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# **FERS**

# **RETIREMENT BENEFITS**

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**Retirement Eligibility**

**Credit for Service**

**Annuity Benefits**

**Survivor Benefits**

**Retirement Application Process**



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# FERS Retirement Benefits

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# FERS Retirement System Overview

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## Federal Employees' Retirement System

The Federal Employees' Retirement System (FERS) is a three part system consisting of:

- FERS Basic Benefit
  - Social Security Benefits
    - Thrift Savings Plan

### **FERS Basic Benefit**

The FERS Basic Benefit is a defined benefit plan based upon years and months of creditable service and unused sick leave and an average of the highest three consecutive years of salary. Most FERS employees contribute .8% of salary to the Civil Service Retirement and Disability Fund for coverage under the FERS Retirement System. Law Enforcement Officers contribute 1.3% of salary to the retirement fund.

### **Social Security Benefit**

The Social Security Benefit is based upon 35 years of earnings in the Social Security System. This 35 years will include both Federal and non-Federal Social Security earnings. Social Security retirement benefits are payable at age 62. A special retirement supplement is payable from full retirement age until age 62 to FERS retirees meeting requirements for full immediate retirement benefits. Social Security benefits may also be paid to family members of a Social Security recipient.

Employees generally contribute 6.2% of salary to Social Security up to a maximum taxable amount (MTA) which can increase annually. The 2013 MTA is \$113,700.

### **Thrift Savings Plan (TSP)**

FERS employees may contribute up to \$17,500 of salary (in 2013) to the Thrift Savings Plan (TSP). The employing agency automatically contributes 1% of basic pay to the TSP account of each FERS employee. The employing agency matches the employee contribution dollar for dollar for each of the first 3% contributed by the employee and fifty cents for each dollar for the next 2% that the employee contributes. The total agency contribution is 5% if the employee contributes 5% or more. Employees age 50 or older may contribute an additional \$5,500 on a pre-tax basis to the TSP account as "Catch-up" contribution.

# FERS Retirement Eligibility

**Basic Eligibility Requirement:** Five years of creditable civilian service.

## Age and Service Requirements

	<u>Age</u>	<u>Years of Service</u>
1 Optional Retirement (Full Immediate Benefit)	MRA* (55-57) 60 62	30 20 5
2 MRA + 10 (Reduced Benefit) (Immediate or Postponed)	MRA* (55-57)	10 (**Reduced)
3 Early Optional (Voluntary)	50 Any	20 25
4 Discontinued Service (DSR) (Involuntary)	50 Any	20 25
5 Deferred (Full Benefit)	MRA* (55-57) 60 62	30 20 5
6 Deferred (MRA + 10)	MRA* (55-57)	10 (**Reduced)
7 Disability	Any	18 Months
8 Law Enforcement Officers	50 Any	20 25

**\*\* Reduced benefit:** If you retire at MRA (immediate or deferred annuity) with at least 10 but less than 30 years of service, the benefit is reduced 5% for each year (5/12% per month) that you are under age 62.

	<u>Year of Birth</u>	<u>MRA</u>	<u>Year of Birth</u>	<u>MRA</u>
<b>*MRA: Minimum Retirement Age</b> is based upon year of birth.	before 1948	55	1965	56 - 2 mo.
	1948	55 - 2 mo.	1966	56 - 4 mo.
	1949	55 - 4 mo.	1967	56 - 6 mo.
	1950	55 - 6 mo.	1968	56 - 8 mo.
	1951	55 - 8 mo.	1969	56 - 10 mo.
	1952	55 - 10 mo.	1970 or later	57
	1953-64	56		

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## Types of Retirement

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

You may voluntarily retire and receive full unreduced annuity benefits at any time after meeting one of the age and service combinations shown below. Special retirement supplements are payable until age 62. Special retirement supplements are subject to the Social Security Earnings limitation.

Age	Service
MRA	30
60	20
62	5

### **MRA + 10 Retirement Reduced Immediate Benefits**

You may receive immediate reduced benefits at MRA or later after attaining 10 years of creditable service. The benefit is reduced by 5% for each year that you are under age 62. No special retirement supplements are payable in the MRA + 10 retirement.

### **MRA + 10 Retirement Postponed Benefits**

You may postpone receipt of the MRA + 10 benefit to a later age to lessen the reduction. Federal Employees' Health Benefit (FEHB) coverage and Federal Employees' Group Life Insurance (FGLI) coverage may be reinstated when the annuity commences.

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

If your agency offers you early optional retirement, you may retire if you meet the age and service requirements shown below. You must retire within the time frame specified in the early retirement offer. 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. The CSRS portion of a CSRS/FERS Transfer annuity benefit is reduced by 2% for each year (1/6 % per month) that you are under age 55 on date of retirement. The FERS portion of the annuity is not reduced. Special retirement supplements are not payable until you reach MRA. Special retirement supplements are subject to the Social Security earnings limitation.

Age	Service
50	20
Any age	25

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## Types of Retirement

(Continued)

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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 may receive an immediate annuity if you have met the age and service requirements shown below. The CSRS portion of a CSRS /FERS Transfer annuity benefit is reduced by 2% for each year (1/6 % per month) that you are under age 55 on date of retirement. The FERS portion of the annuity is not reduced. Special retirement supplements are not payable until you reach MRA. Special retirement supplements are subject to the Social Security earnings limitation.

Age	Service
50	20
Any age	25

### **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 eighteen months of civilian service.

### **Deferred Retirement**

If you separate from service before you are eligible for an immediate annuity and you do not take a refund of your retirement contributions, you will be eligible for deferred retirement benefits at soon as you attain the age that corresponds with the age and service combinations shown below. You will not be permitted to continue Federal Employees' Health Benefits or Federal Employees' Group Life Insurance. You are not eligible for the special retirement supplement.

Age	Service
MRA	30
60	20
62	5
MRA	10 (Reduced)

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

You may receive full unreduced retirement benefits at age 50 or older after completing 20 years of qualifying law enforcement service (LEO) or firefighter (FF) service or at any age after completing 25 years of qualifying LEO / FF service. Special retirement supplements are payable from retirement date until age 62. Special retirement supplements are subject to the Social Security earnings limitation when you reach your MRA.

<b>Types of Retirement Age/Service Requirements</b>	<b>Year-Age-Service</b>	<b>Basic Annuity (% of Average Salary)</b>	<b>Comments</b>
Full Immediate Benefits MRA - 30 60 - 20 62 - 5		FERS Basic Benefit: Supplement: Social Security: TSP:	Retirement Supplement payable until age 62
Immediate - Reduced MRA - 10		FERS Basic Benefit: Social Security: TSP:	Reduction: 5% per year under 62 No Retirement Supplement
Early Optional Retirement (VERA) 50 - 20 Any Age - 25		FERS Basic Benefit: Supplement: Social Security: TSP:	Agency must offer early retirement opportunity 2% age reduction on CSRS component (TransFERS) Retirement supplement begins at MRA
Discontinued Service Retirement (DSR) 50 - 20 Any Age - 25		FERS Basic Benefit: Supplement: Social Security: TSP:	Involuntary Separation No Reasonable Offer 2% age reduction on CSRS component (TransFERS) Retirement supplement begins at MRA
Deferred Retirement MRA - 30 60 - 20 62 - 5		FERS Basic Benefit: Social Security: TSP:	No FEHB / No FEGLI No Retirement Supplement
Deferred Retirement MRA - 10		FERS Basic Benefit: Social Security: TSP:	No FEHB / No FEGLI Reduction: 5% per year under 62 No Retirement Supplement
Law Enforcement Officers and Firefighters 50 - 20 Any Age - 25		FERS Basic Benefit: Supplement: Social Security: TSP:	Requires 20 years of Qualifying LEO or FF service Retirement Supplement begins immediately

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## Unused Sick Leave

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### Credit for Unused Sick Leave for FERS Retirees

The National Defense Authorization Act of 2010 provides credit for unused sick leave in the calculation of the annuity benefit for FERS retirees.

Credit for unused sick leave in the annuity calculation will be phased in beginning in 2010.

- Retiring FERS employees who separate before January 1, 2014 will receive credit for 50 percent of unused sick leave balance on date of retirement.
- Retiring FERS employees who separate on or after January 1, 2014 will receive credit for 100 percent of unused sick leave balance on date of retirement.
- 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 # 1: Retire before 2014

Service :	=	25 years - 4 months - 15 days
USL 624 hours	=	
= Credit for 312 hours	=	1 month - 24 days
Total:	=	25 years - 5 months - 39 days
	=	25 years - 6 months - 9 days
	=	25 years - 6 months

### Example # 2: Retire in or after 2014

Service :	=	25 years - 4 months - 15 days
USL 624 hours	=	3 months - 18 days
Total:	=	25 years - 7 months - 33 days
	=	25 years - 8 months - 3 days
	=	25 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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## Credit for Civilian Service

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### **Contributory Service**

Federal civilian service for which contributions have been made or deposited.

### **Non-deduction Service Performed Prior to 1989**

Deposits may be made for non-deduction civilian service performed prior to 1989 and for service previously covered by CSRS deductions or deposits if a refund was received prior to date of transfer and that service is now credited in FERS. (If a refund was paid under CSRS, and employee had less than 5 years service on date of transfer, all service is subject to FERS credit rules. There is no CSRS component to annuity). Deposits must be paid to receive credit for pre-1989 non-deduction service. FERS deposits equal 1.3% of basic pay, plus variable interest.

#### **Example:**

Temporary Appointment: 1/1/86 \$12,000/yr .(Non-ded.Service)  
Converted to Career: 1/1/88

Deposit = 24,000 X 1.3% = \$312 plus variable interest.  
= \$1,400

If the deposit is not paid, employee will not receive credit for 1986 and 1987. Two years = 2% of High-3 average salary. If retired with \$50,000 average salary = \$ 1,000/year in annuity.

### **Procedures for Payment of a FERS Deposit**

An employee may obtain an Application to Make Service Credit Payments for Civilian Service (SF 3108) from Personnel or [www.opm.gov](http://www.opm.gov). Go to "Retirement" tab, then "Publications and Forms". Employee completes the front and returns SF 3108 to Personnel. Agency Personnel office will complete form and forward to OPM. OPM will notify the employee of the amounts due.

### **Non-deduction Service Performed After 1988**

Non-deduction service performed on or after January 1, 1989 is not creditable. No deposit option is available.

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## Refunded Service

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### Refunded Service

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

### Redeposit

Redeposit is repayment of the refund, plus interest.

The National Defense Authorizations Act of 2010 permits FERS employees the right to redeposit the amount of the refund, plus interest, to receive credit for the refunded service for eligibility for retirement and computation of the annuity benefit.

### Procedures for Payment

An employee may obtain an Application to Make Service Credit Payments for Civilian Service (SF 3108) from Personnel or [www.opm.gov](http://www.opm.gov). Go to "Retirement" tab, then "Publications and Forms". Employee completes the front and returns SF 3108 to Personnel. Agency Personnel office will complete form and forward to OPM. OPM will notify the employee of the amounts due.

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## Variable Interest

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Variable interest accrues on December 31 of each year. To avoid additional interest on December 31, the payment must be received by OPM before December 31.

<b>Variable Interest Rates</b>	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%
<b>Interest Accrual Date: December 31</b>	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%

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## Leave Without Pay (LWOP)

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Leave without pay (LWOP) is fully creditable for retirement purposes for up to six months per calendar year.

### Example 1

LWOP: 1/1/90  
RTD: 7/1/90  
  
= 6 months LWOP in 1990  
= Full Credit in 1990

### Example 2

LWOP: 1/1/99  
RTD: 8/1/99  
  
= 7 months LWOP = 1 month excess LWOP  
= 5 months of service  
+ 6 months creditable LWOP  
  
= 11 months credit 1999

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## 5.7% Refund Due Some FERS Employees

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If a FERS employee has already made a 7% deposit for non-deduction service under CSRS or paid 7% into the CSRS Fund while employed under CSRS prior to transfer or paid a redeposit of 7% into CSRS and was either automatically changed to FERS or elected to transfer to FERS with less than five years of creditable service prior to transfer (“A True FERS Employee”), the employee is entitled to a refund of the difference between the 7% paid into the CSRS System and the correct FERS contribution rate of 1.3%. Submit OPM Form 1562 to your Personnel Office to apply for a refund of excess contributions. Please see Chapter 33 of the CSRS and FERS Retirement Handbook for additional information on excess contributions. This Handbook is available via OPM Web site <http://www.opm.gov>. Search: CSRS and FERS Retirement Handbook.

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## CSRS/FERS Transfer Employees

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The annuity computation for an employee who transferred to FERS and retains a Civil Service component to their annuity will be calculated using both the CSRS computation formula and the FERS computation formula. All service prior to the date of transfer is subject to the CSRS credit rules. (Refer to FERS Transfer Supplement for additional information.)

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## Military Service

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### **Creditable Military Service**

Active, honorable military service may be creditable towards FERS or 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 Web site: <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 Deposit

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### Deposit Required

FERS employees must make a deposit for post-56 military service prior to retirement to receive credit for the post-56 military service for retirement eligibility and computation of the annuity benefit. 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.

### Deposit Amount

Post-56 deposit = 3% of base pay earned during post-56 military service. (Deposits for military service performed in 1999 and 2000 are subject to the same temporary increase imposed on employee retirement deduction for those years. Military deposit rates for 1999 is 3.25%. The military deposit rate for 2000 is 3.4%)

### 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 (0.8%) had the employee not performed the military service. Reference: See Benefits Administration Letter 03-105, dated June 25, 2003, for a detailed discussion of this alternative method for calculating the deposit. Go to [www.opm.gov](http://www.opm.gov). "Retirement".

### Interest

Interest is charged at a variable rate set by the Department of the Treasury. Composite rates are applied as interest periods straddle two calendar years. No interest is charged if the deposit is paid in full within 3 years of first employment. Interest accrues each year on the anniversary of the entrance on duty into FERS service date.

#### 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%

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## Post-56 Military Deposit

(Continued)

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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). Go to "Retirement" tab, then "Publications and Forms". Send Request for Estimated Base Pay Earnings to the appropriate military pay center along with verification of military service. Response will be sent directly to you in approximately 3 weeks.

#### 2) Submit Earnings Estimate to Personnel

Request for SF 3108, Application to Make Service Credit Payment, which includes SF 3108 A, Application to Pay Military Deposit from your Personnel Office. This form is also available on [www.opm.gov](http://www.opm.gov). Go to "Retirement" tab, then "Publications and Forms". Submit SF 3108 and SF 3108A and 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: Mike

<b>Average Salary:</b>		<b>\$50,000</b>
<b>2 Years of Military Service:</b>		<b>1973-1974</b>
Basic Pay earnings	=	\$15,000
Deposit = 3%	=	\$450
Plus interest	=	<u>+\$750</u>
Deposit due	=	\$1,200

If the deposit is not paid, no credit is granted for the military service for retirement eligibility or calculation.

2 years = 2% of the average salary  
= 2% of \$50,000  
= \$1,000 per year

# 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 unused sick leave
- Credit for unused sick leave will be phased in beginning in 2010.

## 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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## FERS Annuity Computations

(Continued)

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### Basic Annual Benefit

Basic Benefit =  
1% X high-3 average salary X years of creditable service and unused sick leave\*

#### Example 1:

**Age:** 60  
**Average Salary:** \$50,000

**20 years 3 months of service and USL credit**

= 20-3/12 X 1%  
= 20.25%  
= 20.25% of high-3 average salary  
= \$10,125 / year  
= \$843 / month

### Age 62 with 20 or more years service

Basic Benefit =  
1.1% X high-3 average salary X years of creditable service and unused sick leave\*

#### Example 2:

**Age:** 62  
**Average Salary:** \$50,000

**20 years 3 months of service and USL credit**

= 20-3/12 years  
= 20-3/12 X 1.1%  
= 22.275%  
= 22.275% of high-3 average salary  
= \$11,137 / year  
= \$928 / month

#### \* Unused Sick Leave:

Retiring FERS employees who separate before January 1, 2014 will receive credit for 50 percent of unused sick leave balance on date of retirement.

Retiring FERS employees who separate on or after January 1, 2014 will receive credit for 100 percent of unused sick leave balance on date of retirement.

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## FERS Annuity Computations

(Continued)

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### MRA + 10 Reduced Benefit

#### Example 3: MRA + 10 (reduced)

<b>Age:</b>	<b>55 years, 11 months</b>
<b>Average Salary:</b>	<b>\$50,000</b>
11 years of service + USL	= 11% of high-3 ave. salary
(30% reduction)	= <u>- 3.3%</u>
Reduced benefit	= 7.7% of high-3
	= \$3,850 / year
	= \$320 / month

### Law Enforcement Officer / Firefighter Formula

1.7% X High-3 X 1st 20 years of qualifying LEO/FF service under FERS  
+ 1.0% X High-3 X remaining service creditable and sick leave \* under FERS that exceeds 20 years

#### Example 4: LEO/FF

<b>LEO:</b>	<b>22 years ( including sick leave)</b>
<b>Age:</b>	<b>50</b>
<b>High 3:</b>	<b>\$60,000</b>
20 years x 1.7%	= 34%
+ 2 years X 1%	= <u>2%</u>
<b>Total</b>	= <b>36% of high-3 average salary</b>
	= <b>\$21,600 / year</b>
	= <b>\$1,800 / month</b>

### Annuity Factor Charts

Refer to the annuity factor charts and worksheets on the following pages to calculate your FERS Basic Benefit.

# FERS 1% Annuity Factor Chart

Multiply the high-3 average salary by the factor shown based on years and months of creditable FERS service.

Years 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
1	0.010000	0.010833	0.011667	0.012500	0.013333	0.014167	0.015000	0.015833	0.016667	0.017500	0.018333	0.019167
2	0.020000	0.020833	0.021667	0.022500	0.023333	0.024167	0.025000	0.025833	0.026667	0.027500	0.028333	0.029167
3	0.030000	0.030833	0.031667	0.032500	0.033333	0.034167	0.035000	0.035833	0.036667	0.037500	0.038333	0.039167
4	0.040000	0.040833	0.041667	0.042500	0.043333	0.044167	0.045000	0.045833	0.046667	0.047500	0.048333	0.049167
5	0.050000	0.050833	0.051667	0.052500	0.053333	0.054167	0.055000	0.055833	0.056667	0.057500	0.058333	0.059167
6	0.060000	0.060833	0.061667	0.062500	0.063333	0.064167	0.065000	0.065833	0.066667	0.067500	0.068333	0.069167
7	0.070000	0.070833	0.071667	0.072500	0.073333	0.074167	0.075000	0.075833	0.076667	0.077500	0.078333	0.079167
8	0.080000	0.080833	0.081667	0.082500	0.083333	0.084167	0.085000	0.085833	0.086667	0.087500	0.088333	0.089167
9	0.090000	0.090833	0.091667	0.092500	0.093333	0.094167	0.095000	0.095833	0.096667	0.097500	0.098333	0.099167
10	0.100000	0.100833	0.101667	0.102500	0.103333	0.104167	0.105000	0.105833	0.106667	0.107500	0.108333	0.109167
11	0.110000	0.110833	0.111667	0.112500	0.113333	0.114167	0.115000	0.115833	0.116667	0.117500	0.118333	0.119167
12	0.120000	0.120833	0.121667	0.122500	0.123333	0.124167	0.125000	0.125833	0.126667	0.127500	0.128333	0.129167
13	0.130000	0.130833	0.131667	0.132500	0.133333	0.134167	0.135000	0.135833	0.136667	0.137500	0.138333	0.139167
14	0.140000	0.140833	0.141667	0.142500	0.143333	0.144167	0.145000	0.145833	0.146667	0.147500	0.148333	0.149167
15	0.150000	0.150833	0.151667	0.152500	0.153333	0.154167	0.155000	0.155833	0.156667	0.157500	0.158333	0.159167
16	0.160000	0.160833	0.161667	0.162500	0.163333	0.164167	0.165000	0.165833	0.166667	0.167500	0.168333	0.169167
17	0.170000	0.170833	0.171667	0.172500	0.173333	0.174167	0.175000	0.175833	0.176667	0.177500	0.178333	0.179167
18	0.180000	0.180833	0.181667	0.182500	0.183333	0.184167	0.185000	0.185833	0.186667	0.187500	0.188333	0.189167
19	0.190000	0.190833	0.191667	0.192500	0.193333	0.194167	0.195000	0.195833	0.196667	0.197500	0.198333	0.199167
20	0.200000	0.200833	0.201667	0.202500	0.203333	0.204167	0.205000	0.205833	0.206667	0.207500	0.208333	0.209167
21	0.210000	0.210833	0.211667	0.212500	0.213333	0.214167	0.215000	0.215833	0.216667	0.217500	0.218333	0.219167
22	0.220000	0.220833	0.221667	0.222500	0.223333	0.224167	0.225000	0.225833	0.226667	0.227500	0.228333	0.229167
23	0.230000	0.230833	0.231667	0.232500	0.233333	0.234167	0.235000	0.235833	0.236667	0.237500	0.238333	0.239167
24	0.240000	0.240833	0.241667	0.242500	0.243333	0.244167	0.245000	0.245833	0.246667	0.247500	0.248333	0.249167
25	0.250000	0.250833	0.251667	0.252500	0.253333	0.254167	0.255000	0.255833	0.256667	0.257500	0.258333	0.259167
26	0.260000	0.260833	0.261667	0.262500	0.263333	0.264167	0.265000	0.265833	0.266667	0.267500	0.268333	0.269167
27	0.270000	0.270833	0.271667	0.272500	0.273333	0.274167	0.275000	0.275833	0.276667	0.277500	0.278333	0.279167
28	0.280000	0.280833	0.281667	0.282500	0.283333	0.284167	0.285000	0.285833	0.286667	0.287500	0.288333	0.289167
29	0.290000	0.290833	0.291667	0.292500	0.293333	0.294167	0.295000	0.295833	0.296667	0.297500	0.298333	0.299167
30	0.300000	0.300833	0.301667	0.302500	0.303333	0.304167	0.305000	0.305833	0.306667	0.307500	0.308333	0.309167
31	0.310000	0.310833	0.311667	0.312500	0.313333	0.314167	0.315000	0.315833	0.316667	0.317500	0.318333	0.319167
32	0.320000	0.320833	0.321667	0.322500	0.323333	0.324167	0.325000	0.325833	0.326667	0.327500	0.328333	0.329167
33	0.330000	0.330833	0.331667	0.332500	0.333333	0.334167	0.335000	0.335833	0.336667	0.337500	0.338333	0.339167
34	0.340000	0.340833	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.346667	0.347500	0.348333	0.349167
35	0.350000	0.350833	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357500	0.358333	0.359167
36	0.360000	0.360833	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
37	0.370000	0.370833	0.371667	0.372500	0.373333	0.374167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
38	0.380000	0.380833	0.381667	0.382500	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
39	0.390000	0.390833	0.391667	0.392500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
40	0.400000	0.400833	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167

**FERS 1.1% Annuity Factor Chart**  
**Age 62 or older with 20 or more years service**

Multiply the high-3 average salary by the factor shown based on years and months of creditable FERS service.

Years 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
1	0.011000	0.000917	0.001833	0.002750	0.003667	0.004583	0.005500	0.006417	0.007333	0.008250	0.009167	0.010083
2	0.022000	0.011917	0.012833	0.013750	0.014667	0.015583	0.016500	0.017417	0.018333	0.019250	0.020167	0.021083
3	0.033000	0.022917	0.023833	0.024750	0.025667	0.026583	0.027500	0.028417	0.029333	0.030250	0.031167	0.032083
4	0.044000	0.033917	0.034833	0.035750	0.036667	0.037583	0.038500	0.039417	0.040333	0.041250	0.042167	0.043083
5	0.055000	0.044917	0.045833	0.046750	0.047667	0.048583	0.049500	0.050417	0.051333	0.052250	0.053167	0.054083
6	0.066000	0.055917	0.056833	0.057750	0.058667	0.059583	0.060500	0.061417	0.062333	0.063250	0.064167	0.065083
7	0.077000	0.066917	0.067833	0.068750	0.069667	0.070583	0.071500	0.072417	0.073333	0.074250	0.075167	0.076083
8	0.088000	0.077917	0.078833	0.079750	0.080667	0.081583	0.082500	0.083417	0.084333	0.085250	0.086167	0.087083
9	0.099000	0.088917	0.089833	0.090750	0.091667	0.092583	0.093500	0.094417	0.095333	0.096250	0.097167	0.098083
10	0.110000	0.099917	0.100833	0.101750	0.102667	0.103583	0.104500	0.105417	0.106333	0.107250	0.108167	0.109083
11	0.121000	0.110917	0.111833	0.112750	0.113667	0.114583	0.115500	0.116417	0.117333	0.118250	0.119167	0.120083
12	0.132000	0.121917	0.122833	0.123750	0.124667	0.125583	0.126500	0.127417	0.128333	0.129250	0.130167	0.131083
13	0.143000	0.132917	0.133833	0.134750	0.135667	0.136583	0.137500	0.138417	0.139333	0.140250	0.141167	0.142083
14	0.154000	0.143917	0.144833	0.145750	0.146667	0.147583	0.148500	0.149417	0.150333	0.151250	0.152167	0.153083
15	0.165000	0.154917	0.155833	0.156750	0.157667	0.158583	0.159500	0.160417	0.161333	0.162250	0.163167	0.164083
16	0.176000	0.165917	0.166833	0.167750	0.168667	0.169583	0.170500	0.171417	0.172333	0.173250	0.174167	0.175083
17	0.187000	0.176917	0.177833	0.178750	0.179667	0.180583	0.181500	0.182417	0.183333	0.184250	0.185167	0.186083
18	0.198000	0.187917	0.188833	0.189750	0.190667	0.191583	0.192500	0.193417	0.194333	0.195250	0.196167	0.197083
19	0.209000	0.198917	0.199833	0.200750	0.201667	0.202583	0.203500	0.204417	0.205333	0.206250	0.207167	0.208083
20	0.220000	0.209917	0.210833	0.211750	0.212667	0.213583	0.214500	0.215417	0.216333	0.217250	0.218167	0.219083
21	0.231000	0.220917	0.221833	0.222750	0.223667	0.224583	0.225500	0.226417	0.227333	0.228250	0.229167	0.230083
22	0.242000	0.231917	0.232833	0.233750	0.234667	0.235583	0.236500	0.237417	0.238333	0.239250	0.240167	0.241083
23	0.253000	0.242917	0.243833	0.244750	0.245667	0.246583	0.247500	0.248417	0.249333	0.250250	0.251167	0.252083
24	0.264000	0.253917	0.254833	0.255750	0.256667	0.257583	0.258500	0.259417	0.260333	0.261250	0.262167	0.263083
25	0.275000	0.264917	0.265833	0.266750	0.267667	0.268583	0.269500	0.270417	0.271333	0.272250	0.273167	0.274083
26	0.286000	0.275917	0.276833	0.277750	0.278667	0.279583	0.280500	0.281417	0.282333	0.283250	0.284167	0.285083
27	0.297000	0.286917	0.287833	0.288750	0.289667	0.290583	0.291500	0.292417	0.293333	0.294250	0.295167	0.296083
28	0.308000	0.297917	0.298833	0.299750	0.300667	0.301583	0.302500	0.303417	0.304333	0.305250	0.306167	0.307083
29	0.319000	0.308917	0.309833	0.310750	0.311667	0.312583	0.313500	0.314417	0.315333	0.316250	0.317167	0.318083
30	0.330000	0.319917	0.320833	0.321750	0.322667	0.323583	0.324500	0.325417	0.326333	0.327250	0.328167	0.329083
31	0.341000	0.330917	0.331833	0.332750	0.333667	0.334583	0.335500	0.336417	0.337333	0.338250	0.339167	0.340083
32	0.352000	0.341917	0.342833	0.343750	0.344667	0.345583	0.346500	0.347417	0.348333	0.349250	0.350167	0.351083
33	0.363000	0.352917	0.353833	0.354750	0.355667	0.356583	0.357500	0.358417	0.359333	0.360250	0.361167	0.362083
34	0.374000	0.363917	0.364833	0.365750	0.366667	0.367583	0.368500	0.369417	0.370333	0.371250	0.372167	0.373083
35	0.385000	0.374917	0.375833	0.376750	0.377667	0.378583	0.379500	0.380417	0.381333	0.382250	0.383167	0.384083
36	0.396000	0.385917	0.386833	0.387750	0.388667	0.389583	0.390500	0.391417	0.392333	0.393250	0.394167	0.395083
37	0.407000	0.396917	0.397833	0.398750	0.399667	0.400583	0.401500	0.402417	0.403333	0.404250	0.405167	0.406083
38	0.418000	0.407917	0.408833	0.409750	0.410667	0.411583	0.412500	0.413417	0.414333	0.415250	0.416167	0.417083
39	0.429000	0.418917	0.419833	0.420750	0.421667	0.422583	0.423500	0.424417	0.425333	0.426250	0.427167	0.428083
40	0.440000	0.429917	0.430833	0.431750	0.432667	0.433583	0.434500	0.435417	0.436333	0.437250	0.438167	0.439083
		0.440917	0.441833	0.442750	0.443667	0.444583	0.445500	0.446417	0.447333	0.448250	0.449167	0.450083

## FERS 5% Age Reduction Chart MRA + 10 Reduced Benefits

Multiply the basic benefit by the age reduction factor to calculate the reduced MRA + 10 retirement benefit.

Age at annuity commencing date and at least 1 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
55 _ _ _ _	0.654167	0.658333	0.662500	0.666667	0.670833	0.675000	0.679167	0.683333	0.687500	0.691667	0.695833	0.700000
56 _ _ _ _	0.704167	0.708333	0.712500	0.716667	0.720833	0.725000	0.729167	0.733333	0.737500	0.741667	0.745833	0.750000
57 _ _ _ _	0.754167	0.758333	0.762500	0.766667	0.770833	0.775000	0.779167	0.783333	0.787500	0.791667	0.795833	0.800000
58 _ _ _ _	0.804167	0.808333	0.812500	0.816667	0.820833	0.825000	0.829167	0.833333	0.837500	0.841667	0.845833	0.850000
59 _ _ _ _	0.854167	0.858333	0.862500	0.866667	0.870833	0.875000	0.879167	0.883333	0.887500	0.891667	0.895833	0.900000
60 _ _ _ _	0.904167	0.908333	0.913500	0.916667	0.920833	0.925000	0.929167	0.933333	0.937500	0.941667	0.945833	0.950000
61 _ _ _ _	0.954167	0.958333	0.962500	0.966667	0.970833	0.975000	0.979167	0.983333	0.987500	0.991667	0.995833	1.000000

## FERS 1.7 Percent Annuity Factor Chart ( Law Enforcement Officers and Firefighters)

Multiply the high-3 average salary by the factor shown based on years months of FERS Law Enforcement Officer or Firefighter Service.

Years 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
1	0.017000	0.018417	0.019833	0.021250	0.022667	0.024084	0.025500	0.026917	0.028334	0.029750	0.031167	0.032583
2	0.034000	0.035417	0.036833	0.038250	0.039667	0.041084	0.042500	0.043917	0.045334	0.046750	0.048167	0.049583
3	0.051000	0.052417	0.053833	0.055250	0.056667	0.058084	0.059500	0.060917	0.062334	0.063750	0.065167	0.066583
4	0.068000	0.069417	0.070833	0.072250	0.073667	0.075084	0.076500	0.077917	0.079334	0.080750	0.082167	0.083583
5	0.085000	0.086417	0.087833	0.089250	0.090667	0.092084	0.093500	0.094917	0.096333	0.097750	0.099167	0.100583
6	0.102000	0.103417	0.104833	0.106250	0.107667	0.109084	0.110500	0.111917	0.113333	0.114750	0.116167	0.117583
7	0.119000	0.120417	0.121833	0.123250	0.124667	0.126084	0.127500	0.128917	0.130333	0.131750	0.133167	0.134583
8	0.136000	0.137417	0.138833	0.140250	0.141667	0.143084	0.144500	0.145917	0.147333	0.148750	0.150167	0.151583
9	0.153000	0.154417	0.155833	0.157250	0.158667	0.160084	0.161500	0.162917	0.164333	0.165750	0.167167	0.168583
10	0.170000	0.171417	0.172833	0.174250	0.175667	0.177084	0.178500	0.179917	0.181333	0.182750	0.184167	0.185583
11	0.187000	0.188417	0.189833	0.191250	0.192667	0.194084	0.195500	0.196917	0.198333	0.199750	0.201167	0.202583
12	0.204000	0.205417	0.206833	0.208250	0.209667	0.211084	0.212500	0.213917	0.215333	0.216750	0.218167	0.219583
13	0.221000	0.222417	0.223833	0.225250	0.226667	0.228084	0.229500	0.230917	0.232333	0.233750	0.235167	0.236583
14	0.238000	0.239417	0.240833	0.242250	0.243667	0.245084	0.246500	0.247917	0.249333	0.250750	0.252167	0.253583
15	0.255000	0.256417	0.257833	0.259250	0.260667	0.262084	0.263500	0.264917	0.266333	0.267750	0.269167	0.270583
16	0.272000	0.273417	0.274833	0.276250	0.277667	0.279084	0.280500	0.281917	0.283333	0.284750	0.286167	0.287583
17	0.289000	0.290417	0.291833	0.293250	0.294667	0.296084	0.297500	0.298917	0.300333	0.301750	0.303167	0.304583
18	0.306000	0.307417	0.308833	0.310250	0.311667	0.313084	0.314500	0.315917	0.317333	0.318750	0.320167	0.321583
19	0.323000	0.324417	0.325833	0.327250	0.328667	0.330084	0.331500	0.332917	0.334333	0.335750	0.337167	0.338583
20	0.340000	0.340833	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.346667	0.347500	0.348333	0.349167
21	0.350000	0.350833	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357500	0.358333	0.359167
22	0.360000	0.360833	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
23	0.370000	0.370833	0.371667	0.372500	0.373333	0.374167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
24	0.380000	0.380833	0.381667	0.382500	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
25	0.390000	0.390833	0.391667	0.392500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
26	0.400000	0.400833	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167
27	0.410000	0.410833	0.411667	0.412500	0.413333	0.414167	0.415000	0.415833	0.416667	0.417500	0.418333	0.419167
28	0.420000	0.420833	0.421667	0.422500	0.423333	0.424167	0.425000	0.425833	0.426667	0.427500	0.428333	0.429167
29	0.430000	0.430833	0.431667	0.432500	0.433333	0.434167	0.435000	0.435833	0.436667	0.437500	0.438333	0.439167
30	0.440000	0.440833	0.441667	0.442500	0.443333	0.444167	0.445000	0.445833	0.446667	0.447500	0.448333	0.449167

## FERS Basic Benefit Calculation

<b>FERS Basic Benefit Calculation</b>		
<b>FERS Annuity Only (No CSRS Component):</b>		
<b>1</b>	Enter Hi-3 Average Salary	\$
<b>2</b>	Multiply by FERS retirement factor ___years ___months of FERS service	X
<b>3</b>	<b>Basic FERS Annuity</b>	\$
<b>4</b>	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X
<b>5</b>	<b>Basic FERS Benefit (w/out Survivor)</b>	\$
<b>6</b>	Survivor Reduction <ul style="list-style-type: none"> <li>▪ Full Survivor benefit - multiply by .90</li> <li>▪ Partial Survivor benefit - multiply by .95</li> <li>▪ No Survivor benefit - multiply by 1.0</li> </ul>	X
<b>7</b>	<b>Annual FERS Benefit w/ survivor reduction</b> Divide by 12	\$ ÷ 12
<b>8</b>	<b>Monthly FERS Benefit</b>	\$
<b>Survivor Benefit:</b> Enter amount from line 5		\$
<b>9</b>	<ul style="list-style-type: none"> <li>▪ Full Survivor Benefit - Multiply by .50</li> <li>▪ Partial Survivor benefit = Multiply by .25</li> </ul>	X
<b>10</b>	<b>FERS Survivor Benefit</b>	\$
<b>11</b>	<b>Monthly FERS Survivor Benefit</b>	\$

## FERS Basic Benefit Calculation

(Continued)

### Example: Basic Benefit Calculation, Full Benefit (60/20)

Retirement Date: 4/30/13	SCD: 4/19/93	FERS: 20 yrs, 0 mo, 12 days
Date of Birth: 1/26/53		USL: 1 mo, 2 days
368 hours USL.		Total: 20 yrs, 1 mo, 14 days
Credit for 184 hours in annuity calculation = 1 month 2 days		Average Salary: \$46,742.00

<b>FERS Basic Benefit Calculation</b>		
<b>FERS Annuity Only (No CSRS Component):</b>		
1	Enter Hi-3 Average Salary	\$ 46,742.00
2	Multiply by FERS retirement factor 20 years 1 months of FERS service and USL	X .200833
3	<b>Basic FERS Annuity</b>	<b>\$ 9,387.34</b>
4	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X N/A
5	<b>Basic FERS Benefit (w/out Survivor)</b>	<b>\$ 9,387.34</b>
6	<b>Survivor Reduction</b> <ul style="list-style-type: none"> <li>• Full Survivor benefit - multiply by .90</li> <li>• Partial Survivor benefit - multiply by .95</li> <li>• No Survivor benefit - multiply by 1.0</li> </ul>	X .90
7	Annual FERS Benefit w/ survivor reduction.  Divide by 12	<b>\$ 8,448.61</b>  ÷ 12
8	<b>Monthly FERS Benefit</b>	<b>\$ 704.00</b>
<b>Survivor Benefit: Enter amount from line 5</b>		<b>\$ 9,387.34</b>
9	<ul style="list-style-type: none"> <li>• Full Survivor Benefit - Multiply by .50</li> <li>• Partial Survivor benefit = Multiply by .25</li> </ul>	X .50
10	FERS Survivor Benefit	\$ 4,693.67
11	<b>Monthly FERS Survivor Benefit</b>	<b>\$ 391.00</b>

## FERS MRA + 10 Calculation

### Example: Basic Benefit Calculation, FERS-MRA+10 Retirement

Retirement Date: 03/31/13	SCD: 9/22/98	FERS: 14 yrs, 6 mo, 9 days
Date of Birth: 10/16/56		USL: 14 days
Age : 56 yrs, 5 mo, 15 days		Total: 14 yrs, 6 mo, 23 days
160 hours USL= credit 80 hours in annuity calculation = 14 days		Average Salary: \$60,000

<b>FERS Basic Benefit Calculation</b>		
<b>FERS Annuity Only (No CSRS Component):</b>		
<b>1</b>	Enter Hi-3 Average Salary	\$ 60,000.00
<b>2</b>	Multiply by FERS retirement factor _14_years _6_months of FERS service	X .145000
<b>3</b>	<b>Basic FERS Annuity</b>	<b>\$ 8,700.00</b>
<b>4</b>	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X .725000
<b>5</b>	<b>Basic FERS Benefit (w/out Survivor)</b>	<b>\$ 6,307.50</b>
<b>6</b>	<b>Survivor Reduction</b> <ul style="list-style-type: none"> <li>• Full Survivor benefit - multiply by .90</li> <li>• Partial Survivor benefit - multiply by .95</li> <li>• No Survivor benefit - multiply by 1.0</li> </ul>	X .90
<b>7</b>	Annual FERS Benefit w/ survivor reduction. Divide by 12	<b>\$ 5,676.75</b> ÷ 12
<b>8</b>	<b>Monthly FERS Benefit</b>	<b>\$ 473.00</b>
<b>Survivor Benefit:</b> Enter amount from line 5		\$ 6,307.50
<b>9</b>	<ul style="list-style-type: none"> <li>• Full Survivor Benefit - Multiply by .50</li> <li>• Partial Survivor benefit = Multiply by .25</li> </ul>	X .50
<b>10</b>	FERS Survivor Benefit	\$ 3,153.75
<b>11</b>	<b>Monthly FERS Survivor Benefit</b>	<b>\$ 262.00</b>

## FERS LEO / FF Calculation

### Example: Law Enforcement Officer / Firefighter Calculation

Retirement Date: 06/30/13	SCD: 12/22/88	FERS: 24 yrs. 6 mo. 9 days
Date of Birth: 9/10/56		USL: 2 mo. 13 days
Age : 56 yrs, 9 mo, 21 days		Total 24 yrs. 8 mo. 22 days
840 hours of unused sick leave: Credit for 420 hours in annuity calculation = 2 months 13 days		
		Average Salary: \$70,000

<b>FERS Basic Benefit Calculation</b>		
<b>FERS Annuity Only (No CSRS Component):</b>		
<b>1</b>	Enter Hi-3 Average Salary	\$ 70,000.00
<b>2</b>	Multiply by FERS retirement factor <u>24</u> years <u>8</u> months of FERS service	X .386667
<b>3</b>	<b>Basic FERS Annuity</b>	<b>\$ 27,066.67</b>
<b>4</b>	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X N/A
<b>5</b>	<b>Basic FERS Benefit (w/out Survivor)</b>	<b>\$ 27,066.67</b>
<b>6</b>	<b>Survivor Reduction</b> <ul style="list-style-type: none"> <li>• Full Survivor benefit - multiply by .90</li> <li>• Partial Survivor benefit - multiply by .95</li> <li>• No Survivor benefit - multiply by 1.0</li> </ul>	X .90
<b>7</b>	Annual FERS Benefit w/ survivor reduction.  Divide by 12	<b>\$ 24,360.00</b>  ÷ 12
<b>8</b>	<b>Monthly FERS Benefit</b>	<b>\$ 2,030.00</b>
<b>Survivor Benefit:</b> Enter amount from line 5		\$ 27,066.67
<b>9</b>	<ul style="list-style-type: none"> <li>• Full Survivor Benefit - Multiply by .50</li> <li>• Partial Survivor benefit = Multiply by .25</li> </ul>	X .50
<b>10</b>	FERS Survivor Benefit	\$ 13,533.34
<b>11</b>	<b>Monthly FERS Survivor Benefit</b>	<b>\$ 1,127.00</b>



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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.

In computing a FERS Annuity benefit involving part-time service, full credit is granted for the part-time service in determining eligibility for retirement. Deemed full-time salary rates are used in computing the average salary. The retirement benefit is adjusted for part-time service 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. (See FERS Transfer Supplement for a discussion of part-time service for a CSRS / FERS Transfer employee.)



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## Reductions in Basic Annuity

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### **FERS Reduction For Age (MRA +10)**

Annuity is reduced 5% for each year retiree is under age 62, 5/12 percent for each full month under age 62. (This applies to both the CSRS and the FERS components of a Transfer calculation.)

### **Reduction to Provide Survivor Benefit**

FERS Survivor Reduction =

- 10% of benefit for full survivor benefit
- 5% of benefit for partial survivor benefit.

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## Eligibility for Retirement Supplement

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### **FERS Retirement Benefit**

The FERS retirement system is a three part retirement plan consisting of:

- FERS Basic Benefit
- Social Security
- Thrift Savings Plan

### **FERS Retirement Eligibility**

Full, unreduced retirement benefits are payable to FERS retirees who meet the following requirements:

- MRA (minimum retirement age) or older with 30 or more years of service, or
- Age 60 or older with 20 or more years of service, or
- Age 50 or older with 20 or more years of service if offered an early voluntary retirement or if involuntarily separated due to agency downsizing, or
- Age 50 or older with 20 or more years of qualifying law enforcement service, or
- Any age with 25 years of qualifying law enforcement service.

### **Social Security Benefits Payable At Age 62**

Social Security retirement benefits are not payable until age 62.

### **Supplement Paid by OPM**

An additional amount is paid by OPM to retirees eligible for full retirement benefits to supplement the total retirement until Social Security benefits become payable at age 62.

### **Retiree Annuity Supplement**

The retiree annuity supplement is an approximation of the portion of a full career Social Security benefit earned while employed under FERS.

- A full Social Security benefit is estimated by OPM based upon 40 years of service.
- The supplement paid by OPM is a fraction of this estimated benefit equal to the total full calendar years of civilian service creditable under FERS, divided by 40.

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## Retirement Supplement Provisions

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- The retirement supplement is not paid on MRA + 10 retirements.
- The retirement supplement is not paid on deferred retirements.
- The retirement supplement is paid from MRA until age 62.
- The retirement supplement is subject to the Social Security earnings limitation.
- The supplement is paid to law enforcement officers and firefighters in the first year of retirement, regardless of age.
- The supplement paid to law enforcement officers and firefighters is not subject to the earnings limitation until the retiree reaches MRA.

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## Approximate Amount of the Retiree Annuity Supplement

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The 2013 annuity supplement equals between \$35 and \$45 per month, per year of FERS service.

### Examples:

Helen retired at age 60 with 20 years of FERS service and was eligible for the special retirement supplement.

Salary < \$50,000 per year:

Supplement = approximately \$35 per month per year of FERS service.

- 20 years X \$35 per year = \$700 per month

Salary > \$50,000 - \$113,700 per year

Supplement = approximately \$40 per month per year of FERS service.

- 20 years X \$40 per year = \$800 per month

Salary > \$113,700 per year:

Supplement = approximately \$45 per month per year of FERS service.

- 20 years X \$45 per year = \$900 per month

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## **Annuity Supplement Calculation**

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A full career earnings history is constructed using employees basic pay during FERS civilian service and deemed wages for years after age 21 and before employment under FERS.

1. An earnings ratio is established by dividing the employees actual pay for the first full calendar year of FERS service by the Average Total Wages (ATW) for that year.
2. Deemed earnings are computed by multiplying the earnings ratio by the ATW for each year earnings are to be deemed.
3. Total “deemed earnings” prior to FERS employment and “actual earnings” during FERS employment to create a 35 year earnings record.
4. A full Social Security benefit is calculated using the earnings record constructed. (The age 62 reduction is applied to this Social Security benefit. Windfall Benefits Elimination Provision is not applied to this benefit calculation.)

The amount of the retiree annuity supplement is a fraction of this Social Security benefit equal to the total civilian service creditable under FERS (rounded to the nearest full year) divided by 40.

# Annuity Supplement Calculation Example

## Example: Retiree Annuity Supplement

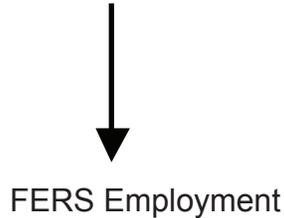
### FERS (1993 - 2013) Age: 60/20 Years of Service

**1. Earnings Ratio:**

1993 FERS  $\frac{\$30,000}{\$20,000} = 1.5$  earnings ratio  
 1993 ATW \$20,000

**2. Deemed Earnings:**

ATW (Age 22 - FERS) X 1.5 earnings ratio



+

**+ Actual Earnings (during FERS Employment)**

1993



2013



**3. Deemed Earnings + Actual Earnings = 35 Year Earnings History**

**4. Calculate Age 62 Social Security Benefit**

**Special Retirement Supplement =**

$$\frac{\text{Years in FERS}}{40} \times \text{Age 62 Social Security Benefit}$$

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## Earnings Limitation

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The retiree annuity supplement is subject to the Social Security earnings limitation. If a retiree's wages and net self-employment income exceeds the earnings limitation, the retirement supplement is reduced by \$1.00 for every \$2.00 that the earnings exceed the annual earnings limit. The dollar amount of the earnings limitation changes annually. The 2012 earnings limitation was \$14,640. The 2013 earnings limitation is \$15,120.

### **When Reduction is Assessed**

A reduction on the retirement supplement in a given year is based on excess earnings in the previous year.

#### **Example:**

Tony retired in July 2012 at age 60 with 20 years of FERS service and was eligible for special retirement supplement of \$800 per month.

Tony's 2012 post-retirement earnings are subject to the earnings limitation. If his 2012 earnings exceeded \$14,640 (2012 limit), then Tony's 2013 retirement supplement will be reduced.

### **Reduction Limited to Amount of Previous Year Supplement**

For the year immediately following the first year during which the retiree became eligible to receive the supplement, the annual earnings reduction cannot exceed the total retirement supplement to which the individual was entitled in the first year.

#### **Example:**

Tony receives retirement supplement in 2012 of \$800 per month for five months (August - December) for a total of \$4,000.

The total reduction in Tony's 2013 supplement will not exceed \$4,000.

### **Earnings in the Year the Retiree Attains Age 62**

The earnings in the year that the retiree attains age 62 will have no impact on the annuity supplement. Earnings prior to attaining age 62 will have no impact on the Social Security benefit.

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## Disability Retirement

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### Criteria for Disability Retirement

A disability retirement is a benefit provided to protect an employee who is no longer able to provide useful and efficient service in his or her current grade or pay level because of a medical condition. Disability retirement should be a last resort and is appropriate only when reasonable efforts to preserve the person's employment have failed

### Basic Eligibility Requirement

18 months of creditable civilian service is required to qualify for FERS disability retirement benefits.

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## Documentation Required

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

1. A deficiency in service with respect to performance, conduct, or attendance, or in the absence of any actual service deficiency, a showing that the medical condition is incompatible with either useful service or retention in the position;
2. A medical condition defined as disease or injury, including psychiatric disease;
3. That the medical condition caused the service deficiency;
4. The duration of the medical condition, both past and expected, and a showing that the condition, in all probability, will continue for at least a year;
5. The inability to provide useful and efficient service arose while serving under the FERS Retirement System;
6. The inability of the employing agency to make reasonable accommodation to the medical condition; and
7. The absence of another position, within the employing agency and commuting area, at the same grade or pay level and tenure, for which the employee is qualified for reassignment.

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## Disability Annuity Calculations

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The FERS disability retirement is recomputed after the first twelve months and again at age 62 if the retiree was under age 62 at time of retirement. The disability benefit is calculated using the following formulas:

**First Year:** 60% of high-3 average pay  
Minus  
100% of any Social Security disability benefit payable

**Second Year  
to Age 62:** 40% of high-3 average pay  
Minus  
60% of the Social Security benefit payable, if any

**Age 62  
and Later:** The FERS disability retirement is recomputed at age 62 to equal a FERS basic retirement benefit that includes service to age 62. The average salary used in this calculation is increased by all FERS Cost of Living Adjustments which have occurred during the period the retiree was entitled to disability benefits.

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## Termination of Disability Benefits

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A disability annuity terminates if you are found recovered, restored to earning capacity or reemployed in Federal service.

**Medical Recovery** OPM may require periodic reevaluations on your medical condition until age 60. If OPM finds you recovered, your disability annuity payments will stop one year from the date of the medical examination showing your recovery or on the date that you are reemployed in the Federal service, whichever occurs first.

**Restoration to Earning Capacity** If your earnings from wages or self-employment equal at least 80 percent of the current salary rate of the position from which you retired, you are considered restored to earning capacity and your disability annuity payments terminate six months from the end of the calendar year in which your earning capacity is restored or on the date that you are reemployed in Federal service, whichever occurs first. Benefits may be reinstated if income falls below the 80% level and the disease or condition on which your disability retirement was approved still exists.

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## FERS Survivor Benefits

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### **FERS Survivor Benefits upon the Death of an Employee**

Basic Death Benefit - Lump Sum  
Survivor Annuity (10 years of service)  
Spouse / Former Spouse  
Children  
Social Security

### **FERS Survivor Annuity upon the Death of an Annuitant**

Spouse / Former Spouse  
Children  
Insurable Interest Survivor  
Social Security

### **Lump Sum**

Refund of contributions in retirement fund  
(Paid only if no survivor annuities are payable)  
Order of Precedence

### **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, <http://www.opm.gov>. (Use the search engine. Search CSRS and FERS Retirement Handbook.)

**Survivor Benefits upon the death of a FERS Employee:****18 months of service = Basic Employee Death Benefit**

- surviving spouse \$31,316, plus higher of:
- surviving former spouse (court order) -1/2 final salary  
-1/2 average salary
  
- surviving children \$494 / month

**Plus****10 years of service = Survivor Annuity**

- surviving spouse 50% of employee's basic annuity
- surviving former spouse (court order)
  
- surviving children \$494 / month

\*Note: The child's annuity is reduced by any Social Security child benefit payable.



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## Requirements

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### **Deceased Employee**

The deceased employee must have completed at least 18 months of civilian service and been subject to FERS at time of death for the basic employee death benefit to be paid to the spouse/former spouse and for survivor annuities to be paid to children. The deceased employee must have completed at least 10 years of civilian service and been subject to FERS at time of death for a survivor annuity to be paid to a spouse or former spouse.

### **Surviving Spouse**

The surviving spouse must have been married to the employee for at least 9 months at time of death (unless death accidental or spouse is the natural parent of a child of the deceased).

### **Surviving Former Spouse**

A surviving former spouse must have been married to employee for at least 9 months, and been awarded a survivor annuity by court order or decree in a divorce taking place after May 6, 1985, and not remarried before age 55. The court order has priority over current spouse's benefit, if conflict.

### **Surviving Children**

Surviving children must be unmarried, and under age 18, or full-time student under age 22, or any age and incapable of self-support because of a disability incurred before age 18. Note: The child's annuity is reduced by any Social Security child benefit payable.

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## Survivor Elections at Retirement

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### Survivor Annuity upon the Death of a FERS Annuitant

- |  |   |
|--|---|
| ■ surviving spouse                                     | 50% or 25% of basic annuity                                       |
| ■ surviving former spouse<br>(election or court order) | 50% or 25% of basic annuity<br>or amount specified in court order |
| ■ surviving children                                   | 2013 rate = \$ 494/child/month*                                   |
| ■ insurable interest survivor                          | 55% of reduced annuity  |

\*Note: The child's annuity is reduced by any Social Security child benefit payable.

### FERS Regular Survivor Benefits (Spouse and/or Former Spouse)

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.

#### Survivor Elections:

- Full Survivor Benefit  
Cost: 10% of retiree's basic annuity.  
Survivor receives: 50% of retiree's basic annuity
- Partial Survivor Benefit  
Cost: 5% of retiree's basic annuity.  
Survivor receives: 25% of retiree's basic annuity.  
(Notarized consent of spouse is required.)
- Split Benefit  
Spouse and Former spouse(s) each receive partial survivor benefits.  
(Consent of current spouse is required.)
- No Survivor Benefit  
(Notarized consent is required.)

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## Survivor Elections at Retirement

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### Example 1: Full Survivor Benefit

\$20,000 annuity - Elects Full Survivor Benefits

Cost: 10% of \$20,000 = \$2000

$$\begin{array}{r} \$20,000/\text{year } (\$1,666/\text{month}) \\ - \quad \underline{2,000/\text{year}} \\ \$18,000/\text{year } (\$1,500/\text{month}) \end{array}$$

**Survivor receives:** 50% of 20,000 = \$10,000/year  
= \$833/month

### Example 2: Partial Survivor Benefit

\$20,000 annuity - Elects Partial Survivor Benefit  
(based upon half of the annuity)

Cost: 5% of \$20,000 = \$1000

$$\begin{array}{r} \$20,000/\text{year } (\$1,666/\text{month}) \\ - \quad \underline{1,000/\text{year}} \\ \$19,000/\text{year } (\$1,583/\text{month}) \end{array}$$

**Survivor receives:** 25% of 20,000 = \$5,000/year  
= \$417/month



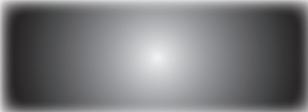
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## Health Insurance for the Surviving Spouse

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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.

**Widow's/Widower's  
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:

Retroactive reduction in annuity, plus 6% interest  
Actuarial Factor

+

The continuing reduction for survivor benefit



## Insurable Interest Survivor Benefit

*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 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 Benefits

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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 3102, Designation of Beneficiary Federal Employees 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.

### **Other Types of Designations**

The SF 3102 described above should not be confused with designation forms used for other types of benefits, such as:

- 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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## Preparing For Retirement

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### **Documentation of Service**

Review your own records.  
Review 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 FERS benefit formulas and compare.

#### **NOTE:**

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

- are in receipt of military retired pay and are contemplating waiving your Military Retired Pay to receive credit for your military service in your CSRS or FERS benefit
- have received a refund of CSRS contributions before transferring to FERS 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.
- 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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Take necessary actions on decisions you have made concerning your annuity.

### **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 CSRS 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 by submitting an SF3108 to your Personnel Specialist.

### **Paying Deposit for Non-Deduction Service Included in CSRS Component**

You may pay this deposit at any time during your career by submitting an SF 3108, Application to Make Service Credit Payment to your Personnel Specialist. You may also submit an SF 3108, along with your retirement application. OPM will notify you of the amount due and the annuity rates with and without payment prior to the final adjudication of your annuity. You will be given 30 days to pay the deposit in full.

### **Paying Deposit for Pre-1989 Non-Deduction Service Included in FERS Component and Redeposits for FERS Refunded Service**

You may pay this deposit at any time during your career by submitting an SF 3108, Application to Make Service Credit Payment to your Personnel Specialist. You may also submit an SF 3108, along with your retirement application. OPM will notify you of the amount due and the annuity rates with and without credit for the non-deduction service or refunded service prior to the final adjudication of your annuity. You will be given 30 days to pay the deposit or redeposit in full.

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

Post-56 military deposits must be made to the your employing agency prior to retirement. Submit SF 3108, Application to Make Service Credit Payment and SF 3108A, Application to Pay Military Deposit, along with military base pay earnings to your personnel specialist.



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## Annuity Commencing Dates

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### **Voluntary Retirements**

FERS Optional (Voluntary) retirements commence on the first of the month following the month of separation.

### **Annuity Commencing Dates (Voluntary Retirements)**

<u>Retire</u>	<u>Annuity Commences</u>	<u>The Check Date</u>
June 30	July 1	August 1
July 1	August 1	September 1
July 20	August 1	September 1

### **Disability and Discontinued Service Retirements**

(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**

Obtain all necessary retirement application forms from your Personnel Office or from [www.opm.gov](http://www.opm.gov)

- SF 3107 (FERS), Application for Immediate Retirement
- SF 2818, Election of Post-Retirement Basic Life Insurance

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

### **Forms and Documents to be Completed by the Employee**

#### **Complete and return to your Personnel Office:**

- SF 3107, Application for Immediate Retirement
- SF 3107, Schedules A, B, and C, if applicable
- SF 3107-2, Spouse's Consent to Survivor Election (if applicable)
- SF 2818, Election of Post-Retirement Basic Life Insurance Coverage (if applicable)
- 1199A, Direct Deposit Authorization

#### **Your Personnel Office will review your retirement application and complete:**

- SF 3107-1, Certified Summary of Federal Service
- SF 3107, Schedule D, Agency Checklist of Immediate Retirement Procedures
- SF 2821, Certification of FEGLI Status

### **Forms and Documents to be Completed by the Agency**

#### **Your Personnel Office will assemble all of the above documents along with:**

- SF 3107, or SF 2823, Designation of Beneficiary (if on file)
- Military discharge (if applicable)
- Records of post-56 military deposit
- SF 2803(s) and/or SF 3107(s), Applications to Make Deposit or Redeposit (if on file)
- Agency annuity estimates
- SF 176(s) and SF 2817(s), 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.

### FERS Cost of Living Adjustments - COLA

FERS Cost of Living Adjustments (COLA) begin at age 62 and are based on the increase in Consumer Price Index (CPI).

- If the CPI is 2 percent or less, the COLA is equal to the CPI.
- If the CPI is 2 to 3 percent, the COLA is 2 percent.
- If the CPI is 3 percent or more, the COLA is equal to the CPI minus 1 percent.

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.

Transfer employees receive CSRS Cost of Living Adjustments equal to the increase in CPI on the CSRS component of the annuity beginning in the first year of retirement.

#### **December 2012 Cost of Living Adjustment**

The December 2012 increase in CPI was 1.7%. The full December 1, 2012 FERS Cost of Living Adjustment was 1.7%.

FERS retirees, over age 62, whose annuity commenced on or before December 1, 2011, received a 1.7% Cost of Living Adjustment on December 1, 2012.

#### **Law Enforcement Officer and Firefighters**

Law Enforcement Officers and Firefighters receive Cost of Living Adjustments beginning in the first year of retirement.

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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 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 one of the exceptions 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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## Taxes on Federal Annuities

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Civil Service annuities commencing on or after 7/1/86 were subject to Federal taxation under the “General Rule” or the “Simplified General Rule.”

Federal annuities commencing after 11/18/96 are required to use 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 cost, and the taxable balance.

### **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 adjusted investment in the contract. (“Exclusion Limit”)

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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.**

# 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

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

### Example: 57 year old FERS retiree / no survivor benefit

**FERS Retiree, Age 57**  
**\$14,000 in Retirement Fund**

$$\frac{\$14,000}{310} = \$45 \text{ per month tax free} = \$540 \text{ per year tax free}$$

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## Annuity Tax Calculations

(Continued)

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### 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:
Not more than 110	410
111 to 120	360
121 to 130	310
131 to 140	260
141 and over	210

#### Example: 57 year old FERS retiree with survivor benefit

**FERS Retiree, age 57 / Spouse, age 57**

**Combined ages = 114**

**\$14,000 in CSRS Retirement Fund**

$$\frac{\$14,000}{360} = \$39 \text{ per month tax free} = \$468 \text{ per year tax free}$$

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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. 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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## 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).

### **Not Available in Retirement**

**Flexible spending accounts do not continue into retirement. Employees may only be reimbursed for expenses incurred prior to date of separation.**

## 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-imbursement 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	Dental
SAMBA	Medical, Rx, Dental, Vision	Vision,Dental, Mental Health Svc
UnitedHealthcare	Medical, Rx, Dental, Vision	Denied Rx
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.



## Telephone Numbers/Addresses

### 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

### 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)        | OPM<br>Retirement Operations Center<br>P.O. Box 45<br>Boyers, PA 16017-0045   |
| 8. To inquire about any matter not listed above.  |   |

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## 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)

Use Search Feature

CSRS and FERS Retirement Handbook for Personnel and Payroll Offices

Retirement and Insurance Publications

Browse By Audience

Federal Employees

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](#)