service in the National Guard if "Under a call by the President", or pursuant "orders" issued under section 233(d) of Armed Forces Reserve Act of 1952; or pursuant to "orders" issued under title 10 of the ASCOT. (Agency must contact the State Adjutant General's Office for a determination of credit.)

### **Documentation of Military Service**

To document military service, contact your personnel office for Standard Form 180. Complete and mail to appropriate address on back of form. This form can also be downloaded from the National Archives Website: <http://www.archives.gov>.

### **Reference**

Chapter 22 of the CSRS and FERS Retirement Handbook lists the types of military service which are creditable. This Handbook is available via OPM Web site <http://www.opm.gov>. Search: CSRS and FERS Retirement Handbook.

### **Military Retired Pay**

#### **Career Military Retirement or Non-combat Disability Retirement**

The receipt of career military retirement or non-combat disability retirement bars the crediting of military service for CSRS retirement purposes. The employee may waive military retired pay to receive credit toward CSRS retirement. Request alternate retirement estimates based upon civilian service only and civilian and military service combined and payment of the post-56 deposit.

#### **Reserve Retirement or Combat-connected Disability Retirement**

Retirement credit is allowed if the retired pay is based on combat-connected disability retirement, or based on age and service in the Reserves (Chapter 67, Title 10, U.S.Code), without waiver of military retired pay.

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## Post-56 Military Service Credit

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### Credit for Post-56 Military Service For Persons First Employed Under CSRS BEFORE 10/1/82

**Post-56 Deposit is Paid** If a deposit for post-56 military service is paid prior to retirement, post-56 military service (if otherwise creditable service) can be credited for Civil Service annuity purposes, regardless of Social Security entitlement.

**Post-56 Deposit is NOT Paid** If a deposit for post-56 military service is not paid prior to retirement, no credit will be given for the post-56 military service in the Civil Service annuity computation IF and WHEN the annuitant becomes eligible for non-disability benefits from the Social Security Administration at age 62, or date of retirement, whichever is later.

If the annuitant is eligible for Social Security benefits at retirement, no credit is granted for post-56 military service in the annuity computation.

If the annuitant is not entitled to Social Security benefits at retirement, full credit is granted for post-56 military service in the annuity computation at retirement.

If the annuitant later turns age 62 and becomes eligible for Social Security benefits, the annuity will be recomputed to eliminate credit for the post-56 military service.

**Note:** Post-56 military service will be included in determining eligibility for retirement, "title", regardless of deposit and eligibility for Social Security benefits.

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### Credit for Post-56 Military Service For Persons First Employed Under CSRS on or AFTER 10/1/82

**Post-56 Deposit is NOT Paid** If a deposit for post-56 military service is not made prior to retirement, post-56 military service cannot be credited for retirement eligibility or computation, regardless of entitlement to Social Security benefits.

## Examples:

## Post-56 Military Service Credit

### Example 1: Joe did NOT pay his Post-56 Deposit + is eligible for SS \*

Age: 62  
Military Service: 1968 - 1972  
Post-56 Deposit: Did NOT pay deposit  
Social Security: Eligible for Social Security.  
**RESULT:** *No credit for post-56 military service is granted in CSRS annuity.*

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*If deposit were paid prior to retirement - Full credit is granted for military service for CSRS, regardless of entitlement to Social Security.*

### Example 2: Joe did NOT pay his Post-56 Deposit + is NOT eligible for SS \*

Age: 62  
Military Service: 1968 - 1972  
Post-56 Deposit: Did NOT pay deposit  
Social Security: Not eligible for Social Security at age 62.  
**RESULT:** *Full credit is granted for military service in the CSRS annuity, regardless of deposit*

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*If Joe later becomes eligible for Social Security (after retirement after age 62), he will continue to receive credit for military service in the CSRS annuity.*

### Example 3: Jim did NOT pay his Post-56 Deposit \*

Age: Retires at age 55  
Military Service: 1976 - 1980  
Post-56 Deposit: Did NOT pay deposit  
**RESULT:** *Full credit is granted for military service at age 55.*

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*If Jim becomes eligible for Social Security at age 62, the annuity is recomputed to eliminate credit for the post-56 military service.*

### Example 4: Jim PAID his Post-56 Deposit \*

Age: Retires at age 55  
Military Service: 1976 - 1980  
Post-56 Deposit: PAID deposit  
**RESULT:** *Full credit is granted for military service, regardless of entitlement to Social Security.*

\* All examples first employed in CSRS prior 10/1/82.

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## CSRS Post-56 Military Deposits

(Continued)

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### Deposit

#### Post-56 deposit

= 7% of base pay earned during post-56 military service. Interest is charged at a variable rate set by the Department of the Treasury.

Due to a temporary increase in civilian employee retirement deductions in 1999 and 2000, the military deposit for service in 1999 is 7.25% and the deposit for service in 2000 is 7.4%. Request year-by-year earnings for these years in your request for estimated base pay earnings.

### Interest

The deposit is interest free until 10/1/85 or two years of first employment under the Civil Service Retirement System, if later. Interest accrues on the anniversary of the interest free period. No interest is charged if the deposit is paid in full by 9/30/86, or within 3 years of first employment under CSRS, whichever is later.

#### Variable Interest Rates

1985	13.0%	1995	7.00%	2005	4.375%
1986	11.125%	1996	6.875%	2006	4.125%
1987	9.0%	1997	6.875%	2007	4.875%
1988	8.375%	1998	6.75%	2008	4.375%
1989	9.125%	1999	5.75%	2009	3.875%
1990	8.75%	2000	5.875%	2010	3.125%
1991	8.625%	2001	6.375%	2011	2.75%
1992	8.125%	2002	5.5%	2012	2.25%
1993	7.125%	2003	5.0%	2013	1.625%
1994	6.250%	2004	3.875%		

### Military Deposit While on LWOP

Deposit is required only for periods not covered by civilian pay and retirement deductions. Employee must include documentation of their civilian pay with the application to pay the military deposit. Alternative Method for Calculating the Deposit: For employees on LWOP-US who return to civilian service after exercising their restoration rights, the amount of the deposit, before interest, cannot exceed the amount of civilian retirement deductions that would have been deducted for the employee's civilian pay had the employee not performed the military service. See Benefits Administration Letter 03-105, dated June 25, 2003, for a detailed discussion of this alternative method for calculating the deposit. ([www.opm.gov](http://www.opm.gov). Search BAL 03-105.)

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## Procedures for Payment

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### Procedures for Payment of the Post-1956 Deposit:

#### 1) Request Estimated Base Pay Earnings

Obtain Request for Estimated Base Pay Earnings (RI 20-97) from your Personnel Office. This form is also available on [www.opm.gov](http://www.opm.gov) - "Find Forms": Retirement Information Forms. Send Request for Estimated Base Pay Earnings to the appropriate military pay center along with verification of military service. Addresses for military pay centers are provided in the link in the top paragraph of RI 20-97. Open "Military Earnings" in the menu bar. Go to "Estimated Earnings". Response will be sent directly to you in approximately 3 weeks.

#### 2) Submit Earnings Estimate to Personnel

Submit estimated earnings to your personnel office. Personnel will calculate the deposit due, plus interest.

#### 3) Pay Deposit Before Retirement

You may pay this deposit by check or by payroll deduction. All deposits must be made to the employing office prior to retirement. Fully paid deposits are not refundable.

#### Example: Charles, Age 55

##### Average Salary = \$50,000

Charles did not pay the military deposit of \$ 6,000.

4 years of military service 1976 - 1980  
31 years of civilian service 1982 - 2013  
= 35 years of total service  
= 66.25% of average salary  
= \$33,125 per year  
= \$2,760 per month

*If eligible for Social Security at age 62, the annuity is recomputed to eliminate credit for the four years of military service.*

##### **31 years of service**

= 58.25% of the average salary  
= \$29,125 per year  
= \$2,427, per month  
= **loss of \$4,000 per year**

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## Voluntary Contributions Program

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Voluntary contributions (VC) are optional payments to the Retirement fund made in addition to the regular CSRS contributions withheld from salary. Voluntary Contributions may be used to purchase additional annuity or as a savings / investment plan.

### Program Overview

#### Employee Phase:

- **After-tax Contributions.**  
Employees may make after-tax contributions to a VC account.
- **Tax-deferred Variable Interest.**  
VC accounts earn tax-deferred, variable interest. Variable interest rates are determined annually by the Department of the Treasury.

#### Retiree Phase:

- **Refunds:**  
Refunds may be paid directly to retiree or transferred to an IRA. Interest may also be transferred to the retiree's TSP account.
- **Purchase Additional Annuity.**  
The amount of additional annuity is based upon the account balance, the age of the retiree on date of separation and survivor election.

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## Employee Contributions to Voluntary Contribution Account

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### **Eligibility**

All employees covered by CSRS (including CSRS offset) may make voluntary contributions unless:

1. the employee received a refund of his/her retirement contributions and has not made a redeposit, or
2. the employee owes a deposit for civilian service during which no CSRS retirement contributions were withheld from salary, or
3. the employee previously received a refund of voluntary contributions and has not had a break in service of three days or more since the refund.

### **Application to Make Voluntary Contributions**

To open a voluntary contributions account, submit a Standard Form 2804, Application to Make Voluntary Contributions to OPM. SF 2804 may be obtained in your personnel office. After the application is approved, OPM will assign an account number and send instructions for making deposits.

### **Deposits**

Voluntary contributions may be made directly to OPM in \$25.00 multiples (i.e. \$25, \$50, \$ 75, etc.).

### **Limitations**

Total voluntary contributions cannot exceed 10 percent of the total basic pay received during civilian Federal service.

### **Interest**

Interest is paid on the voluntary contributions account at a variable interest rate set by the Department of Treasury. The 2013 variable interest rate is 1.625%.

### **Tax-deferred**

The interest earned on the voluntary contributions account is tax-deferred.

### **Employee Refund**

An employee may withdraw all voluntary contributions, plus interest, at any time, but will not be permitted to open another Voluntary Contributions account.

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## VC Annuity Purchase

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A retiring employee may elect to purchase additional annuity with the VC account or receive a lump sum refund of the VC account, plus interest.

### **Purchase of Additional Annuity**

Voluntary contributions earn an additional lifetime annual retirement benefit in the amount of \$ 7.00, plus an additional \$.20 for each full year that the employee is over age 55 on date of retirement, for each \$ 100 in the voluntary contributions account. Additional annuity earned from the voluntary contributions is taxed in the same manner as regular annuity payments.

The retiring employee may also elect to provide a survivor annuity based upon the Voluntary Contribution account. The retiree's VC annuity is reduced based upon the age difference between the retiree and the selected survivor annuitant. If a survivor annuity is not elected at retirement, the balance of the VC account is paid as a lump sum upon the death of the retiree.

Cost of Living Adjustments are not applied to the additional voluntary contributions annuity.

### **Example: Additional Annuity**

- \$10,000 in Voluntary Contributions account
- Age 56 = \$ 7.20 per year per \$100 in VC account
- \$720 per year = \$ 60 per month
- No COLA
- May elect survivor annuity

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## Refund Upon Retirement

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A retiring employee may withdraw all voluntary contributions, plus interest, at any time before receiving additional annuity based on those contributions.

**Refunds** A retiring employee may withdraw all voluntary contributions, plus interest, at any time before receiving additional annuity based on those contributions. Employees must apply for the refund of voluntary contributions. Note: Interest is paid on the VC account up to the date of separation. To avoid loss of interest, employees should submit the application for refund of VC account directly to OPM at least 60 days prior to retirement.

**Taxes** The principle and the interest portion of refunded voluntary contributions can be “rolled over” to another eligible retirement plan, including an Individual Retirement Plan (IRA). However, if any portion of the interest is paid directly to the former employee, it will be subject to 20 percent income tax withholding. OPM will give the payee the opportunity to direct the payment, or portion of the payment, directly to the trustee of the IRA or other qualified retirement plan and avoid the 20 percent tax withholding. If not “rolled over”, any accrued interest on refunded voluntary contributions is taxable in the year in which the refund is received. The interest portion of a refund of a voluntary contributions account which is not rolled over to an IRA is also subject to an additional 10 % tax if the individual receives a refund prior to age 59 and ½ except upon separation from service at age 55 or older or payment on account of disability as defined by IRS (See IRS Pub. 575).

**Rollover Options** The *interest portion* (taxable portion) of the VC refund may be:

- Paid directly to the retiree ,
- Paid to an IRA, Roth IRA or Eligible Employer Plan
- Paid to the retiree’s TSP account

The *contributions portion* (after tax portion) of the VC refund may be:

- Paid to the retiree, or
- Paid to an IRA, Roth IRA or Eligible Employee Plan

**Additional Information** Additional information on the Voluntary Contributions program is available in chapter 31 of the CSRS and FERS Retirement Handbook (opm.gov - Search CSRS and FERS Retirement Handbook). Please note: The information on transfers to IRA’s provided in this chapter is outdated.

Updated information on rollover options is provided on the Voluntary Contributions Election form RI 38-124 (opm.gov - Find Forms).

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## Preparing for Retirement

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### **Documentation of Service**

Review your own records.  
Review your Service Computation Date (SCD)  
Request and/or provide verification of undocumented service.

### **Gross Annuity Estimates**

Contact your Personnel Office to request an estimate of your annuity benefit. In many cases, one estimate is sufficient. You may manually compute your benefit using the “General Formula” and compare.

#### **NOTE:**

#### **You may want alternate estimates if you:**

- Are contemplating waiving your Military Retirement to receive credit for your military service in your CSRS benefit.
- Have received a refund of CSRS contributions and have not made a redeposit.
- Performed non-deduction service and have not made a deposit.
- Performed post-56 military service, have not made a deposit and will be entitled to Social Security benefits.
- Are undecided on your survivor election.

### **Net Annuity Estimates**

Estimate your net annuity by subtracting the following from your gross monthly annuity estimate.

- Health benefits premiums
- FEGLI Life Insurance premiums and the cost for Post-retirement Life Insurance Reduction Election. FEHB and FEGLI costs are provided on your annuity estimate.
- Federal and State income tax

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## Actions Necessary

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### **Waiving Military Retired Pay**

Send request to waive MRP to appropriate Military Finance Center at least 60 days prior to your retirement. Ask your Personnel Office to provide you with a sample letter. Send a copy of your request for waiver to OPM along with your retirement application.

### **Paying Redeposit for Refunded Service**

No action is necessary. OPM will notify you of the amount due and your options for payment or electing an actuarially reduced annuity benefit with credit for payment and the annuity rates with and without credit for the refunded service. You will be given 30 days to make your election.

You may pay this redeposit at any time during your career. Contact your Personnel Specialist for guidance.

### **Paying Deposit for Non-Deduction Service**

Submit SF 2803, Application to Make Deposit or Redeposit along with your retirement application. OPM will notify you of the amount due and the annuity rates with an without payment prior to the final adjudication of your annuity. You will be given 30 days to pay the deposit in full.

You may pay this deposit at any time during your career. Contact your Personnel Specialist for guidance.

### **Paying a post-56 Military Deposit**

Post-56 military deposits must be made to your employing agency prior to the final processing of your retirement by OPM. Your agency may process the military deposit and forward it to OPM before OPM finalizes your retirement case. OPM will not accept post-56 military service deposits after retirement.

You may pay this redeposit at any time during your career. Contact your Personnel Specialist for guidance.

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## Annuity Commencing Dates

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### CSRS Annuity Commencing Date - Voluntary Retirements

Optional (Voluntary) retirements commence on the first of the month following the month of separation or on the day following the last day of pay if you retire on the 1st, 2nd or 3rd day of the month. This means that the annuity commences on the 1st, 2nd, 3rd or 4th day of the month. Thus, you should plan your retirement for the last day of the month (or near the last day) or for the 1st, 2nd or 3rd of a month to avoid a gap in pay.

#### Annuity Commencing Dates (Voluntary Retirements)

<u>Retire</u>	<u>Annuity Commences</u>	<u>The Check Date</u>
May 31	June 1	July 1
June 1	June 2	July 1
June 2	June 3	July 1
June 3	June 4	July 1
June 4	July 1	August 1

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### Disability and Discontinued Service Retirements

Disability retirements and Discontinued Service (Involuntary) retirements commence the earlier of the day after separation or the day after last day of pay, and all eligibility requirements have been met.



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## **Lump Sum Annual Leave Payment**

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A lump sum payment for all accrued annual leave will be paid shortly after retirement by your employing agency.

Under 5 U.S.C. 5551(a), the lump-sum payment is computed on the basis of the employee's rights at separation under all applicable laws and regulations existing at the time which would have affected his pay had he remained in the service for the period covered by the leave.

If the employee is separated prior to a statutory pay increase but the period of projected leave extends beyond the effective date of the increase, the lump sum payment shall be adjusted to reflect the increased rate for any leave from the effective date of the pay increase.

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## Submitting Your Retirement Application

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*Check with your Personnel Office for specific guidelines on how much notice your agency requires for preparing your retirement package.*

### **Select Retirement Date**

Select your retirement date and confirm eligibility.

### **Retirement Application and Attachments**

Notify your Personnel Office of your plans to retire approximately 90 days prior to retirement. Obtain all necessary retirement application forms from your Personnel Office, which will include but is not limited to:

### **Federal Forms**

- Application for Immediate Retirement
- Election of Post-Retirement Basic Life Insurance

Carefully, Read all information and instructions provided in the retirement package.

### **Forms and Documents to be Attached to Your Retirement File**

Your Personnel Office will include the appropriate documents, such as:

- Designation of Beneficiary (if on file)
- Military discharge (if applicable)
- Records of post-56 military deposit
- Application to Make Deposit or Redeposit (if on file)
- Agency annuity estimates
- Life Insurance Elections



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## Submitting Your Retirement Application

(Continued)

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### **Review Completed Application**

You will be asked to review the Agency Summary of Certified Service for completeness and accuracy.

Review the entire retirement package for accuracy.

### **File is sent to OPM**

The entire retirement package, along with your payroll records will be submitted to OPM for adjudication of your annuity.

### **CSA # is issued**

When OPM's Retirement Operations Center in Boyers, Pennsylvania, receives the retirement file, they will send an acknowledgment letter and provide a Civil Service Annuity number (CSA number). Always refer to your CSA # when corresponding with OPM.

### **Interim Payments Begin**

OPM reviews the retirement file for eligibility and authorizes recurring interim annuity payments ("special payments") to provide the retiree with income until the retirement claim process is completed. Interim payments are generally about 75 percent of the regular monthly payments. An adjustment check is sent when the case is completed.

### **Final Processing**

OPM provides retirees an Annuity Statement and other informational material concerning the individual's retirement benefit after the claim process is completed.

## Cost of Living Adjustments (“COLA”)

### Effective Date

Civil Service Cost of Living Adjustments begin the first year of retirement, effective December 1 and are reflected in the January 1 annuity payment.

### Full Cost of Living Adjustment

The full Cost of Living Adjustment is equal to the increase in the consumer price index.

### Prorated Cost of Living Adjustment in Year of Retirement

Partial Cost of Living Adjustments, prorated by the number of months prior to the COLA that the annuity commenced, are payable on annuities commencing 11 or fewer months prior to the COLA. A partial month is counted as a whole month in prorating.

### Example:

The full 2012 Cost of Living Adjustment was 1.7%.

A retiree whose annuity commenced on November 4, 2012 received 1/12 of the December 1, 2012 COLA. 1/12 of 1.7%, or 0.14% COLA was reflected in the January 1, 2013 annuity check.

### CSRS COLAs 1988 - 2011

December 2011	3.6%	December 2009	2.4%
December 1, 2010	No COLA	December 1, 1998	1.3%
December 1, 2009	No COLA	December 1, 1997	2.9%
December 1, 2008	5.8%	December 1, 1996	2.1%
December 1, 2007	2.3%	December 1, 1995	2.9%
December 1, 2006	3.3%	December 1, 1994*	2.6%
December 1, 2005	4.1%	December 1, 1993*	2.8%
December 1, 2004	2.7%	December 1, 1992*	2.6%
December 1, 2003	2.1%	December 1, 1991	3.0%
December 1, 2002	1.4%	December 1, 1990	3.7%
December 1, 2001	2.6%	December 1, 1989	5.4%
December 1, 2000	3.5%	December 1, 1988	4.7%

\* Payment of COLA was delayed until March of the following year.

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## Alternative Annuity (“Lump Sum”)

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The **Alternative Form of Annuity (Lump Sum Option)** was eliminated in 1994 with one exception:

**Employees who separate on a non-disability retirement with a life-threatening medical condition remain eligible to elect the Lump Sum Alternative Form of Annuity option.**

An **Alternative Form of Annuity (Lump Sum Option)** is an option which provides an actuarially reduced annuity benefit plus a lump sum payment of an amount equal to all of the money that the employee has in the retirement fund on the date that he/she retires.

Annuitants who are suffering from a life threatening affliction and retire on a non-disability retirement will receive the entire lump sum payment shortly after the alternative annuity election.

Please see Chapter 53 of the CSRS and FERS Retirement Handbook or your personnel office for additional information if you become eligible to elect the Alternative Form of Annuity based on the exception listed above.

### Effect of Alternative Annuity on Survivor Benefit

The survivor annuity is NOT reduced for alternative annuity election. The survivor annuity is based on the full annuity, prior to reduction for alternative annuity election. The survivor annuity may actually be higher in the case of an alternative annuity election, because all redeposits and deposits are deemed paid prior to the full annuity computation.

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## Federal Taxes on Civil Service Annuities

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Federal annuities commencing after 11/18/96 are subject to Federal Income taxation using the “Simplified General Rule.” Under this rule, each monthly annuity payment is made up of two parts: the tax-free part, which is a return of the contributions, and the taxable balance. The following discussion applies to annuities starting after 1986.

### **Simplified General Rule**

In November 1988, IRS released the “**Simplified General Rule**”, also known as the “**Safe Harbor Method**”, for computing the tax-free and taxable portions of annuity payments. **All employees retiring after November 18, 1996 must use the Simplified General Rule to calculate the tax free part of each annuity payment.**

### **Tax-Free Part of Annuity**

- The **tax-free part** of the annuity is a specific dollar amount based on the commencing annuity rate.
- The tax-free part remains the same each year and does not increase with Cost of Living Adjustments.
- The cumulative tax-free annuity cannot exceed the total contributions.

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**OPM Form  
1099 R**

**The taxable amount of your CSRS or FERS annuity is calculated using the Simplified General Rule and reported to you on Form 1099R.**

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## Annuity Tax Calculations

### Calculation of Tax-Free Annuity

Using the **Simplified General Rule**, the tax-free part of each annuity payment is equal to the investment in the contract (contributions in CSRS Fund), divided by a number based on your age provided below. (These factors may be used if you are not providing a survivor annuity.)

<u>If you are:</u>	<u>Divide cost by:</u>
55 and under	360
56 - 60	310
61 - 65	260
66 - 70	210
71 and over	160

$$\text{Tax-Free Part of Annuity Payment} = \frac{\text{Contributions in the Fund}}{\text{Number based on Age}}$$

### Example: 55 year old CSRS retiree / no survivor benefit

**CSRS Retiree, Age 55**  
**\$40,000 in Retirement Fund**

$$\frac{\$40,000}{360} = \$111 \text{ per month tax free} = \$1,332 \text{ per year tax free}$$

## Annuity Tax Calculations

(Continued)

### Calculation of Tax- Free Annuity with Survivor Benefits

#### The Taxpayer Relief

**Act of 1997** created a new table for figuring the tax free amount if a survivor annuity has been provided. The table is based on the combined ages of the annuitant and the survivor annuitant and is effective with annuity start dates beginning after December 31, 1997.

Combined age of annuitants	Divide cost by:
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Not more than 110	410
111 to 120	360
121 to 130	310
131 to 140	260
141 and over	210

#### Example: 55 year old CSRS retiree with survivor benefit

**CSRS Retiree, age 55 / Spouse, age 55**

**Combined ages = 110**

**\$40,000 in CSRS Retirement Fund**

$$\frac{\$40,000}{410} = \$98 \text{ per month tax free} = \$1,176 \text{ per year tax free}$$

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## Income Tax Withholdings

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### **Exclusion Limit**

The total amount of annual income that you (or the survivor annuitant) can exclude over the years as a return of your cost may not exceed your total cost (contributions). Annuity payments you or your survivors receive after the total cost of the plan has been recovered are fully taxable.

### **Deduction of Unrecovered Cost**

If the cost of your annuity has not been fully recovered at your (or the survivor annuitant's) death, a deduction is allowed for the unrecovered cost. The deduction is claimed on your (or your survivor's) final tax return as a miscellaneous itemized deduction (not subject to the 2%-of-adjusted-gross-income limit).

### **Federal Income Tax Withholding**

**Federal income tax** is withheld from your annuity as though you are married claiming three withholding allowances. You may submit a W-4 Federal Income Tax Withholding form to OPM along with your retirement application, or when OPM receives your application, they will send you an election form W-4P-A, to change your election. You may increase or decrease the amount of the monthly withholding or cancel tax withholding completely. You may also change Federal income tax withholding by calling 1-888-767-6738.

### **State Tax Withholding**

If you wish to have **State tax withheld** from your annuity, contact OPM on 1-888-767-6738 to see if your State participates in the withholding program administered by OPM and to specify the monthly withholding amount.

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### **IRS Publications**

#### **To obtain IRS publications:**

Call 1-800-TAX-FORM, or:

Access IRS Web site <http://www.irs.ustreas.gov>

*Request or download: IRS Pub. 721, Tax Guide to U.S.  
Civil Service Retirement Benefits (Simplified General Rule)*

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## CSRS Offset Benefits

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### **Definition**

A Civil Service employee with at least five years of creditable civilian service who separates and returns to Federal service after 1983 after a break in service or a break in retirement coverage of one year or more returns as a Civil Service Offset employee. (Upon return from a break in service of 4 days or more, the employee also has a 6-month opportunity to transfer to the FERS system.)

Civil Service Offset coverage also applies to employees hired before January 1, 1984, who acquired CSRS coverage for the first time after that date, and had at least 5 years of creditable service by January 1, 1987.

### **Contribution**

Most CSRS Offset employees contribute 7% of salary toward retirement. Of this 7%, 6.2% is the Social Security tax, and the remaining .8% is contributed to the CSR Fund. If the salary exceeds the Social Security maximum taxable amount, the full 7% is contributed to the Civil Service Retirement Fund.

### **Annuity Computation**

A CSRS Offset employee's annuity is computed using the CSRS General Formula, but the annuity payment is reduced (offset) when the retiree becomes eligible for Social Security benefits. The amount of the offset is the amount of Social Security benefit attributable to the employee's CSRS offset service.

### **Reduction ("Offset")**

The amount of the reduction, or offset, is the lesser of:

1. the difference between the total Social Security benefit payable to the employee for all Federal and non-Federal employment and the amount of Social Security benefit payable when the Offset service is excluded (Non-WEP formula); or
2. the total Social Security benefit payable for all Federal and non-Federal service (WEP Formula) multiplied by the number of years of Offset service divided by 40 (i.e. 8/40).

# CSRS Offset Example # 1

## CSRS Offset Example 1: Jack

**Service History:**

9 years private SS  
 20 years CSRS  
 Break in service > 1 year under SS  
 10 years CSRS Offset

(\$64,000 average salary)

Age 58: CSRS = 30 years  
 = 56.25%  
 = \$3,000 per month  
 + COLA

Age 62: CSRS = \$3,200 per month

Age 62: SS based upon 20 years  
 = \$900 per month

SS based upon:

9 years before govt. service  
 1 year SS during break in service  
 10 years during offset years

**Reduction (Offset) in CSRS is LESSER of:**

**1)** Total SS (20 years) - Private SS (10 years) = Offset SS  
           \$900                   -           \$300                   =           \$600

**2)** Total SS (20 years) x Years Offset/40 = Offset SS  
           \$500 (WEP)                   10/40                   =           \$125

**Age 58:**  
**CSRS = \$3,000**

**+ COLA**

**Age 62:**  
**CSRS = \$3,200**

**Age 62:**

CSRS Offset:		If not offset:	
CSRS	\$3,200	CSRS	\$3,200
- Offset	-\$125	+ SS	+\$135 (WEP)
= CSRS	\$3,075	= Total	\$3,335
+ SS (WEP)	+\$500		
= Total	\$3,575		

## CSRS Offset Example # 2

### CSRS Offset Example 2: Karen

**Service History:**

3 years private SS  
 15 years CSRS  
 4 years - Break in service = private SS  
 15 years CSRS Offset  
 (\$50,000 average salary)

Age 55: CSRS = 30 years + 1 USL = 31 yrs.  
           = 58.25%  
           = \$2,400 per month  
           + COLA  
 Age 62: CSRS = \$2,800  
 Age 62: SS based upon 22 years  
           = \$915 per month

SS based upon:  
 3 years before govt. service  
 4 years SS during break in service  
 15 years during offset years

**Reduction (Offset) in CSRS is LESSER of:**

- 1) Total SS (22 years) - Private SS (7 years) = Offset SS  
       \$915               -               \$0               =               \$915
- 2) Total SS (22 years) x Years Offset/40 = Offset SS  
       \$600 (WEP)               x               15/40               =               \$225

**Age 55:**  
**CSRS = \$2,400**

**+ COLA**

**Age 62:**  
**CSRS = \$2,800**

CSRS Offset:		If not offset:	
CSRS	\$2,800	CSRS	\$2,800
- Offset	<u>-\$225</u>	+ SS	<u>0</u>
= CSRS	\$2,575	= Total	\$2,800
+ SS (WEP)	<u>+\$600</u>		
= Total	\$3,175		

## CSRS Offset Example # 3

### CSRS Offset Example 3: Larry

**Service History:**

13 years private SS  
 8 years CSRS  
 14 years break in service = private SS  
 9 years CSRS Offset  
 (\$110,000 average salary)

Age 62: CSRS = 17 years  
 = 30.25%  
 = \$2,800 per month

Age 62: SS based upon 36 years  
 = \$1,800 per month

SS based upon:

13 years before govt. service  
 14 years during break in service  
 9 years during offset years

**Reduction (Offset) in CSRS is LESSER of:**

$$\begin{array}{rclcl} \text{Total SS (36 years)} & - & \text{Private SS (27 years)} & = & \text{Offset SS} \\ \$1,800 & - & \$1,600 & = & \$200 \end{array}$$

$$\begin{array}{rclcl} \text{Total SS (36 years)} & \times & \text{Years Offset/40} & = & \text{Offset SS} \\ \$1,800 & \times & 9/40 & = & \$405 \end{array}$$

**Age 62:**

CSRS Offset		If not offset	
CSRS	\$2,800	CSRS	\$2,800
- Offset	- \$200	+ SS	+\$1,480 (WEP Benefit)
= CSRS	\$2,600	Total	\$4,280
+ SS	+\$1,800		
= Total	\$4,400		

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## CSRS Offset Provisions

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**Offset Begins at Age 62**

The Offset (reduction) will begin at age 62, or at earliest entitlement to Social Security, even if the retiree chooses not to apply for Social Security benefits until a later date.

**Social Security Earnings Limitation**

The CSRS annuity will be reduced based upon entitlement to Social Security, even if actual payments have been reduced to zero by the Social Security Earnings Limitation.

**Windfall Benefits Elimination Provision**

CSRS Offset does not exempt you from the Windfall Benefits Elimination Provision (WEP). The additional years of substantial Social Security Earnings may increase the benefit formula and thus lessen the impact of WEP.

**Government Pension Offset**

CSRS Offset employees are exempt from Government Pension Offset. Social Security spousal of former spouse benefits or Social Security Survivor benefits to which you may be entitled based upon spouse's work history will not be reduced by your CSRS retirement benefit.

Social Security spousal benefits and survivor benefits will be reduced by the amount of your earned Social Security benefit as required by the Social Security Dual Entitlement Provision.

**CSRS Offset Survivor Benefits**

The CSRS Offset survivor benefit will be reduced in the same manner as the CSRS retirement benefit if the surviving spouse is eligible for Social Security survivor benefits. If the surviving spouse is not eligible for Social Security survivor benefits because of Dual Entitlement or Government Pension Offset, there will be no reduction.

**Social Security Benefit Estimates**

You may estimate the amount of your Social Security benefit with and without the years of Offset service using the on-line calculator available on the Social Security web site. A record of earnings subject to Social Security is provided in the "Earnings Statement and Benefit Estimate" that is mailed to you annually.

- You may request an Earnings Statement by mailing SSA Form 7004 to Social Security Administration.
- You may request that an Earnings Statement be mailed to you on the Social Security web site - [www.ssa.gov](http://www.ssa.gov).

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## Flexible Spending Accounts

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The Federal Flexible Benefits Plan (“FedFlex”) enables eligible employees to pay for benefits with pre-tax dollars.

### **Health Care Flexible Spending Accounts (HCFSA)**

Employees may use pre-tax allotments to pay for certain health care expenses that are not covered under the FEHB plan - deductibles, copayments and services not generally covered such as dental care, and orthodontics. The maximum amount that an employee may set aside in 2013 for HCFSA is \$2,500. The minimum amount is \$250.

### **Dependent Care Flexible Spending Accounts (DCFSA)**

Employees may use pre-tax allotments to pay for eligible dependent care expenses. The maximum amount that an employee may set aside in any tax year for DCFSA is \$5,000. The minimum amount is \$250.

### **Use or Lose**

If an employee has not incurred enough eligible expenses during the Benefits Period (January 1 through December 31) to equal the annual amount contributed to the FSA(s), he/she will lose the balance remaining in the FSA account(s) when the Benefits Period ends.

### **Grace Period**

FSAFEDS has adopted the 2-1/2 month Grace Period which extends the Benefit Period from December 31 to March 15 of the following year. Participants had additional time to incur expenses and avoid forfeiting funds.

### **Open Seasons**

Open seasons to enroll in FSA FEDS coincide with FEHB open seasons and encompass January 1 through December 31 as the plan year.

### **Benefits Elections & Information**

Participation is not automatic; employees must make an election each and every year. The benefit elections are irrevocable once the plan year has begun, unless the employee experiences a qualifying “change in status” event. There are two ways to enroll during the open season: · Web based enrollment at [www.fsafeds.com](http://www.fsafeds.com) · Toll-free number 1-877-FSAFEDS (372-3337). Additional information on FSAs is available on OPM’s web site at [www.fsafeds.com](http://www.fsafeds.com).



## Flexible Spending Accounts

### Paperless Reimbursement

The following FEHB Plans forward claims to FSAFEDS for services rendered to Paperless reimbursement enrollees or their eligible dependents. You must enroll in paperless re-imburement each year during the Open Season.

Plan Name	Services/ Claims Covered	Services/ Claims NOT Forwarded
APWU	Medical, Rx, Dental	Vision
Aetna	Medical, Rx, Dental, Vision	Denied Rx
Blue Cross / Blue Shield	Medical, Rx, Dental, Vision	Routine Vision, Denied Rx
Compass Rose Hth (ABP)	Medical, Rx, Dental, Vision	Denied Rx
Foreign Svc Benefit Plan	Medical, Rx, Dental	Vision, Denied Rx
GEHA	Medical, Rx, Dental, Vision	Denied Rx
Humana	Medical, Rx, Vision	Dental, Denied Rx
Mail Handlers	Medical, Rx, Dental, Vision	Denied Rx
M.D.IPA	Medical, Rx, Dental, Vision	Primary Care Physician, Lab, Radiology, Denied Rx
NALC	Medical, Rx	Denied Rx
SAMBA	Medical, Rx, Dental, Vision	Dental
UnitedHealthcare	Medical, Rx, Dental, Vision	
FEP Blue Vision	Vision	
VSP	Vision	
Aetna Dental (FEDVIP)	Dental	
GEHA Dental (FEDVIP)	Dental	

See FSAFEDS.com for details on services and claims covered by paperless reimbursement.

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## Telephone Numbers and Addresses

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### Request

General Retirement Information .....	Retirement Information Branch
Refunds, Deposits & Redeposits .....	<b>Toll free-1-88 US OPM RET</b>
Change of Address .....	<b>(1-888-767-6738)</b>
Questions regarding retirement, health benefits, life insurance coverage, and pay issues on <u>current</u> employees. ....	(202) 606-0500

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### Request

### OPM Address

- |   |   |
|---|---|
| 1. To report change of address  | OPM<br>Attn: Change of Address<br>P.O. Box 440<br>Boyers, PA 16017-0440   |
| 2. To request or inquire about Federal and State income tax   | OPM<br>Tax - Retirement<br>P.O. Box 989<br>Washington, D.C. 20044   |
| 3. To inquire about or change health benefits coverage  | OPM<br>Health Insurance-Retirement<br>P.O. Box 14172<br>(If during open season: P.O. Box 809)<br>Washington, D.C. 20044             |
| 4. To report death of an annuitant  | OPM<br>Retirement Operations Center<br>Attn: Death Claims Section<br>P.O. Box 45<br>Boyers, PA 16017-0045<br>(or call 888-767-6738) |
| 5. To report failure to receive the latest monthly annuity check (write NON-RECEIPT OF CHECK on envelope) | OPM<br>Attn: Check Loss<br>P.O. Box 7815<br>Washington, D.C. 20044-7815   |
| 6. To ask any question about your annuity statement   | OPM<br>Retirement Operations Center<br>P.O. Box 45<br>Boyers, PA 16017-0045   |
| 7. To change or request information about designated beneficiary (for FEGLI or CSRS contributions)        |   |
| 8. To inquire about any matter not listed above.  |   |



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## **Additional Resources and Internet Highlights**

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Please contact your personnel office or refer to the following internet sites for additional information.

Retirement Benefits: [www.opm.gov](http://www.opm.gov)

CSRS and FERS Retirement Handbook for Personnel and Payroll Offices

Use search engine - top of home page.

See also "Browse By Audience: Retirees and Families"

Insurance: [www.opm.gov/insure/](http://www.opm.gov/insure/)

Federal Employees' Group Life Insurance

Federal Employees' Health Insurance

Long-Term Care Insurance

Thrift Savings Plan: [www.tsp.gov](http://www.tsp.gov)

Publications (Civilian – Forms and Publications)

Calculators

Social Security Benefits: [www.ssa.gov](http://www.ssa.gov)

Resources:

Your Social Security Statement

Publications

# STATE TAX TREATMENT *of* FEDERAL

## States With No Personal Income Taxes

ALASKA  
FLORIDA  
NEVADA

NEW HAMPSHIRE<sup>1</sup>  
SOUTH DAKOTA  
TENNESSEE<sup>2</sup>

TEXAS  
WASHINGTON  
WYOMING

<sup>1</sup> NEW HAMPSHIRE: Taxes interest/dividend income at 5% if it exceeds \$2,400 (single) or \$4,800 (couple). \$1,200 exemption for residents age 65+.

<sup>2</sup> TENNESSEE: Taxes certain interest/dividend income at 6% if it exceeds \$1,250 (single) or \$2,500 (couple).

## States Exempting Total Amount of Civil Service Annuities

ALABAMA  
HAWAII  
ILLINOIS  
KANSAS  
KENTUCKY<sup>1</sup>

LOUISIANA  
MASSACHUSETTS  
MICHIGAN<sup>2</sup>  
MISSISSIPPI  
NEW YORK

NORTH CAROLINA<sup>3</sup>  
OREGON<sup>4</sup>  
PENNSYLVANIA  
TENNESSEE

<sup>1</sup> KENTUCKY: Amount attributable to service prior to January 1, 1998, is exempt. See below for taxation of annuities attributable to service on or after January 1, 1998.

<sup>2</sup> MICHIGAN: Full exemption only applicable to taxpayers born before 1946. See below for taxation of federal (and other) pension income for taxpayers born 1946 and later.

<sup>3</sup> NORTH CAROLINA: Annuities not taxed if the individual had five years of government service as of August 12, 1989. If otherwise, see below.

<sup>4</sup> OREGON: Annuities of those who retired before October 1, 1991, are not taxed. Those who retired after October 1, 1991, are taxed only on that portion of the annuity attributable to government service after October 1, 1991.

## Other Exemptions

### NOTE:

AGI=Adjusted Gross Income

CSRS=Civil Service Retirement System

FERS=Federal Employees Retirement System

HH=Head of Household

IRA=Individual Retirement Account

MFJ=Married Filing Jointly

MFS=Married Filing Separately

QW=Qualified Widow(er)

RR=Railroad Retirement

SS=Social Security

**ALABAMA:** SS is exempt. Income from defined-benefit pension plans is exempt.

**ARIZONA:** \$2,500 exclusion for federal, military, and Arizona state and local pension income. SS and RR are exempt. Additional personal exemption for all residents age 65+.

**ARKANSAS:** Exempts up to \$6,000 in federal civil service, military, in-state and out-of-state state or local government, and private pension income. IRA distributions can be included as part of the exemption if the taxpayer is age 59-1/2+. SS and Tier 1 and Tier 2 RR benefits are exempt. Additional \$23 exemption for residents age 65+.

**CALIFORNIA:** SS and RR are exempt. Additional \$104 personal exemption for residents age 65+. Residents age 65+ with AGI below \$66,391 who qualified as HH in 2010 or 2011 by providing a household for a qualifying individual who died during 2010 or 2011 may claim a tax credit of 2% of their income, up to a maximum of \$1,251. All private and public pensions are taxed.

**COLORADO:** \$20,000 pension/annuity exemption for all taxpayers between the ages of 55 and 64. \$24,000 pension/annuity exemption for all taxpayers age 65+.

**CONNECTICUT:** SS is exempt if federal AGI is \$50,000 or less (if single

## ANNUITIES

*This roundup of state tax treatment of federal annuities and other tax information was compiled by the NARFE Legislative Department. It is presented for informational purposes only and does not constitute professional tax advice. Please consult a tax professional for advice in preparing tax returns. The information also is available on the NARFE website, [www.narfe.org](http://www.narfe.org).*

or MFS), or \$60,000 or less (if MFJ, HH or QW with dependent child). Exempts 50% of federally taxable military retirement pay.

**DELAWARE:** Taxpayers age 60+ may exclude \$12,500 of investment and qualified pension income (including out-of-state and federal government pensions), and qualify for an additional tax credit of \$110. Taxpayers under age 60 may exclude \$2,000. Taxpayers age 65+ (or blind) are entitled to an additional standard deduction of \$2,500 (if not itemizing). Single or MFS taxpayers age 60+ as of December 31, 2011, or totally disabled, may exclude \$2,000 if earned income is less than \$2,500, and AGI is \$10,000 or less. If MFJ and both spouses are age 60+ as of December 31, 2011, or totally disabled, may exclude \$4,000 if earned income is less than \$5,000, and AGI is \$20,000 or less. SS and RR are exempt.

**DISTRICT OF COLUMBIA:** Taxpayers age 62+ may exclude \$3,000 of military, federal and DC government pensions. For taxpayers age 62+, DC or federal government survivor benefits are exempt from DC tax. SS and Tier 1 RR are exempt.

**GEORGIA:** Taxpayers who are age 62-64 years, or permanently and totally disabled regardless of age, may exclude \$35,000 of retirement income. For taxpayers age 65+, the retirement income tax exclusion is \$65,000 in 2012, and will be \$100,000 in 2013, \$150,000 in 2014, \$200,000 in 2015 and unlimited thereafter. Retirement income includes income from pensions and annuities, interest income, dividend income, net income from rental property, capital gains income and income from royalties. Up to \$4,000 of the maximum allowable exclusion may be earned income. SS is exempt.

**HAWAII:** SS and Tier 1 RR benefits are exempt. Additional personal exemption of \$1,040 per person age 65+.

**IDAHO:** SS and RR are exempt. Retirement benefits deduction available for CSRS annuitants who established CSRS eligibility prior to 1984, who are age 65+, or 62+ and disabled, in the amount of \$30,156 (if single) or \$45,234 (MFJ) minus SS and RR received. Persons using MFS status are not eligible for the retirement benefits deduction. Add \$1,150 to standard deduction if age 65+ and MFS, MFJ or QW; add \$1,450 if age 65+ and single or HH.

**ILLINOIS:** SS and RR and income from any qualified employee benefit plan are exempt.

**INDIANA:** SS and RR benefits are exempt. Taxpayers age 60+ may exclude up to \$5,000 of military retirement income. Taxpayers age 62+ may deduct up to \$2,000 of a federal civil service annuity minus the total amount of any SS or RR benefits. Additional personal exemption of \$1,000 or \$1,500 if federal AGI is less than \$40,000 for residents age 65+. May deduct from income premiums paid for long-term care insurance through the Indiana Partnership.

**IOWA:** Taxpayers age 55+ may exclude up to \$6,000 (if single) or \$12,000 (if MFJ) of pension or annuity income, self-employed retirement plan income, deferred compensation, IRA benefits or other retirement plan benefit income (not including SS). 67% of federally taxable SS benefits are excluded. RR benefits are exempt but used to calculate amount of federally taxable SS benefits. Additional \$20 personal exemption credit for those age 65+.

**KANSAS:** RR, military, in-state/local

pensions are exempt. SS is exempt if federal AGI is \$75,000 or less; otherwise, only federally taxable benefits taxed. Additional \$850 deduction for those age 65+.

**KENTUCKY:** Federal civil service and military retirement annuities attributable to service prior to January 1, 1998, are excluded. Annuities attributable to service after January 1, 1998, are included as pension income, of which taxpayers may exclude up to \$41,110. SS and RR benefits are exempt.

**LOUISIANA:** SS is exempt. Federal annuities are exempt. In addition, persons age 65+ may exclude up to \$6,000 of annual retirement income from their taxable income. Taxpayers MFJ and both age 65+ can each exclude up to \$6,000 of annual retirement income. If only one spouse has retirement income, the total exclusion is limited to \$6,000.

**MAINE:** SS and RR are exempt. May deduct \$6,000 of eligible pension income, including federal civil service annuity income, from federal AGI. Except for military income, the \$6,000 deduction must be reduced for SS and RR benefits. Additional standard deductions: for individuals, \$1,450 if age 65+; for MFS, MFJ or QW, \$1,150 per spouse or person who is age 65+. Long-term care premiums are deductible.

**MARYLAND:** SS and RR are exempt. If age 65+, may exclude up to \$27,100 in pension income, reduced by SS or RR benefits. Additional \$1,000 exemption for residents age 65+. Additional \$5,000 exemption for military retirement income received by an individual of any age or the surviving spouse or ex-spouse of the individual, if the individual was a member of an active or reserve component of the U.S. military,

an active duty member of the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, the Coast and Geodetic Survey, or a member of the Maryland National Guard.

**MASSACHUSETTS:** SS is exempt. Additional exemption of \$700 for individuals age 65+.

**MICHIGAN:** For taxpayers born before 1946, SS, RR, military retirement annuity, and all state and federal pension income is exempt. Private pension income is exempt up to \$47,842 (individual filers) or \$91,684 (MFJ), reduced by the amount of any public pension deduction claimed. Also may deduct interest, dividends and capital gains up to \$10,545 (individual filers) or \$21,091 (MFJ).

For taxpayers born in 1946-1952, before the taxpayer reaches age 67, public and private pension income is exempt only up to \$20,000 (single) or \$40,000 (MFJ), and no deduction is allowed for interest, dividends and capital gains. After reaching age 67, taxpayers born in 1946-1952 will be allowed a \$20,000 (single) or \$40,000 (MFJ) subtraction against all income, but are ineligible for this income subtraction if claiming a military or Tier 2 RR pension exclusion.

For taxpayers born in 1953 or later, SS, RR and military pensions are exempt. But there will be no public or private pension exemption or interest, dividends and capital gains exemption before the individual reaches age 67. Once 67, those taxpayers may elect either to exempt up to \$20,000 (single) or \$40,000 (MFJ) without any exemption for SS, RR or military retirement and no personal exemptions, or they may elect to exempt SS, military and RR and claim personal exemptions.

Full details are available at [www.michigan.gov/documents/taxes/Tax\\_Change\\_Summaries\\_-\\_Retirement\\_Exemptions\\_359799\\_7.pdf](http://www.michigan.gov/documents/taxes/Tax_Change_Summaries_-_Retirement_Exemptions_359799_7.pdf)

**MINNESOTA:** RR is exempt. SS is taxed as taxed on federal return.

**MISSISSIPPI:** Qualified retirement income (including civil service annuities and SS) is exempt. Additional exemption of \$1,500 for residents age 65+.

**MISSOURI:** Taxpayers with AGI under \$85,000 (single, HH, MFS, QW) or \$100,000 (MFJ) may exempt the greater of \$6,000 or 100% of any federal, state or local pension income, up to a maximum of \$35,234 per taxpayer. Taxpayers with AGI under \$25,000 (single, HH, QW) or \$32,000 (MFJ) or \$16,000 (MFS) may exempt \$6,000 of private pension income. Taxpayers with AGI over these limits must reduce their private pension exemption dollar for dollar as income exceeds the limit. Taxpayers age 62+ or disabled with an AGI under \$85,000 (single, HH, MFS, QW) or \$100,000 (MFJ) may exempt 100% of the taxable amount of SS or SS disability benefits, but must reduce the exemption dollar for dollar as income exceeds the limit. Additional exemption (45%) for military pension income.

**MONTANA:** Taxpayers with AGI under \$31,920 may exclude \$3,830 of pension income; for AGI above \$31,920, the pension income exclusion is reduced \$2 for every \$1 of AGI above \$31,920. RR benefits are exempt. Additional exemption of \$2,240 if age 65+. Taxpayers age 65+ may exempt \$800 of interest income reported as federal AGI or \$1,600 if MFJ.

**NEBRASKA:** Tier I and II RR benefits are exempt.

**NEW JERSEY:** Taxpayers age 62+ may exclude up to \$10,000 (MFS), \$15,000 (single) or \$20,000 (MFJ) of pensions, annuities and IRA withdrawals, provided gross income is not over \$100,000. In addition, taxpayers age 62+ with earned income (from wages, net business profits, distributive share of partnership income and net pro-rata share of S corporation

income) of \$3,000 or less, and with gross income not over \$100,000, may exclude other nonpension retirement income up to the maximum exclusion amount. SS and RR benefits are exempt, reported as pension income. If ineligible for SS or RR, entitled to deduct an additional \$3,000 (single, MFS) or \$6,000 (MFJ, HH, QW). Military pensions are exempt. Additional \$1,000 personal exemption for residents age 65+. If taxpayers can recover all civil service retirement contributions in the first three years, can use the three-year rule, in which annuities are not taxed until total employee contributions have been recovered. If not, must use the general rule method, in which a portion of annuity is excluded from taxation.

**NEW MEXICO:** Taxpayers age 65+ or blind may qualify for additional exemption of \$8,000 if federal AGI is less than \$15,000 (MFS), \$18,000 (single) or \$30,000 (MFJ, HH, QW). The exemption reduces as income increases, with no exemption if income is over \$25,500 (MFS), \$28,500 (single) or \$51,000 (MFJ). RR is exempt. If age 100+, exempt from state income tax but only if centenarian cannot be claimed as a dependent by someone else.

**NEW YORK:** State and federal pensions exempt completely. An additional pension and annuity income exclusion of up to \$20,000 is available to persons age 59-1/2+ as of January 1, 2012. SS and RR are exempt.

**NORTH CAROLINA:** Pursuant to the North Carolina Supreme Court's decision in *Bailey v. State of North Carolina*, the state may not tax certain retirement benefits received by federal civil service and military retirees or retirees of the state of North Carolina and its local governments, if the retiree has five or more years of creditable service as of August 12, 1989. If retirees in those categories did not have five years of service as of August 12, 1989,

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they may deduct the amount included in federal taxable income or \$4,000, whichever is less. This deduction also applies to retirement benefits paid to former teachers and state employees of other states and their political subdivisions regardless of the five-year service date. If MFJ and both spouses received federal, state or local government retirement benefits, each may deduct up to a maximum of \$4,000. If an individual's federal taxable income includes retirement benefits from a private retirement plan, a deduction of up to \$2,000 may be available. If an individual received both government and private retirement benefits, the maximum deduction is the total amount included in federal taxable income or \$4,000, whichever is less.

**NORTH DAKOTA:** RR is exempt. May exclude 30% of net long-term capital gains and qualified dividends.

**OHIO:** SS and RR are exempt. General retirement income credit available in an amount starting at \$25, if qualifying retirement income is at least \$500, and maxing out at \$200, if qualifying retirement income is \$8,000 or more. Residents age 65+ are entitled to a \$50 tax credit per return. Military pension income is exempt. Taxpayers who served in the military and receive a federal civil service retirement pension are eligible for a limited deduction if any portion of their federal retirement pay is based on credit for their military service. These retirees can deduct the percentage (in terms of years of service) of the amount of their federal retirement pay that is attributable to their military service.

**OKLAHOMA:** Each individual may exclude 100% of retirement benefits received from federal CSRS, including survivor benefits, paid in lieu of Social Security to the extent that these benefits are included in the federal AGI. Note: Retirement benefits paid under FERS do not qualify for this

exclusion. However, for retirement benefits containing both a FERS and a CSRS component, the CSRS component will qualify for the exclusion. Individuals may exclude their FERS retirement benefits or Oklahoma state employment retirement benefits up to \$10,000. Individuals may exclude the greater of 75% of their military retirement benefits or \$10,000. SS is exempt.

**OREGON:** Taxpayers age 62+ may qualify for retirement income credit (see worksheet regarding line 34) or elderly tax credit (40% of federal credit), but may not claim both. SS and RR benefits are exempt. Additional standard deduction if age 65+ of \$1,200 (single, HH), \$1,000 each spouse age 65+ (MFJ, MFS and QW).

**PENNSYLVANIA:** Retirement income is not taxed after age 59-1/2.

**RHODE ISLAND:** RR is exempt.

**SOUTH CAROLINA:** If below age 65, may deduct \$3,000 of qualified retirement income. If age 65+, may deduct \$10,000 of qualified retirement income. All individuals age 65+ are entitled to a \$15,000 deduction from income, reduced by any deduction claimed for qualified retirement income. SS and RR are exempt.

**TENNESSEE:** Tax applies only to certain interest and dividend income, not wages and salary or pension income. Any person age 65+ is tax-exempt if total annual income, from any and all sources, is \$26,200 or less, or \$37,000 or less for joint filers.

**UTAH:** Taxpayers age 65+ may be entitled to a retirement credit of up to \$450 (\$900 MFJ), which is phased out at income levels of \$16,000 (MFS), \$25,000 (single) and \$32,000 (MFJ). Taxpayers under age 65, born before January 1, 1953, and with eligible retirement income may qualify for a credit up to 6% of eligible retirement income with a cap of \$288, which

is phased out starting at income levels of \$16,000 (MFS), \$25,000 (single) and \$32,000 (MFJ).

**VERMONT:** RR is exempt.

**VIRGINIA:** Taxpayers age 65+ whose birthdate is on or before January 1, 1939, may claim an age deduction of \$12,000 (available for each person or spouse if MFJ). If birthdate is on or between January 2, 1939, and January 1, 1948, the \$12,000 age deduction is reduced by \$1 for every \$1 that adjusted federal AGI exceeds \$50,000 (single) or \$75,000 (MFJ, MFS). SS and Tier I RR benefits are exempt. Additional personal exemption of \$800 if age 65+ or blind. Long-term care premiums are eligible for deduction.

**WEST VIRGINIA:** \$2,000 of military, federal civil service and state pensions are exempt. Taxpayers age 65+ or surviving spouses may exclude the first \$8,000 each of any income. Additional modification for military pension income for the first \$20,000. RR is exempt.

**WISCONSIN:** Federal civil service retirement payments are exempt from state income tax if: 1) individual retired from the system before January 1, 1964; 2) individual was a member of the system as of December 31, 1963, retiring at a later date and the payments received are from an account established before 1964; or 3) individual is receiving payments from the system as a beneficiary (survivor) of an individual who met condition 1 or 2. If age 65+, may exempt up to \$5,000 of retirement income if federal AGI is less than \$15,000 or \$30,000 (MFJ). Additional personal exemption of \$250 if age 65+. SS and RR benefits are exempt. Military retirement pay and retirement pay related to service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration or the commissioned corps of the Public Health Service are exempt. [n](#)