

Chapter 4

Post-Retirement

Section 1

Overview

After you retire, the Office of Personnel Management provides most benefits services that your human resources office provided while you were an active employee. When OPM receives your retirement application, it will notify you of that fact and provide you with a civil service ID number, which consists of seven numbers preceded by "CSA." Use that number when contacting OPM about your annuity; if you need to contact OPM before you get that number, ask your former agency's payroll office for the number and date of the Register of Separations and Transfers you were on. You also would need your payroll ID number, which is on each pay statement.

Final adjudication of claims can take a number of months. Until OPM completes the adjudication of your claim, you will receive interim payments based on an OPM estimate of your correct monthly amount. Interim payments average about 80 percent of the final amount, although the percentage can be substantially lower in some cases. Complex employment histories and inaccurate or incomplete information on application forms are common causes of delays. Upon final adjudication, full benefits will be paid and you will be reimbursed for any shortfall from the interim payments.

See Applying for Retirement and Survivor Benefits in Chapter 3, Section 4, for information on challenging OPM's benefits determination if you disagree with it.

Retirement annuity payments cover the preceding month. Almost all retirees receive their annuities through direct deposit, with the funds available at the chosen financial institution on the first business day of each month, or, if the annuitant does not designate one, through the government's Direct Express Debit MasterCard program. For those receiving payment by check, mostly applicable to long-time retirees, mailings are timed to be received on that day. While OPM administers the benefits, the payments come from the Treasury.

If you asked on your application that federal taxes be withheld, the amount you specified will be deducted from your annuity; if you didn't specify an amount, the deduction will be based on the "married plus three dependents" rate. Elections for withholding of state taxes, if applicable, also can be made. If you chose not to have taxes withheld, you'll have to fully settle any tax obligations on your own, typically involving quarterly payments.

See Section 3 of this chapter for information on how benefits are adjusted for inflation.

Retirees no longer contribute to the retirement system. They further may not make investments in the Thrift Savings Plan, get government contributions toward their TSP accounts or borrow against them. However, they can leave their TSP accounts in place, within limits, and can continue to shift money among the investments funds. They also have a number of options to withdraw money or transfer it into other tax-favored accounts, again within limits. See Chapter 6.

Retirees must pay the premiums of any government-sponsored insurance that they are eligible to continue and wish to continue. If you were eligible to carry your coverage under the Federal Employees' Group Life Insurance program (FEGLI) and the Federal Employees Health Benefits (FEHB) program into retirement, OPM will automatically deduct from your annuity any premiums due on a monthly basis. Note that the monthly premium withholding is slightly more than twice the active employee biweekly rate since there typically are 26 biweekly pay periods in a year, not 24.

Premiums under the Federal Employees Dental and Vision Insurance Program will transfer automatically from payroll to annuity withholding, although OPM recommends that you also contact your carrier; those premiums also will be deducted monthly rather than biweekly. If you have coverage under the Federal Long-Term Care Insurance Program and are paying those premiums through direct billing or automated withdrawals from a financial

Chapter 4—Post Retirement

account, you do not need to make any changes. However, if you had FLTCIP premiums deducted from pay as an active employee, you will need to contact the carrier to switch to withholding from your annuity, direct billing, or automated withdrawals.

Although insurance rates do not change because of retirement (except that postal retirees lose the additional FEHB premium subsidy paid to postal workers versus non-postal workers), benefits under FEHB and FEDVIP effectively become more expensive because retirees are not eligible to pay those premiums with pre-tax money through “premium conversion.” That is not the case with FEGLI and FLTCIP, where all enrollees pay premiums after-tax. However, premiums under FEGLI increase when you advance into a higher age group, as they did when you were an active employee.

There are restrictions on new enrollments after retirement under FEHB and FEGLI for those who did not carry those benefits into retirement. New enrollments are allowed under FEDVIP and FLTCIP after retirement regardless of prior coverage status.

Various changes to FEHB and FEDVIP are allowed for retirees on the same terms as for employees during the annual open season for those programs and on experiencing certain life events. FEGLI coverage cannot be increased in retirement, only decreased or canceled, and that program’s rare open seasons do not apply to retirees. Retirees also are not affected by the opportunity for employees to newly enroll with only minimal underwriting during the rare open seasons in the FLTCIP program, although they are subject to any general premium increases; in addition, at any time retirees can cancel or reduce coverage or, within restrictions, increase it.

See Chapter 2 for details on each program.

See Section 2 of this chapter for information on post-retirement survivor benefit elections.

Special rules apply to annuities and other benefits for retirees re-employed by the government, as described in Section 4 of this chapter.

For information about Social Security enrollment and benefits, see Chapter 3, Section 9. For information about Medicare enrollment and costs, see Chapter 5, Section 8. For information about taxation of annuity benefits, see Chapter 14.

Note: In phased retirement the individual does not separate from service but rather changes to part-time employment (while collecting a partial annuity), and is treated as an active employee, not as an annuitant, for benefits and other purposes during the phased retirement period. Special rules apply to annuity computations and to inflation adjustments at full retirement. See Phased Retirement in Chapter 3, Section 1.

For retirement information and to make certain changes, such as providing a new mailing address or starting or changing direct deposit or tax withholding, go to www.opm.gov/retirement-services. You may also contact OPM at retire@opm.gov, (888) 767-6738 or write to OPM, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

Section 2 Survivor Benefits

Under the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS), retiring employees can elect to have their annuities reduced to provide survivor benefits for a current or former spouse or for certain other persons. See Chapter 3, Section 4, for information about the types of survivor annuities, benefits for children, death benefits when no one is eligible for a survivor annuity, and how to apply for retirement and survivor benefits; see Chapter 3, Section 6 for information about survivor benefits for disability retirees who die. (Note: Survivors of employees who die in service after having met certain minimum service requirements also are eligible to receive certain benefits; see Benefits Upon Death in Service in Chapter 8, Section 4). OPM publications providing detailed policies and procedures in various situations are at www.opm.gov/retirement-services/publications-forms/pamphlets.

Note: While eligibility to provide for survivor benefits applies to same-sex spouses (and to their children for children’s survivor benefits, if otherwise eligible; see Survivor Benefits for Children in Chapter 3, Section 4) it does not apply to domestic partnerships, civil

unions, or other arrangements not formally recognized as a marriage, nor to common law marriages.

Note: Elections of insurable interest annuities are not allowed after retirement.

Survivors of retirees (and of active employees) also have certain rights under Social Security (see Chapter 3, Section 9), the Federal Employees Compensation Act (see Chapter 5, Section 5), the Thrift Savings Plan (see Chapter 6, Section 4), and government-sponsored insurance benefit programs (see Chapter 2).

Changing the Survivor Election for Your Spouse After Retirement

If you are married at retirement, you may change your decision not to provide a survivor annuity or you may increase a survivor annuity amount elected, but you must make a payment (see below) if you do not do so within 30 days after the date of your first regular monthly payment. Your new election must be made in writing (Standard Form 2801 for CSRS, 3107 for FERS) to: Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045. The forms are available by writing to that address, calling (888) 767-6738 or at www.opm.gov/forms.

Your first regular monthly payment is the one OPM has determined to be payable on a recurring basis (not on an estimated or adjustment one). If you change your election to anything less than the maximum survivor benefit, you must get your spouse's consent to the election, in writing, or request that OPM waive the spousal consent requirement if the spouse's whereabouts cannot be determined.

Beyond that initial period, you can only change your election, in writing, within 18 months after the beginning date of your annuity. If you make that change in that time, you must pay: a deposit representing the difference between the reduction for the new survivor election and the original survivor election; plus a percentage of your annual annuity. Under FERS, this percentage is 24.5 percent of your annual annuity (at retirement) if you are changing from no survivor benefit to a full (50 percent) survivor benefit, and 12.25 percent if you are changing from none to a partial (25 percent) benefit or from a partial benefit to a full benefit. Under CSRS, this percentage is 24.5 percent of the amount of the increase from the original base to the new survivor base. That increase can be in any amount up to a full (55 percent) survivor annuity. Interest on the deposit must also be paid, chargeable at the same rate used for other retirement system deposits and redeposits (see the Interest Rates table in Chapter 3, Section 3). The election should be filed at the address above.

Electing Survivor Benefits Following Marriage After Retirement

If you marry after retirement, you can elect a reduced annuity to provide a survivor annuity for your spouse using the pertinent form as described above, but only if you request the benefit within two years of the date of the marriage.

To be eligible for a survivor benefit in this circumstance, the spouse must have been married to you for at least nine months before your death, or, if married less than nine months, be the parent of a child born to the marriage, or your death must have been accidental. You may elect either a full survivor annuity or a partial survivor annuity. (Note: If you remarry the same person you were married to at retirement and that person consented to either no survivor annuity or a partial survivor annuity, you cannot elect a survivor annuity greater than the amount provided in your original election.)

If you elect to provide a survivor annuity, there will be two reductions in your annuity. One will be the standard reduction to provide the survivor benefit; the reduction depends on whether you have elected to provide a full survivor annuity or a partial survivor annuity (see General Types of Survivor Annuities in Chapter 3, Section 4). The reduction to provide the survivor benefit will be eliminated if your marriage ends.

The other reduction in your annuity is a permanent actuarial reduction to pay the survivor benefit deposit. The deposit equals the difference between the new annuity rate and the annuity paid to you for each month since retirement, plus 6 percent interest. The reduction is determined by dividing the amount of the deposit by an actuarial factor for your age on the date your annuity is reduced to provide the survivor benefit. The actuarial reduction will not be eliminated from your annuity if your marriage ends. For more information on actu-

Chapter 4—Post Retirement

arial reductions, see Chapter 3, Section 7. A request for information about survivor annuity benefits or signed, written elections of survivor benefits should include the retiree's full name and CSA number, should include a copy of the marriage certificate, and should be sent to Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA, 16017-0045.

See Chapter 2 for information about coverage for a spouse who becomes newly eligible under insurance programs, including options for you to change your enrollment in health insurance and dental and vision insurance on the basis of experiencing a qualifying life event. You further may wish to change your beneficiary designations for life insurance, lump-sum retirement death benefits, and the Thrift Savings Plan. The marriage will not make your spouse the beneficiary under those programs if you previously designated the benefits to someone else and do not change the designation.

Electing Survivor Benefits for a Former Spouse if Your Marriage Terminates After Retirement

If your marriage terminates after retirement, you can elect a reduced annuity to provide a survivor annuity for your former spouse, but only if you contact OPM to request the benefit within two years of the date of the termination of the marriage. You may elect either a full survivor annuity or a partial survivor annuity. However, if at your retirement your then-spouse consented to either no survivor annuity or a partial survivor annuity, you cannot elect a survivor annuity greater than the amount provided in your original election. The same reductions are applied as those for marriage after retirement as described above.

For more information on survivor benefits for former spouses, see Chapter 7, Section 2.

Changing an Insurable Interest Annuity Election for a Current Spouse to a Regular Survivor Annuity Election

If a former spouse's court-ordered survivor annuity will prevent your current spouse from receiving a survivor annuity that is sufficient to meet his or her anticipated needs, you may elect an insurable interest annuity for your current spouse at retirement. (See Chapter 3, Section 3 for information about insurable interest annuities.) If the former spouse later loses entitlement to the court-ordered survivor annuity for one of the reasons described below, you can request that the reduction in your annuity to provide the insurable interest annuity be converted to the regular survivor annuity reduction. Your current spouse would then be entitled to the regular survivor annuity.

Termination of the Reduction in Your Annuity to Provide a Survivor Benefit

Current Spouse—The reduction in your annuity to provide a survivor annuity for your current spouse stops if your marriage ends because of death, divorce, or annulment.

Former Spouse—The reduction in your annuity to provide a survivor annuity for a former spouse stops: if the former spouse remarries before reaching age 55 or dies; or if required by a court order. (Modifications to the court order issued after you retire do not affect the former spouse survivor annuity.)

Insurable Interest—The reduction in your annuity to provide an insurable interest annuity stops if the person you name to receive the insurable interest annuity dies or if the person you name is your current spouse and you change your election because a former spouse has lost entitlement to a survivor annuity. The reduction also ends if, after you retire, you marry the insurable interest beneficiary and elect to provide a spousal survivor annuity for that person. If you marry someone other than the insurable interest beneficiary after you retire and elect to provide a survivor annuity for your spouse, you may cancel the insurable interest reduction at that time.

Section 3

Cost-of-Living Adjustments (COLAs)

The annual adjustment to annuities to reflect changes in the cost of living represents one of the most important provisions in federal retirement programs. The Civil Service Retirement System (CSRS) and Social Security keep annuities at their full value each year (unless specifically modified by changes in law), and the Federal Employees Retirement System (FERS) provides almost full inflation protection. The cost-of-living increases for eligible retirees and survivor annuitants are effective each December, payable in January annuity payments.

Note: If the COLA count for a measuring period (see below) is negative, benefits are frozen but not reduced.

If the COLA will cause an annuity to exceed the pay rate for GS-15, step 10, at the highest locality pay rate, the adjustment will be capped at that figure. However, if an individual's final salary (or "high-3" average salary, if higher) increased by all cumulative average general schedule salary increases from the commencing date of his or her annuity to the COLA date is greater than the highest rate for GS-15, step 10, this latter amount will be the annuity cap. Cumulative General Schedule increases are used in all cases, even though the individual may have been employed under a different pay system. Although this cap applies to any increases added to an existing annuity, an annuity that currently exceeds the cap will not be reduced.

The COLA on Social Security benefits is paid at the same rate as that of CSRS benefits. A full Social Security COLA is paid even if the retiree has been receiving benefits for less than a year.

CSRS COLAs

The percentage increases of CSRS COLAs are determined by the average Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the third quarter of each year over the third-quarter average CPI-W index of the previous year. COLAs are paid to all CSRS retirees, regardless of the age at which they retire, and to their survivors.

The initial cost-of-living adjustment for newly retired CSRS employees is prorated depending on the month in which their retirement begins. A CSRS employee who retires within the first three days of a given month will be on the annuity roll for that month; otherwise, the employee would be on the roll for the following month. For example, a CSRS employee whose retirement date was June 1, 2, or 3 would be on the annuity roll in June; but if the retirement date was June 4 through 30, the employee would be on the annuity roll in July.

Note: CSRS employees who retire on the first, second, or third day of a month will have their annuities for that month reduced by 1/30th for each day they are not on the annuity roll.

To get the full January 2021 COLA, a CSRS retiree must have been retired no later than December 3, 2019.

An annuity to a survivor begins on the day after the retiree dies. If the retiree already was receiving a COLA, the survivor annuity isn't subject to proration. If the retiree hadn't yet received one, the survivor's COLA is prorated based on the commencing date of the deceased retiree's annuity. The same proration applies to the COLA benefits of survivors of employees who die in service.

To determine the amount of COLA for a retiree (or survivor) who has not been on the annuity roll for at least 12 months, divide the CSRS COLA rate by 12, multiply the result by the number of months on the annuity roll, then round to the nearest 1/10th percent.

FERS COLAs

The percentage increases of FERS COLAs begin with the same calculation used for CSRS COLAs. If the increase is 3 percent or more, benefits eligible for COLAs are increased by the CPI-W change minus one percentage point. If the CPI-W increases by 2 percent to 3 percent, the adjustment will be 2 percent. If the CPI-W increase is 2 percent or less, the adjustment will equal the CPI-W increase.

Chapter 4—Post Retirement

Unlike CSRS employees who may retire up to the third day of a month and be on the annuity roll in that month, FERS retirees always are on the annuity roll in the month following the month in which they retire. For example, a FERS employee who retires on any date in June would be on the annuity roll in July.

To get the full January 2021 COLA, a FERS retiree must have retired no later than November 30, 2019; see above for policies regarding survivor annuities.

To determine the amount of COLA for a retiree (or survivor) who has not been on the annuity roll for at least 12 months, divide the FERS COLA rate by 12, multiply the result by the number of months on the annuity roll, then round to the nearest 1/10th percent.

With certain exceptions, FERS retirees don't receive a cost-of-living adjustment to their annuities until age 62. Not subject to this limitation are:

- retirement benefits payable to law enforcement officers, firefighters, air traffic controllers, special CIA employees, or military reserve technicians who lost their military status due to medical reasons and who were age 50 with at least 25 years of service;
- survivor benefits; and
- disability retirement benefits.

For FERS retirees with a mixed CSRS/FERS annuity, the COLA on the CSRS portion is governed by CSRS policies and the COLA on the FERS portion is governed by FERS policies.

Note: The special retirement supplement, which approximates the amount of Social Security benefit earned while a FERS employee, is never increased by cost-of-living adjustments. See Special Retirement Supplement in Chapter 3, Section 4.

Retiree COLAs of Recent Years

Federal Employees Retirement System

Year	Rate	Year	Rate	Year	Rate
2020	1.6	2013	1.7	2006	3.1
2019	2.0	2012	2.6	2005	2.0
2018	2.0	2011	0.0*	2004	2.0
2017	0.3	2010	0.0*	2003	1.4
2016	0.0*	2009	4.8	2002	2.0
2015	1.7	2008	2.0	2001	2.5
2014	1.5	2007	2.3	2000	2.0

Civil Service Retirement System

Year	Rate	Year	Rate	Year	Rate
2020	1.6	2013	1.7	2006	4.1
2019	2.8	2012	3.6	2005	2.7
2018	2.0	2011	0.0*	2004	2.1
2017	0.3	2010	0.0*	2003	1.4
2016	0.0*	2009	5.8	2002	2.6
2015	1.7	2008	2.3	2001	3.5
2014	1.5	2007	3.3	2000	2.4

* No COLA paid because inflation count was negative.

Section 4 Re-Employment of Annuitants

Federal retirees may be re-employed in any position for which they are qualified, subject to the restrictions described below. Retirees may apply for job vacancies through regular procedures as described in Chapter 8, Section 1. Some federal annuitants are rehired under a special noncompetitive appointment authority for experts and consultants, or under other special hiring authorities described there.

General rules on re-employment of annuitants are at 5 CFR 837. Apart from the exceptions described below, annuity payments and salaries of returning annuitants may not be combined, and the salaries of those re-employed annuitants who retired voluntarily will be reduced by the amount of the annuity. (Note: Pay is not reduced for a period during which you have elected to receive injury compensation benefits in lieu of an annuity or when you receive a lump-sum payment of annual leave on separation from the re-employment position.)

Those who retired early under a discontinued service retirement will have their annuity terminated upon re-employment. They may retire again only when they meet the age and service requirements for the retirement system they are in.

Re-employed annuitants who have recovered from disability or who were involuntarily separated must pay retirement deductions under either the Civil Service Retirement System or Federal Employees Retirement System, as applicable. Re-employed CSRS annuitants whose annuities are subtracted from their pay may elect whether to have deductions made; retirement deductions are required for re-employed FERS annuitants. In general, persons who draw both a full salary and a full annuity do not have retirement contributions withheld from their pay and the time does not count toward a supplemental or redetermined annuity, nor may they make new investments in the Thrift Savings Plan.

Under 5 U.S.C. 3323, a re-employed annuitant is an at-will employee and therefore may be terminated with or without cause. This does not mean, however, that re-employed annuitants are wholly without rights. For example, they are covered by laws against discrimination and prohibited personnel practices. Similarly, those injured on the job and who receive compensation under the Federal Employees Compensation Act are included in that law's other protections, including protection from termination predicated on a compensable injury and the right to restoration upon recovery from that injury.

Re-employed annuitants also are eligible for benefits as described below. Check with the hiring personnel office for the specific terms of employment.

Notes: Phased retirement is a hybrid of work and retirement and is not a form of annuitant re-employment for these purposes because the individual does not separate from federal service. See Phased Retirement in Chapter 3, Section 1. Some federal annuitants return to government under "personal services" contracts. Terms of those arrangements vary, but such persons commonly are considered independent contractors, not re-employed annuitants. See Personal Services Contracts in Chapter 8, Section 1.

'Exceptional Needs' Appointments

The head of an agency may request the Office of Personnel Management to approve individual exceptions to the salary offset requirement on a case-by-case basis to meet "exceptional recruiting or retention needs" in the following situations:

- To respond to an existing emergency involving a direct threat to life or property such as a military threat, natural disaster or other unforeseen occurrence.
- Based on exceptional difficulty in recruiting a qualified candidate for a particular position. Requests submitted on this basis must include a description of the length, breadth, and results of the agency's recruiting efforts for the position and any other factors demonstrating that a legitimate recruiting need cannot be met without the requested waiver. These factors may include, but are not limited to, unusual qualification requirements or working conditions, possibility of job re-engineering or contracting, or a need to fill the position immediately.
- When an agency needs the services of an individual who is uniquely qualified for

Chapter 4—Post Retirement

an ongoing project and who would not return without a waiver.

- Other unusual circumstances that do not rise to the level of an emergency as described above, such as an agency's need to conform to a congressional or other mandate to meet a new or expanded mission requirement by a particular date, or the need to appoint on a temporary basis an annuitant who possesses a security clearance, authorization, or other similar credential required to perform new or expanded mission-critical work which no other employee could obtain within a reasonable time.

Annuitants re-employed under this authority do not earn credit toward either a supplemental or redetermined annuity and may not invest in the Thrift Savings Plan. They may earn both annual and sick leave during the period of their re-employment but they do not have reduction-in-force protection. They are considered at-will employees who can be terminated whenever the employing agency chooses to do so. Contact the hiring personnel office to determine the terms of employment.

Regulations pertaining to salary offset waivers are at 5 CFR 553, which implement statutory provisions at 5 U.S.C. 8344(i) and 8468(f).

OPM encourages agencies to use standard waiver request templates that list the criteria OPM considers and that can speed up the process by eliminating requests for further information. The templates are at www.opm.gov/policy-data-oversight/hiring-authorities/dual-compensation-waivers.

Limited Time Appointments

Under 5 U.S.C. 8344, an agency may waive the offset between salary and annuity for rehired annuitants for limited time appointments if the agency head determines that the employment of the annuitant is necessary to:

- fulfill functions critical to the mission of the agency, or any component of that agency;
- assist in the implementation or oversight of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) or the Troubled Asset Relief Program under Title I of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201);
- assist in the development, management, or oversight of agency procurement actions;
- assist the inspector general for that agency in the performance of the IC's mission;
- promote appropriate training or mentoring programs of employees;
- assist in the recruitment or retention of employees; or
- respond to an emergency involving a direct threat to life of property or other unusual circumstances.

The authority is limited to 520 hours during the six months following the individual's annuity commencing date; 1,040 hours during any 12-month period; and a total of 3,120 hours lifetime. The waivers may be granted to not more than 2.5 percent of the total number of full-time agency employees, and agencies must produce a justification if the number exceeds 1 percent. The authority applies to Executive, Judicial and Legislative Branch agencies including the Postal Service, except for DoD, which has separate authority as described above, and the Government Accountability Office. Periods of employment under this authority aren't creditable for either a supplemental or redetermined annuity.

Other Exceptions

DoD Authority—Under 5 U.S.C. 9902, the Defense Department may rehire annuitants—regardless of which agency they retired from—without an offset between annuity and salary in positions:

- deemed hard to fill as evidenced by historically high turnover, a severe shortage of candidates, or other significant recruiting difficulty;
- critical to the accomplishment of the organization's mission or to complete a specific project or initiative;
- where candidates have unique or specialized skills or unusual qualifications not generally available; or
- for up to one year full time or two years part time to mentor less experienced employees and/or to provide continuity during critical organizational transition.

The positions may be filled on a time-limited or indefinite basis.

The authority may not be used solely to benefit the individual. A retiree cannot be re-employed in his or her previous position unless someone above the hiring official approves it and certifies the critical conditions. Before any retiree can be hired, the position must be offered to qualified former employees in the DoD Priority Placement Program. For executive-level positions, only the secretaries of the military departments or heads of defense agencies and field activities may appoint annuitants under the authority. It is DoD policy that positions at bases scheduled for closure or for significant reductions due to restructuring automatically meet the “hard to fill” criterion. Periods of employment under this authority aren’t creditable for either a supplemental or redetermined annuity.

FBI Authority—Under 5 U.S.C. 3598, the FBI may temporarily re-employ up to 500 retired former full-time employees of the Bureau without offset between annuity and salary for periods of emergency as determined by the director. An individual may not be re-employed for more than 180 days in connection with any particular emergency unless, in the judgment of the director, the public interest requires it.

Foreign Service Annuitants—Under 22 U.S.C. 4064(g)(1), the Secretary of State may waive the offset requirement on a case-by-case basis for a Foreign Service annuitant re-employed on a temporary basis, and may grant similar authority to other Executive Branch departments and agencies. A determination must be made that a waiver is necessary due to an emergency involving a direct threat to life or property or other unusual circumstances, or that there is exceptional difficulty in recruiting or retaining a qualified employee. The authority is mainly intended to facilitate the assignment of persons to Iraq and Afghanistan or to posts vacated by members of the Foreign Service assigned there. Similar authority applies to the Agency for International Development under 22 U.S.C. 2385(j)(1)(A). Also, under 22 U.S.C. 4064(g)(1), the Secretary of State may waive the offset to employ Foreign Service annuitants to assist in the processing of passport applications, including passport fraud investigations, and visa applications at consular posts with a substantial application backlog.

Other—In addition to those exceptions, you should ask your employing agency for information about special retirement rules that may apply to you if you are re-employed:

- on an interim basis, as a consequence of an administrative or judicial body reviewing the grounds for your separation;
- as a Presidential appointee to a position that is permanent in nature;
- as a former Member of Congress who separated from Congressional service with more than five years of service as a Member of Congress;
- as a justice or judge of the United States, as defined by 28 U.S.C. 451;
- after retiring as a U.S. Secret Service agent who was covered by the Washington Metropolitan Police retirement system; or
- under another retirement system for federal employees.

Effect on CSRS Annuity

If Annuity Stops—Subject to the exceptions noted above, re-employment with the government will cause your annuity to stop if:

- you are a disability annuitant whom the Office of Personnel Management has found recovered or restored to earning capacity prior to re-employment;
- you are a disability annuitant who was not disabled for your National Guard Technician position but were awarded disability annuity because you were medically disqualified for continued membership in the National Guard;
- your annuity is based on an involuntary separation (other than a separation that was required by law based on your age and length of service or a separation for cause on charges of misconduct or delinquency) and your new appointment is permanent in nature (for example, career, career-conditional, or excepted); or
- you receive a Presidential appointment subject to retirement deductions.

If your annuity stops as the result of your re-employment with the government, your status will be that of a regular employee.

If your new appointment gives retirement coverage:

Chapter 4—Post Retirement

- the coverage will be CSRS if you had CSRS coverage when you retired, and you are re-employed within one year of your retirement.
- the coverage will be CSRS Offset if you had CSRS Offset coverage when you retired, you are re-employed more than a year after retiring under standard CSRS coverage, or you are appointed to a senior position that is subject to mandatory Social Security coverage.

You will be eligible to transfer to FERS if you are re-employed after a break in service of more than three days and your new appointment is neither temporary nor intermittent.

When your re-employment ends, a new determination about your rights to retirement benefits will be made. Your prior retirement benefit generally has no impact on your new retirement benefit.

If you meet all the requirements for an immediate retirement, your benefit will be computed as though you are retiring for the first time. (Note: The unused sick leave balance used in the initial retirement computation will be added to your unused sick leave balance when your re-employment ends.)

Generally, you will have to wait until age 62 to receive a deferred annuity if you do not qualify for an immediate retirement benefit when your re-employment ends.

In rare situations, an annuity based on an involuntary retirement may be reinstated when your re-employment ends. The annuity will be reinstated if:

- you were re-employed after more than one year of your initial retirement, and
- your re-employment lasted less than one year.

A disability annuity may be reinstated when your re-employment ends if:

- you have not reached age 62,
- you were re-employed more than one year after you separated for disability retirement,
- your re-employment lasted less than one year and your disability has recurred, or your earnings capacity falls below the 80 percent limitation.

If Annuity Continues—If your annuity does not stop under the rules above, then you will continue to receive it while you are working. Your pay will be reduced by the amount of annuity paid for the period you work unless you fall under one of the exceptions described above. If you do not work full time, the reduction in pay will be adjusted proportionately.

Effect on FERS Annuity

If Annuity Stops—Subject to the exceptions noted above, re-employment with the government will cause your annuity to stop if:

- you are a disability annuitant whom the Office of Personnel Management has found recovered or restored to earning capability prior to re-employment; or
- you are a disability annuitant who was not disabled for your National Guard Technician position but were awarded a disability annuity because you were medically disqualified for continued membership in the National Guard.

When your annuity stops, you have the same status as any other federal employee employed in an equivalent position with a similar service history. Your retirement coverage will be FERS.

When you again leave federal service, you will be entitled to either an immediate or deferred FERS annuity based on this new separation. Generally, the annuity will be computed on the basis of your service and salary history at the time of the future separation from federal service.

If Annuity Continues—If your annuity does not stop under the rules above, then you will continue to receive it while you are working. Your pay will be reduced by the amount of annuity paid for the period you work unless you fall under one of the exceptions described above. If you do not work full time, the reduction in pay will be adjusted proportionately.

Leave Policies

Re-employed annuitants earn sick leave at the standard rate of four hours per pay period and earn annual leave at a rate that corresponds to their total years of creditable service; this

typically is at the maximum rate of eight hours per biweekly pay period (prorated in the case of part-time employment). See Chapter 5, Section 1, for annual leave accrual rates and other leave policies.

If you are re-employed in the federal service prior to the expiration of the period covered by the lump-sum payment on separation for unused annual leave, you must refund the portion of the payment that represents the time between the date of re-employment and the expiration of the lump-sum period. The employing agency will credit a corresponding number of days and hours to your annual leave account.

Re-employed annuitants are entitled to receive a lump-sum payment for any unused annual leave to their credit when they retire again. This payment is not subject to a salary/annuity offset.

FERS retirees who had none or only part of their unused sick leave credited toward their annuity computation on retirement will have the uncredited leave restored to them if they return to federal service as re-employed annuitants. See Credit for Unused Sick Leave in Chapter 3, Section 3 for policies governing crediting of sick leave toward FERS annuities for retirements occurring before calendar year 2014; for FERS retirements in 2014 and after, all unused sick leave is used in the annuity computation (as it always has been for CSRS retirements) and therefore there would be no unused sick leave to restore on re-employment. Those who become entitled to a supplemental or redetermined annuity when they retire after re-employment (see below) will have unused sick leave that is to their credit at their new retirement included in that calculation.

Supplemental and Redetermined Annuities

Re-employment may increase your retirement and death benefits. As a re-employed annuitant, you may be eligible to earn either a supplemental annuity or a redetermined annuity. A supplemental annuity is an annuity that is added on to your present annuity. A redetermined annuity is a recomputed annuity that takes the place of your present annuity.

If your annuity stops on re-employment, you can only receive a supplemental or redetermined annuity if you meet the age and service requirements for immediate retirement. If your annuity continues, you generally cannot receive either of these benefits if you were hired under one of the exceptions (see above) allowing you to receive both your annuity and the salary of your new position; no retirement deductions are withheld and you cannot make a deposit to get credit for that time. Check with the hiring personnel office to determine your terms of employment.

If you work as a re-employed annuitant on a full time, continuous basis for at least one year, you may be entitled to a supplemental annuity. If you work part time, you must work a proportionately longer period to earn a supplemental annuity. If your re-employment continues for at least five years, or the part-time equivalent, you may elect a redetermined annuity.

Intermittent service cannot be counted in establishing eligibility for a supplemental or redetermined annuity and cannot be used in the computation of a supplemental annuity.

If you die while re-employed, after becoming eligible for either a supplemental or redetermined annuity, your surviving spouse may have his or her survivor benefit either increased or recomputed.

CSRS re-employed annuitant service cannot be credited in a supplemental or redetermined annuity unless a deposit is paid after separation, or retirement deductions are withheld. If you are re-employed in a full-time or part-time position, you may elect to have retirement deductions withheld from your pay. The amount of retirement deductions or deposit is a percentage of your basic pay before it is reduced for annuity. Retirement deductions are mandatory for FERS re-employed annuitants.

Disability Retirees

If Under Age 60—If you are re-employed on a permanent basis in a position equivalent in grade and pay to the position from which you retired, or if you are re-employed subject to medical and physical qualification standards equivalent to those of the position from which you retired, OPM may find that you have recovered from your disability.

If you are re-employed in a position that is not equivalent to the one you held at

Chapter 4—Post Retirement

retirement, your annuity will continue and your salary will be offset by the amount of your annuity for the period of re-employment. You will be subject to the 80 percent earnings limit (see Recovery or Restoration of Earning Capacity in Chapter 3, Section 6). You reach the 80 percent earnings limit if, in any calendar year, your income from wages and self-employment is at least 80 percent of the current rate of basic pay for the position from which you retired.

The pay of the position in which you are re-employed, prior to the offset of annuity, will be included as earnings in determining whether you are restored to earning capacity and your annuity must stop.

Receipt of, or continued entitlement to receive, full or partial injury compensation during re-employment, when those benefits are based on the same injury or medical condition that is the basis for OPM's award of disability retirement, is considered conclusive evidence (unless there is contravening medical evidence) that you have not recovered from your disability.

If Age 60 or Over—If you are a disability retiree age 60 or older at the time of re-employment, your annuity payments will continue and your salary will be reduced by the amount of your annuity. There is no limit on the amount of earnings you may receive. You will not be found recovered on the basis of your employment unless you specifically request to be found recovered.

Health Insurance

If your annuity stops upon re-employment, your Federal Employees Health Benefits (FEHB) program coverage as an annuitant stops, too. If your appointment is one that gives you eligibility for FEHB coverage, you can enroll in FEHB when you are re-employed. As an active employee, you will pay premiums with pre-tax money under the premium conversion arrangement unless you waive participation.

If your annuity continues upon re-employment, your employing office will transfer your enrollment from your retirement system to your agency and you will pay premiums with pre-tax money under the premium conversion arrangement unless you waive participation.

If you only enrolled when re-employed, that coverage will terminate unless you were covered for the five continuous years before you again separate from the service or from your first opportunity to enroll. Your participation in premium conversion ends on the last day of the last pay period as an employee.

Life Insurance

If your annuity stops upon re-employment, your Federal Employees' Group Life Insurance (FEGLI) as an annuitant stops without a right to convert to an individual policy. You acquire life insurance coverage as an employee under the same conditions as any other employee who is rehired in the federal service.

If your annuity continues after you are re-employed, you retain the life insurance you have as a retiree. However, if the type of appointment you have makes you eligible for FEGLI coverage as an employee, Basic life insurance, Standard Optional insurance, and the Family Optional insurance are suspended. They will be resumed at the same rate when the re-employment ends, except for any reductions that would apply starting at age 65.

During your re-employment, you will have Basic, Standard Optional, and Family Optional as an employee (including accidental death and dismemberment coverage, where applicable) and withholding of premiums will be made from your pay. The cost of Additional Optional insurance, if you have it, will continue to be withheld from your annuity payment unless you request that it also be suspended so that you can have Additional Optional insurance as an employee. If you choose to have Additional Optional insurance as an employee, you will be subject to the same conditions as other employees who are rehired.

If you die during the period of re-employment, your survivor will receive either the amount of Basic life insurance you had as an employee or the amount of the suspended Basic you had as an annuitant, whichever is larger. If you have Standard Optional insurance, the amount you have as an employee is the amount payable if you die as a re-employed annuitant. If you have Additional Optional insurance as an employee rather than as an annuitant, the amount you have as an employee is the amount payable if you

die as a re-employed annuitant. If you had Additional Optional as an annuitant, that is the amount payable. If you retire and are re-employed under a temporary appointment without a break in service or a break in service of three days or less, you are eligible for FEGLI coverage as an employee.

If the break in service before the temporary appointment begins is more than three days, you generally are not eligible for FEGLI coverage as an employee.

Note: Any waiver or declination of insurance you file as a re-employed annuitant will affect your suspended life insurance as an annuitant as well as the coverage you have as an employee.

When you end the re-employment, you can keep insurance you acquired because of the re-employment if:

- you qualify for a supplemental annuity or you acquire a new annuity right; and
- you have had the insurance (or number of multiples, in the case of Additional Optional insurance) as an employee (including the time as a re-employed annuitant) for at least the five years of service immediately preceding your separation from the re-employment (or for all periods of service during which you were eligible for the insurance, if less than five years).

If you keep insurance you acquired during the re-employment, the suspended insurance of the same type terminates.

Long-Term Care Insurance

If you had coverage under the Federal Long-Term Care Insurance Program, it will continue upon your rehiring. Notify the carrier if you want to have the premiums withheld from your pay as an active employee.

If you did not have coverage but are rehired into a position that conveys eligibility:

- If the break in service was more than 180 days, you and your spouse (or a domestic partner who meets certain qualifications; see Eligibility in Chapter 2, Section 3) may apply for coverage within the first 60 days after rehiring using only the “abbreviated” underwriting form. Application is allowed after the 60-day period, but full underwriting requirements will apply.
- If the break was 180 days or less, full underwriting applies.

Dental and Vision Insurance

If you had coverage under the Federal Employees Dental and Vision Insurance Program as a retiree, it will continue upon your rehiring. If you are rehired into a position that conveys eligibility for FEDVIP coverage, contact BENEFEDS at www.benefeds.com or (877) 888-3337 to switch to paying premiums from your salary in order to capture the benefit of paying with pre-tax dollars. If your new position does not convey FEDVIP eligibility, you may retain the coverage as an annuitant.

If you did not have coverage as an annuitant and wish to take it out as an active employee, you will have the opportunity within the first 60 days after rehiring to apply for coverage if you are rehired into a position that conveys eligibility for the coverage. After the 60-day period, you would have to wait until the next annual open season.

If you pay premiums from your salary as a rehired annuitant, when your re-employment ends your agency should automatically transfer the premiums from payroll to annuity withholding. However, it is advisable that you notify BENEFEDS within 30 days to make sure the change is made.

Flexible Spending Accounts

If you had a flexible spending account when you separated from government, your previous election will be reinstated if you return to work for a participating federal agency within 60 days and before the end of the same calendar year. You will not be permitted to change the amount of your allotment unless you experienced a “qualifying life event” (see Elections in Chapter 1, Section 9) within the 60 days. If you return in another plan year, you will be given an opportunity to make a new election under the standard enrollment policies for FSAs. When your re-employment ends, a health care FSA will terminate, although any expenses incurred before separation will be reimbursable. A dependent care account balance will be available for any eligible expenses incurred during the plan year.

Thrift Savings Plan

If you are rehired to a position covered by FERS or CSRS or an equivalent retirement plan, the following rules apply:

- If your break in service is less than 31 full calendar days, you are not eligible to take withdrawals under post-separation withdrawal rules. If you were making investments when you separated, the same investments should restart automatically when you are rehired. If you are a FERS participant, your agency should start making its automatic (1 percent) contributions immediately and its matching contributions as soon as you make personal investments. If your agency's contributions or your own investments do not resume, contact the agency's personnel office.
- If your break in service is 31 or more full calendar days, you are eligible, but not required, to withdraw under post-separation withdrawal rules some or all of the portion of your account that is attributable to your previous employment. However, the TSP must receive your withdrawal request while you are still separated from government service. Use Form TSP-99, *Withdrawal Request for Separated and Beneficiary Participants*, available only at www.tsp.gov/forms/civilianForms.html.
- If you began receiving installment payments from the TSP after you separated, those payments will stop if you are subsequently rehired; annuity payments will continue despite your rehire.

If you are rehired to a position not covered by a federal retirement system—for example, if hired under one of the authorities allowing full receipt of both salary and annuity—generally you will not be eligible to make new investments in the TSP. The employing agency, not the TSP, determines eligibility. Other technical considerations may apply; check with the agency's personnel office. If you are eligible to invest in the TSP as a re-employed annuitant, you are treated as an active participant for purposes of loan and other policies. If you are not eligible to invest in the TSP, you are treated as still separated. When your re-employment ends, you will have the same withdrawal options as all separated participants.

Also see the information regarding default investment policies in Investments, Matches and Limits in Chapter 6, Section 1 and the information on post-separation withdrawal in Chapter 6, Section 4.

Buyouts

If you received a voluntary separation incentive payment (buyout) and return to work for the federal government within five years, you must repay the entire pretax payment. This includes employment with any part of the federal government, including the Postal Service, and all types of work schedules. Depending on the buyout authority, this requirement might also apply to re-employment under personal services contracts. The Office of Personnel Management may waive this requirement, but only if you possess unique abilities and are the only qualified person available, and not for personal services contracts. See Chapter 9, Section 3. Re-employed annuitants are not eligible to receive buyouts from those positions.

Employment in the Private Sector

Your employment outside the federal service will not affect your basic annuity payments unless you're receiving a disability annuity and are under age 60, as explained above. If you are receiving a FERS special retirement supplement (see Special Retirement Supplement in Chapter 3, Section 4), it will be reduced under the same formula used for the Earnings Test that applies to Social Security benefits received between age 62 and "full" retirement age (see Chapter 3, Section 9).

Post-federal employment restrictions may apply, depending on the nature of your former federal job and of the new job. Contact the ethics office of your former agency or the Office of Government Ethics, Suite 500, 1201 New York Ave. N.W., Washington, DC 20005, phone (202) 482-9300, www.oge.gov. Also see Chapter 10, Section 5.

1105 Media Inc. has published a comprehensive guide on retirement titled the *Federal Employees Retirement Guide*, available at www.federsoup.com.