

Understanding Your Retirement Benefits

Making the Right Decisions



Federal Employees Retirement System (FERS)

TABLE OF CONTENTS

TOPICS	PAGE
Introduction and Legal Basis and Retirement And Disability Fund	2
PART A -Are you Eligible to Retire?	
FERS Retirement Eligibility	3
Types of FERS Retirement	4
Creditable Civilian/Military Service	5
Crediting Service for Retired Military Members	6
Amount of Creditable Service Verifying Service	7
PART B - How is an Annuity Computed?	
High-3 Salary Computation	9
High-3 Salary Computation Sample	10
FERS Annuity Computation Formula/CSRS Annuity Computation Formula.....	11
FERS Annuity with CSRS Component and Formula for Special Employee Groups	12
Reduction In Annuity- Under Age- FERS	13
Special Retirement Supplement- FERS	14
Disability Retirement – FERS.....	15
Beginning Dates of Annuities/Cost of Living Adjustment (COLA)	16
PART C - Deposits for Civilian and Military Service	
Deposits for Non-Covered Service/Refunds	17
Post-56 Military Service	18
Collection of Military Deposits	19
PART D -Making a Survivor Election	
Reduction for Current or Former Spouse.....	21
Reduction for Person with and "Insurable Interest".....	21
Survivor Benefits - Former Spouse	22
Survivor Benefits- Children/Death in Service Cases	23
Annuitants Who Marry after Retirement.....	24
Termination of Marriage- Effect on Annuity	24
PART E -Health and Life Insurance	
Federal Employees' Group Life Insurance-Post Retirement	25
Federal Employees' Health Benefits Coverage Post Retirement	28
PART F – Thrift Savings Plan	29
PART G – Social Security	33
PART H - Long Term Care	34
Present Value Factor Charts	35

INTRODUCTION

The material in **this booklet is applicable to Federal employees** who will retire under the Federal Employees Retirement System (FERS).

The importance of planning ahead for retirement cannot be over emphasized. Ideally, benefit planning should begin as early in your career as possible; however, it is never too late to begin. The key to the successful use of your Federal benefits is planning.

A well informed employee will be able to determine the most beneficial date for retirement, estimate your approximate annuity, determine whether to provide a survivor annuity, and how much that survivor annuity should be, know how non-deduction service and military service can affect your future retirement benefit; and what happens to your other benefits, i.e., health insurance, life insurance, leave, etc., and the general procedures for processing retirements.

The information you will receive today is designed to assist you in all of these areas.

LEGAL BASIS

The Federal Employees' Retirement System was established by P. L. 99-335, which became effective on January 1, 1987. It was mandated by P. L. 98-21, which provided that Federal employees hired after December 31, 1983, would be covered by Social Security. A transition period was provided and lasted until January 1, 1987. During the transition period, employees were covered by CSRS and Social Security. All new employees hired after December 31, 1983 are covered by FERS. All other covered service employees were given an opportunity to transfer to FERS.

CIVIL SERVICE RETIREMENT AND DISABILITY FUND

This fund now contains retirement contributions from both CSRS and FERS employees. The advent of FERS did not create a separate retirement fund.

MONEY SOURCES

1. Employee Contributions
 - a. 7% of CSRS employees' basic pay
 - b. 7-1/2% of CSRS special Employee Groups
(Law Enforcement Officers, Firefighters, Air Traffic Controllers)
 - c. 80% of FERS employees' basic pay
 - d. Special Employee Groups under FERS will contribute 1/2% more than regular FERS employees, including Air Traffic Controllers

2. Agency Contributions
3. Treasury payments to the fund
4. Interest earned
5. Direct appropriations by Congress

PART A- Are you eligible to Retire?

RETIREMENT ELIGIBILITY

FERS Minimum Requirements

Minimum Retirement Age (MRA) with 10 years of service (5 years of civilian)

FERS MINIMUM RETIREMENT AGE (MRA) SCHEDULE

If You were born.....Your MRA is.....

before 1948	55
in 1948	55 and 2 months
in 1949	55 and 4 months
in 1950	55 and 6 months
in 1951	55 and 8 months
in 1952	55 and 10 months
in 1953-1964	56
in 1965	56 and 2 months
in 1966	56 and 4 months
in 1967	56 and 6 months
in 1968	56 and 8 months
in 1969	56 and 10 months
in 1970 and after	57

TYPES OF FERS RETIREMENTS

TYPE	AGE	SERVICE	SPECIAL REQUIREMENTS
Immediate (Voluntary)	62	5	None
	60*	20	None
	MRA*	30	None
Optional (Special Provisions)	50*	20	For law enforcement, fire fighters, air traffic controllers, and military reserve technicians.
	Any	25	
Early Reduced RA + 10	MRA**	10	5 years of civilian service.
Deferred	MRA**	10	Performed 10 years of service, 5 years of civilian.
	62	5	None
Involuntary	50*	20	Involuntary separation not for misconduct or delinquency OR
	Any*	25	Major Reorganization Transfer of Function or Reduction in Force
Disability	Any	18 months	Disabled for current position and any vacant position in Agency-same grade & commuting area
Mandatory	57	20	Law Enforcement, Fire fighters, Air Traffic Controllers
	56	20	

*A special retirement supplement is payable until age 62, subject to earnings test (does not apply to employees who retire under special provisions until MRA (age 55-57) is reached).

**Note: Under FERS rules an employee is subject to a reduced benefit if he/she retires before age 60 with less than 20 years of service, or at their MRA with less than 30 years of service. The reduction is 5/12 of 1% for each month (5% per year) by which the first benefit payment precedes their 62nd birthday. This also applies to a deferred retirement. Special Employee Groups are excluded from the reduction.

CREDITABLE CIVILIAN SERVICE

Covered Service- employment subject to FERS retirement deductions.

Creditable Service - Service with the Federal Government during which the employee may or may not have been subject to retirement deductions.

1. Service performed for the Federal Government. For FERS annuity purposes, service must meet the following three tests of Federal employment:
 - a. perform a Federal function, and
 - b. receive a Federal appointment, and
 - c. be under the supervision and direction of a Federal Officer.
2. Service in the executive, judicial, legislative, and District of Columbia government is creditable.
3. Service can be performed at different times and with different agencies.

Creditable service is covered in Chapters 20, 21, 22 and 23 in The CSRS and FERS Handbook. Another source for determining the credibility of civilian service is also found in The Guide to Processing Personnel Actions, subchapter 6.

CREDITABLE MILITARY SERVICE

Honorable active service is creditable.

Service in all branches of the military is creditable under FERS **if a deposit is made to the retirement system**. If no deposit is made the service is not creditable. This includes Army, Navy, Air Force, Marines, Coast Guard, Service Academies, Public Health Service, and Coast and Geodetic Service.

CREDITING SERVICE FOR RETIRED MILITARY EMPLOYEES

Usually, the receipt of military retired pay will not permit the crediting of military service towards retirement. There are, however, two exceptions:

Military retired pay may be continued and military service credited towards retirement under the following circumstances:

1. When the military retired pay is based on a disability caused by combat with an enemy of the U. S., or an instrument of war and incurred in the line of duty during a period of war, or
2. When the military retired pay is granted under the provisions of Chapter 67, Title 10, U. S. Code. This provision grants retired pay to members of reserve components who meet certain age and service requirements, usually at age 60 with 20 years of service.

Employees drawing military retired pay who do not meet either of the two exceptions listed above will be required to waive their military retired pay in order to receive credit for their military service for a civil service retirement. The procedures for waiving military retired pay are found in FPM Supplement 830-1, Subchapter 22. The waiver should be requested approximately 60 days before the commencing date of the annuity.

Waiver requests may be made only by the employee. Survivors may not request waivers for deceased employees.

The following is an example of how to evaluate a decision to waive or not to waive military retired pay:

Employee, age 60- Hi-3 average salary= \$50,000
Military service - 20 years - Civilian service - 20 years

If military retired pay is waived, annuity computation will be based on 40 years of service:

$$40 \text{ years} = 40 \times .01 \times \$50,000 = \$20,000 \text{ basic annual annuity}$$

If military retired pay is not waived, annuity computation will be based on 20 years of civilian service:

$$20 \text{ years} = 20 \times .01 \times \$50,000 = \$10,000 \text{ plus 20 years Military Retired Pay}$$

COMPARE THE \$20,000 ANNUITY TO THE \$10,000 ANNUITY INCLUDING MILITARY RETIRED PAY.

AMOUNT OF SERVICE CREDITABLE

1. Normally, full credit is allowed for all time elapsing between date of appointment and date of separation.
2. Leave without pay (LWOP) is fully creditable up to 6 months in each calendar year.
3. Worker's compensation time is fully creditable, if the employee returns to duty.
4. Part-time service with regularly scheduled tour of duty, receives full-time credit if service was performed before April 7, 1986. If performed on or after April 7, 1986, annuity will be calculated based upon the percentage of full-time hours for all years of service. (P.L. 99-272)
5. Intermittent (WAE) service receives credit only for the days actually worked, converted to service time on the 260 day work year chart.
6. Breaks in service of three days or less cause no loss of time.

Non-deduction service -A temporary appointment is non-deduction service. Service is creditable under FERS only if it is covered by a deposit. **Non-deduction service performed after January 1, 1989, will not be credited under FERS for any purpose.**

VERIFYING SERVICE

An employee's service is one of the factors used in computing his/her annuity, and it is very important that an agency verify all service claimed by employees. If service is not documented in the Official Personnel Folder. Missing service can delay the processing of an employee's retirement application from 3 to 6 months.

Some of the sources for verifying service are:

1. SF-50 or other appointment document in possession of employee.
2. Military discharge papers.
3. Copies of SF-2806s or SF-3100s, Individual Retirement Record Cards.
(Payroll offices may have these records on past employment.)
4. Written requests to agencies with which service was performed.
5. Written requests to National Personnel Record Center in St. Louis, MO.
6. Written requests to Military personnel records centers.

Prior to retirement, an agency is responsible for completing SF-3107-1, FERS Certified Summary of Federal Service for each retiring employee. This form serves several important functions, (i.e. verifying service and pay information) and accurate completion is mandatory. Retiring employees should be advised to review the summary carefully for their complete service history.

PART 8 -How is an Annuity Computed?

The amount of an annuity depends on:

- (1) High-3 average pay
- (2) Length of creditable service

FERS COMPONENT- portion of a FERS retiree's annuity that is computed under the FERS formula.

CSRS COMPONENT- portion of certain FERS retiree's annuities that is computed under the same formula as a CSRS retiree's annuity.

To have a CSRS Component the employee must have:

- a. Voluntarily elected to join FERS.
- b. Had at least 5 years creditable civilian service under CSRS at the time FERS was elected.

HIGH-3 SALARY COMPUTATION

The "Hi-3" salary is determined by averaging rates of basic pay in effect during any 3 consecutive years of service. Each rate is weighted by the time it was in effect. Basic pay does not include overtime pay, bonuses, cash awards or holiday pay. Shift differential for Wage grade employees is included as basic pay, hazard/environmental pay is included, and in some instances, premium pay (overtime) paid on an annual basis because of type of position (i.e., availability pay) is included as basic pay.

Any 3-year consecutive period may be used in computing the Hi-3 average pay. The service need not be continuous, but must be consecutive.

Generally, the Hi-3 average will be the last 3 years of service. However, it does not have to be the last three years. It is that 3-year period of service that produces the highest earnings.

Example of Hi-3 average computation:

Rates in effect beginning:	Annual Basic Rates
1995.....	\$46,000
1/4/96.....	\$47,000
1/3/97.....	\$48,000
1/1/98.....	\$50,000

Retirement Date - 1/1/2004 at \$50,000

First, determine the beginning date of the Hi-3 period

$$\begin{array}{r} 2004-01-01 \\ - \quad 03-00-00 \\ \hline 2001-01-01 \\ + \quad 1 \end{array}$$

The beginning date of the Hi-3 period is 1-2-2001.

The next step is to subtract the dates, beginning and ending to determine how long each rate was in effect.

Then multiply the time the rate was in effect by the annual basic rate. Use the factor table, on the handout, to determine the decimal figure which represents the portion of the year the rate was in effect.

Multiply the factor times the salary rate.

Add down the Total Basic Pay column and divide by 3.

WORK THIS EXAMPLE

Using factor table on previous page.

Rate In Effect	Pay Rate	Time Factor	Total Basic Pay
96-01-03 (End Date) <u>96-01-01</u> (Start Date) 00-00-03	\$46,000	_____	\$
97-01-02 (End Date) 96-01-04 (Start Date) 00-11-29	\$47,000	_____	
97-12-31 (End Date) <u>97-01-03</u> (Start Date) 00-11-28	\$48,000	_____	
98-12-31 (End Date) <u>98-01-01</u> (Start Date) 01-00-00	\$50,000	_____	

Total Salary

DIVIDE BY 3

FERS ANNUITY COMPUTATION FORMULA

1% x Hi-3 x all years of FERS service, or

1.1% x Hi-3 all years of service, if > or = to age 62 with 20 years of service.

BASIC COMPUTATION Sample

Employee - B. B. Baker

Age- 55

Length of service - 30 years

Hi-3 average salary- \$50,000

Years of service X 1% X High-3 average salary = annuity

Compute the basic annuity

CSRS ANNUITY COMPUTATION FORMULA

1.5% X High-3 X First 5 years CSRS service

1.75% X High-3 X Next 5 years of CSRS service

2% X High-3 X CSRS service over 10 years

SHORTCUT FORMULA

YEARS OF SERVICE X 2 - 3.75 = PERCENTAGE OF HIGH-3
TO RECEIVE IN BENEFITS

OPM makes final determination

FERS Computation Answer

Employee B. B. Baker

Age- 55

Length of service - 30 years

Hi-3 average salary- \$50,000 $30 \times .01 \times \$50,000 = \$15,000$

FERS ANNUITY WITH CSRS COMPONENT

Example

Retirement Age	= 60
Service Applied to CSRS Component	= 25 years
Service Applied to FERS Component	= 5 years
High-3 Average Salary	= \$50,000

CSRS Component

25 years x 2 = 50- 3.75 = 46.25% of High-3

46.25% x \$50,000 = **\$23,125**

Plus

FERS Component

1% x 5 x \$50,000 = **\$2,500**

Combined Annuity = **\$25,625**

ANNUITY COMPUTATION FORMULA FOR SPECIAL EMPLOYEE GROUPS

Law Enforcement Officers and Firefighters

a. Minimum requirements - FERS

3 years primary service before moving to secondary position.

b. Requirements	Age	Years of Service
(1) Optional	50	20
	any	25
(2) Mandatory	57	20

c. Basic FERS annuity computation

(1) 1.7% x Hi-3 x 20 years+

(2) 1% x Hi-3 x number of years over 20

d. Basic CSRS annuity computation

(1) 2.5% x Hi-3 x First 20 years+

(2) 2% x Hi-3 x number of years over 20

NOTE: Under FERS, the employees in Special Employee groups are eligible to receive the Special Supplement until age 62. The Social Security earnings test will not apply until the MRA is reached.

REDUCTION IN ANNUITY - UNDER AGE – FERS

There is no reduction in retirement benefits under FERS, if an employee retires on an immediate, Involuntary, or Mandatory Retirement. There is no reduction in the Deferred Annuity, if the applicant is age 62 with at least 5 years of service, age 60 with 20 years of service, or has 30 years of service when he/she reached the minimum retirement age. There is also no reduction for Law Enforcement Officers, Firefighters, or Air Traffic Controllers, retiring at age 50 with 20 years of service, or at any age with 25 years of service.

The reduction in retirement benefits is applied to an employee who retires at his/her MRA with less than 30 years of service if he/she is under age 60, or age 60 with less than 20 years of service.

The reduction is **5/12 of 1% for each full month (5% per year)** by which the first benefit payment precedes his/her 62nd birthday.

Example

Employee retires at age 58 with 22 years of service -
Hi-3 average salary- \$47,000
 $1\% \times 22 \times \$47,000 = \$10,340$ Basic Annual Annuity
 $62 - 58 \text{ years} = 4 \text{ years under age } 62$
 $5\% \times 4 = 20\% \text{ reduction}$
 $\$10,340 \times 20\% = \$2,068$
 $\$10,340 - 2,068 = \$8,272$ Basic Annual Annuity after reduction for age.

WORK THIS EXAMPLE

An employee retires at age 56 with 20 years service -
Hi-3 average salary- \$50,000

$1\% \times \$50,000 = 500 \times 20 = \$10,000$ Basic Annuity

How many years under age 62

What will the reduction percentage be

$\$10,000 \times \underline{\hspace{2cm}} =$

$\$10,000 - \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$ Basic annuity after reduction for age.

SPECIAL RETIREMENT SUPPLEMENT- FERS

The Special Retirement Supplement (SRS) is designed to enhance the basic annuity paid to long-service employees until such time as Social Security is payable at age 62. The supplement is subject to the same earnings test as is used with Social Security benefits.

The SRS is paid to employees who:

- a. retire on an immediate annuity
- b. retire at their MRA (age 55-57) with at least 30 years service, or
- c. retire under special provisions relating to firefighters, law enforcement personnel, air traffic controllers, and military reserve technicians.

If an employee retires under FERS before age 62, but is employed elsewhere after retirement, he/she may lose part or all of the SRS, depending on the level of earnings after retirement. The reduction applies to the SRS only, not to the basic annuity. The reduction does not apply to the categories of employees who retire under Special Provisions, (e.g. law enforcement and firefighters), until the MRA (age 55-57) is reached.

A retired employee can have a minimum level of earnings without losing any part of the supplement. If the earnings are above this minimum level, the supplement will be reduced \$1 for every \$2 that is earned above the minimum level. OPM will ask the retiree for a statement of earnings each year he/she is eligible to receive a supplement. The minimum earnings level is set annually. In future years, the minimum earnings level will increase with the annual increases in average wage levels in the national workforce.

COMPUTING THE SPECIAL RETIREMENT SUPPLEMENT

- STEP 1 OPM first estimates what the employee's full career Social Security benefit would be if he or she were age 62.
- STEP 2 OPM then calculates the length of the employee's civilian service that is the FERS component of the annuity.
- STEP 3 OPM figures which percentage of a full career (40 years) is taken by the FERS component (amount of FERS service divided by 40)
- STEP 4 The full career Social Security benefit multiplied by the percentage from STEP 3 to arrive at the Special Retirement Supplement.

Example

Employee age 60 with 30 years creditable service, Transferred to FERS - 7/1/87

Retires 6/30/92

Estimated full career SS benefit- \$7,000

1992

1987

5 years FERS Service

\$7,000 (SS benefit)/ divided by 40 = \$875, Special Retirement Supplement.

DISABILITY RETIREMENTS

ELIGIBILITY REQUIREMENTS-FERS

1. No age requirement.
2. 18 months of creditable civilian service.
3. Subject to FERS at the time the disability began.
4. Must file for Social Security disability benefits.

COMPUTATION FORMULA

First Year - Greater of:

Earned Annuity OR 60% of High-3 Average Salary Minus 100% of
Social Security Disability Insurance

Second Year -Greater of:

Earned Annuity OR 40% of High-3 Average Salary Minus 60% of
Social Security Disability Insurance

Example:

Employee age 50, 15 years service, Hi-3 average salary-\$50,000, no Social Security benefit entitlement for disability purposes, but eligible for benefits at age 62.

- a. 1st year: $60\% \times \$50,000 = \$30,000$.
No COLAs will be paid during this year.
- b. 2nd year thru 62nd birthday: $40\% \times \$50,000 = \$20,000$.
Increases annually by the COLA percentage (same as COLA allowed for basic annuity at age 62 and over).
- c. At age 62: The annuity is recomputed as a non-disability annuity.

The amount of a FERS disability after re-computation at age 62 will equal the individuals non-disability benefit, including credit for the period the individual was receiving disability benefits, with the average salary increased by all FERS COLAs that were effective during the period of disability.

BEGINNING DATES OF ANNUITIES

Most FERS annuities begin on the first day of the month following the month in which the employee retires.

Example - Retirement date..... January 1, 2004
Beginning date of annuity..... February 1, 2004

Example- Retirement date..... December 31, 2004
Beginning date of annuity..... January 1, 2004

Disability retirement annuities begin the day after separation or the day after the last day of pay whichever is earlier.

Involuntary retirement, under the discontinued service provisions, or retirement as a military reserve technician at 50/20 because of failure to satisfy conditions of employment, begins the day after separation from the service.

COST OF LIVING ADJUSTMENT (COLA) - FERS

A cost of living adjustment is paid annually to retirees at 62 years of age under FERS. It is also paid to those who have received disability payments for more than one year, to those eligible to receive survivor benefits, and to those covered under special provision retirements. FERS employees, who are receiving disability annuity based on 60 percent of their high-three salary average, do not get the COLA adjustment.

FERS employees, who have a CSRS component, will get the COLA based on CSRS COLA calculation. In addition, FERS survivors receive the FERS adjustment on their entire annuity, even when the annuity includes a CSRS component.

Under the law, if the change in the Consumer Price Index is between two and three percent, the FERS COLA is 2.0 percent.

The portion of an annuity based on FERS service will receive FERS COLAS.

PART C - Deposits for Civilian and Military Service

DEPOSITS FOR NON-COVERED SERVICE

Amount owed for periods of civilian Service during which retirement contributions were not withheld from your salary.

Non-deduction service under FERS cannot be credited unless it is performed before 1/1/89, and a deposit is made.

If an employee transferred to FERS, any service subject to Social Security deductions after 1983 and before the effective date of the transfer becomes subject to FERS rules. The treatment of other civilian service performed before the effective date of a transfer to FERS, depends on how much service the employee had at time of transfer.

Less than 5 years of civilian service, including non-deduction service

All past service, including any creditable military service (if military service deposit is paid) is treated under FERS. If a refund of this service is taken after becoming subject to FERS, it is lost forever as creditable service. If a refund was made before the employee became subject to FERS, it may be re-deposited. The amount of the deposit is 1.3% or 1.8% (Special for Law Enforcement & Firefighters), whichever is applicable, plus interest computed the same way as under CSRS rules.

5 or more years of civilian service, including non-deduction service
(Part of which was covered by full CSRS)

1.3% (or 1.8% Special Retirement) and past creditable military service is treated under FERS rules. Upon separation from Federal service, an employee may take a refund of deductions or deposits for this service, but may not redeposit it. Upon later reemployment, subject to CSRS, the refund plus interest may be re-deposited to obtain the credit, if it comprised of 5 or more years of non 1.3% or 1.8% time and service was a full 7% service.

REFUNDS

If a refund of FERS deductions is received after a transfer to FERS, the refund can never be re-deposited, and the period of service covered by the refund will not be creditable for the purposes of entitlement or computation of an annuity.

POST-56 MILITARY SERVICE

Public Law 97-253, The Omnibus Budget Reconciliation Act of 1982 established the requirement of deposits for certain civilian and military service, and also required an increase in interest rates charged on deposits and re-deposits. The effective date of the changes made by this law is October 1, 1982. The following information is provided on military service.

Military service performed prior to January 1, 1957, is automatically credited. Military service performed on or after January 1957 is covered by Social Security, and may be credited toward a FERS annuity only if a deposit is paid.

Interest is not charged if deposit is completed within 3 years from the date the employee first became subject to FERS. Therefore, no interest will be included before January 1, 1990, or before the third anniversary after becoming subject to FERS, if later. If interest is included, it is computed from the second anniversary of becoming subject to FERS.

NOTE: Even if an employee covered by FERS was first hired before October 1, 1982, military service after 1956 cannot be credited unless the required deposit is completed.

If an employee under FERS has already made a deposit under CSRS rules, a refund may be payable. If payable, the refund will be equal to the difference between the 7% CSRS deposit and the 3% FERS deposit.

For employees with 5 or more years of service for which regular CSRS retirement deductions were made, and who transferred to FERS, their military service is considered frozen under CSRS will be credited under the CSRS computation formula and no refund will be payable. Military service performed after the transfer is credited under FERS.

Interest, if applicable, will be determined on a yearly basis by the Secretary of the Treasury. The rate will depend upon the average yield of new investments purchased by the Retirement Fund during the previous fiscal year. To date, the rates charged are:

1985	13%	1993	7.1%	2001	6.375%
1986	11.1%	1994	6.25%	2002	5.5%
1987	9%	1995	7.0%	2003	5.0%
1988	8.4%	1996	6.875%	2004	3.875%
1989	9.1%	1997	6.875%		
1990	8.75%	1998	6.75%		
1991	8.625%	1999	5.75%		
1992	8.4%	2000	5.875%		

COLLECTION OF MILITARY DEPOSITS

The amount of deposit due for post-56 military service will be computed by the individual agencies, based on evidence of military basic pay provided by the employee. The agency will collect the deposit and remit the payments to OPM for deposit to the Retirement Fund.

Survivors of employees who die without making the total deposit will be permitted to make an application for a deposit or redeposit for military service to the employing agency. However, an employee **MUST MAKE THE DEPOSIT TO HIS/HER EMPLOYING AGENCY**. They may **NOT** make the deposit to OPM after retirement.

The following example shows the effect of the military deposit.

Employee, age 55 retires with 20 years of civilian service-and 10 years of post-56 military service. Hi-3 average salary \$40,000.

$\$40,000 \times 30 \times .01 = 12,000$ basic annual annuity.

If a deposit for the military service is not made prior to retirement.

$\$40,000 \times 20 \times .01 = 8,000$ basic annual annuity.

PART D- Making a Survivor Election

IF YOU ARE SINGLE AT TIME OF ELECTION YOU MAY:

- (1) Provide a Survivor Benefits for a person having an "insurable interest"
- (2) No Survivor Benefit
- (3) Provide a Survivor Benefit to a Former Spouse.

IF YOU ARE MARRIED AT THE TIME OF ELECTION YOU MAY

- (1) Provide Maximum Survivor Benefit to Current Spouse (50%).
- (2) Provide Partial Survivor Benefit to Current Spouse (25%).
 - a. Must have spouse's consent to reduced benefit (notarized signature)
- (3) No Survivor Benefit
 - a. Must have spouse's consent to no survivor benefits (notarized signature)
- (4) Provide benefit to person having an "insurable interest".
- (5) Provide a Survivor Benefit for Former Spouse.
- (6) Provide a Survivor Benefit to both Current and Former Spouse.

(Must have been married to the retiree at least 9 months at time of death.
Elected by the retiree, with consent of spouse if election is less than the maximum.)

REDUCTION FOR CURRENT OR FORMER SPOUSE SELECTION

The cost to provide a survivor benefits is 10% of the annuity for the 50% benefit and 5% of the annuity for the 25% election.

Reduced Annuity Providing Maximum Survivor Benefits (50%)

Basic Annuity = \$16,000
 \$12,000-10% = - 1 600
 \$14,400 Employee's Annual Annuity

Reduced Annuity Providing Partial Survivor Benefits (25%)

Basic Annuity = \$16,000
 \$12,000- 5% = - 800
 \$15,200 Employee's Annual Annuity

SURVIVOR BENEFIT TO PERSON WITH AN "INSURABLE INTEREST"

Available only at retirement to married and unmarried employee in good health. Medical examination is required.

Person named must have insurable interest in life of employee, e.g., dependent on employee for substantial portion of support, roughly 50%. Employee must take a reduced annuity. Reduction depends upon ages of employee and person named as indicated in table.

Age of Person Named in Relation Retiring Employee	Reduction in Annuity to that of of Retiring Employee
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%

Example:

Retiring employee's basic annuity..... \$16,000

Retiring employee elected an insurable interest survivor annuity for current spouse, 10 years younger than retiree (court ordered full survivor annuity for former spouse).

Computation of reduction:

	\$16,000
20% x \$16,000.....	\$ 3,200
Annuity after reduction.....	\$12,800

SURVIVOR BENEFIT - FORMER SPOUSE

A former spouse may receive a survivor annuity as a result of a court order, or because the employee elected to provide a survivor annuity for him/her.

1. Court Awarded Survivor Annuity

- a. Employees who are divorced after May 6, 1985, may be required by Court Order to provide a full or partial survivor annuity for a former spouse. If a survivor annuity is awarded to a former spouse the employee's annuity will be reduced automatically to provide this benefit for the former spouse.
- b. If the employee has a current spouse, and there is a court awarded benefit for a former spouse, priority will be given to the former spouse.

2. Employee Elects at Retirement to Provide for Former Spouse

- a. Employee whose retirement is after May 6, 1985, may elect a full or partial survivor annuity for a former spouse, from whom divorced after May 6, 1985. If employee is married, current spouse's consent is necessary.
- b. Employee may elect to provide an "Insurable Interest" survivor annuity for a former spouse without consent of current spouse. This election will, of course, result in a second reduction in the basic annuity.

3. Court Awarded Survivor Annuity When Annuitant Marries and Divorces After Retirement

Annuitants not married at retirement, who retire after May 6, 1985 and later marry and divorce, may be required to provide a survivor annuity for the ex-spouse. This is true whether or not a survivor benefit was elected within the 2 year period after marriage. If the court orders a full or less than full survivor annuity, OPM will honor the order. The retiree's annuity will be reduced prospectively to provide the survivor benefit. There is no retroactive reduction in the annuity.

A former spouse loses entitlement to survivor annuity upon remarriage before age 55, or at death.

Court-Awarded Survivor Benefits- Effect on current spouse when there is a court order awarding a survivor annuity to a former spouse, the retiring employee will be required to make a survivor election (full, partial, or none) for the current spouse although priority is given to court awarded annuity for former spouse.

If less than full survivor annuity is elected, the current spouse's consent is necessary, even though the current spouse may never be eligible to receive the survivor annuity. In order for the current spouse to become eligible for the survivor benefit, the former spouse would have to lose entitlement by remarrying before age 55 or by death. Must have been married to the retiree at least 9 months. Elected by the retiree or ordered by court.

SURVIVOR BENEFITS – CHILDREN

FERS pays the eligible children of employees or retirees who die a benefit that varies depending on the number of children, and whether or not there is a surviving spouse or former spouse who is a parent of the children. FERS rules are essentially the same as CSRS rules. However, FERS benefits are reduced by any Social Security benefits the children receive.

To qualify, children must be unmarried and be:

1. Under age 18, or
2. Under age 22 if a full-time student, or
3. Disabled, and have been disabled prior to age 18.

Survivor benefits for children end with one of the following events:

1. Marriage
2. Becoming age 18 (22 if full-time student)
3. A disabled child recovers from disability or becomes self-supporting.

SURVIVOR BENEFITS -CURRENT SPOUSES - DEATH IN SERVICE CASES ONLY

18 months but less than 10 years service:

FERS pays a two-part benefit. The benefit includes:

1. A lump sum payment of \$15,000, (adjusted for inflation) plus
2. The larger of either 50% of the employee's annual salary at time of death
OR
50% of the employee's Hi-3 average pay.

10 or more years of service:

1. The two-part benefit listed above and
2. An annuity equal to 50% of the employee's accrued Basic Benefit plus
3. A Special Retirement Supplement if the spouse is younger than age 60 and not yet eligible for Social Security benefits.

FERS will also pay a benefit to the spouse of a deceased former employee who left Federal service before his/her annuity payments began IF the employee did NOT take a refund of his/her contribution.

The benefit will be 50% of the employee's accrued Basic Benefit. It will begin at the time that the employee would have reached age 62, or sooner if a reduced benefit is elected. The benefit ends if the spouse remarries before age 55.

To qualify for spouse benefits, he/she must have been married to the employee for 9 months, or be the parent of a child born of the marriage.

SURVIVOR BENEFITS ELECTIONS AVAILABILITY TO ANNUITANTS WHO MARRY AFTER RETIREMENT

Annuitants who marry after retirement may elect full survivor benefits, partial survivor benefits, or no survivor benefits for the new spouse. Election must be made within 2 years of marriage.

If a former spouse loses entitlement due to remarriage before age 55 or death, the retiree has two years from that date to elect a survivor benefit for current spouse acquired after retirement.

An annuitant who makes an election of survivor benefits for a current or former spouse, whom he/she married after retirement, will be required to deposit in the CSR Fund, 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% interest, compounded annually. No deposit will be required for any period when the retiree's annuity was being fully reduced to provide a survivor annuity for a previous spouse, and no deposit will be required if a former spouse is awarded a survivor annuity by court order.

TERMINATION OF MARRIAGE AFTER RETIREMENT- EFFECT ON ANNUITY

If marriage terminates after retirement (death or divorce), a reduction in the annuity will be restored to annuitant effective with date of marriage termination, unless, there is a court order providing full or partial survivor annuity. The retiree may elect to provide continuing survivor benefits within 2 years of divorce.

The Normal Order of Precedence for lump sum payment to survivors is:

1. Designated Beneficiary
2. Spouse
3. Child/children in equal shares
4. Parents
5. Executor or Administrator of estate
6. Next of kin

In order to be entitled to a survivor annuity, the widow or widower must have been married to the employee or annuitant (who retired after May 6, 1985) for 9 months or be the parent of a child born of that marriage. The 9-month requirement will not apply in cases of accidental death.

A designation of beneficiary is optional, not mandatory. If none is on file, any lump sum benefits payable will be paid according to the order of precedence above. If the retiree elected the Alternative Form of Annuity at time of retirement, and received a refund of the amount equivalent to his/her contributions, no other lump sum benefits are payable.

A designation of beneficiary affects lump sum payments only. It will not affect survivor benefits, since they are payable by law, or according to election made by a retiring employee.

PART E -LIFE AND HEALTH INSURANCE

FEDERAL EMPLOYEES' BASIC GROUP LIFE INSURANCE - POST RETIREMENT

A retiring employee may continue Basic life insurance into retirement if he/she:

1. Retires on an immediate annuity
2. Is insured on date of retirement
3. Has been covered for 5 years of service immediately preceding retirement, or since first opportunity to enroll.

The **accidental death and dismemberment feature ceases** at time of retirement.

The amount of Basic insurance is determined by employee's basic salary, rounded to next higher thousand, plus \$2,000 with a minimum coverage of \$10,000.

Reduction in amount of post-retirement basic life insurance coverage after age 65 depends upon election at time of retirement. The election is made on SF-2818, Election of Post-Retirement Basic Life Insurance Coverage. If employee elects:

1. **75% Reduction** - Reduces 2% per month down to 25% of amount in force at time of retirement. Employees will continue paying premiums until age 65. No premiums after age 65, if retired. The present premium is approximately \$.325 per month, per \$1,000 of coverage.
2. **50% Reduction** - Reduces 1% per month down to 50% of amount in force at time of retirement. Premiums deducted from annuity for full cost of additional coverage. The cost is \$.925 per month per \$1,000 of insurance until age 65. After age 65 the premiums reduce to \$.60 per \$1,000 of coverage.
3. **No Reduction** - Premiums will be deducted from annuity to cover full cost of additional coverage. The cost is \$2.155 per month, per \$1,000 of insurance until age 65. After age 65 the premium is \$1.83 per month, per \$1,000 of coverage.

FEDERAL EMPLOYEE'S OPTIONAL GROUP LIFE INSURANCE - POST RETIREMENT

Options A -Standard, Option B-Additional, and Option C-Family may continue into retirement if employee continues basic insurance and meets same requirements as for basic insurance listed above. Premiums for all options continue after retirement through the month the annuitant reaches age 65. There is no cost after age 65 for the Optional coverage, if retired. However, amount of insurance starts reducing by 2% per month of face value until insurance reaches:

\$2,500 for Option A-Standard (25% of \$10,000)

0 for Option B-Additional

0 for Option C-Family

Costs of all options increase as employee's or retiree's age increases, through age 60.

Age Group	Option A Standard Monthly	Option B Additional Monthly per \$1,000	Option C Family Monthly
45 thru 49	\$ 1.95	\$.195	\$1.30
50 thru 54	\$3.03	\$.303	\$ 1.95
55 thru 59	\$5.85	\$.607	\$3.14
60 and over	\$13.00	\$ 1.30	\$5.63

P.L.-99-335, establishes interim regulations, which in part, allows FERS annuitants to make direct payment of premiums for their FEGLI coverage to OPM, when their annuity is too low to cover the insurance premiums.

Payment of Benefits Order of Precedence

1. Designated Beneficiary
2. Widow or Widower
3. Children, divided equally
4. Parents
5. Executor, Administrator of Estate
6. Next of Kin

Manner of Payment- Death Benefits

1. Lump Sum
2. Interest Payments Only
3. Survivor Payments over 10 or 15 years
4. Installment Payments from 1 to 20 years
5. Life Income- fixed amount depending on age at time of first payment

LIFE INSURANCE AFTER RETIREMENT

TYPES OF INSURANCE	WHAT HAPPENS AFTER RETIREMENT?	WHAT HAPPENS AFTER AGE 65?	CAN THIS OPTION BE CHANGED AFTER RETIREMENT?
<p>BASIC LIFE (Regular)</p> <p>75% reduction = \$0.325 per \$1,000 coverage</p> <p>50% reduction = \$0.925 per \$1,000 coverage</p> <p>No reduction = \$2.155 per \$1,000 coverage</p>	<p>Premium depends on reduction elected at retirement (first column).</p> <p>Employee chooses at retirement; begins paying at retirement.</p>	<p>Reduction depends on election made at time of retirement.</p> <p>If 75% reduction premiums end. Benefit payable starts 2% per month reduction.</p> <p>If 50% reduction premiums go down to \$0.60 per \$1,000. Benefit payable starts reducing 1 % per month.</p> <p>If no reduction premiums go down to \$1.83 per \$1,000. Benefit payable remains in force.</p>	<p>Can cancel.</p> <p>Can change to higher reduction (Example: from 50% to 75%) or cancel.</p>
<p>OPTION A Standard \$10,000</p>	<p>Must pay premiums until age 65.</p>	<p>Free, but coverage reduces 2% per month down to 25%.</p>	<p>Can cancel.</p>
<p>OPTION B Additional (1,2,3,4, or 5 times annual salary)</p>	<p>Must pay premiums until age 65. Only lowest multiple carried in last 5 years.</p>	<p>Free, but coverage reduces 2% per month to zero.</p>	<p>Can cancel or change to fewer multiples.</p>
<p>OPTION C Family- \$5,000 for spouse - \$2,500 for each eligible child.</p>	<p>Must pay premiums until age 65; one premium for entire family.</p>	<p>Free, but coverage reduces 2% per month down to zero.</p>	<p>Can cancel.</p>

Retirees pay the same premium as active employees for coverage between retirement and age 65. Beneficiaries of federal group life insurance proceeds in excess of \$7,500 receive a money market account instead of a government check. Beneficiaries receive special checkbooks. They may write checks on that account for \$250 or more up to the full amount of the insurance payment. Beneficiaries entitled to less than \$7,500 still get a single check for the full amount.

POST-RETIREMENT FEDERAL EMPLOYEES' HEALTH BENEFITS COVERAGE

Retiring employees may continue health benefits coverage into retirement, with no reduction in benefits if they:

1. Retire on an immediate annuity
2. Were enrolled or covered as a family member under the health insurance program for:
 - a. The 5 years of service immediately preceding retirement,
 - OR
 - b. All service since first opportunity to enroll
3. Annuity sufficient to cover premiums- FERS retirees may make premium payments directly to OPM if the basic annuity is not sufficient to cover the cost.

Coverage under the Uniformed Services Health Benefits Program which includes CHAMPUS or TRICARE can be included to meet the 5 year requirement. However, at the time of retirement the employee must be enrolled in a Federal Employers Health Benefits Program (FEHBP). The type of health plan has no effect; the only requirement is participation in the FEHBP.

Annuitants pay the same premiums as employees. The premiums will be deducted from the monthly annuity checks.

An annuitant's health insurance coverage is the same as for an employee. He/she may make any changes allowed during the health insurance Open Season. However, **if an annuitant cancels his/her coverage at any time after retirement, they cannot re-enroll during Open Season.**

PART F- Thrift Savings Plan

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal employees. Congress established the TSP in the Federal Employees' Retirement System Act of 1986. The purpose of the TSP is to provide retirement income. It offers Federal civilian employees the same type of savings and tax benefits that many private corporations offer their employees under so-called "401(k)" plans. TSP regulations are published in title 5 of the Code of Federal Regulations, Parts 1600 - 1699, and are periodically supplemented and amended in the Federal Register.

Your thrift account is the part of your retirement that you control. You decide how much of your pay to put in your thrift account, how to invest it, and, when you retire, you decide how you want your money paid out.

Contributions:

CSRS employees may contribute up to 10% (2005) of pay each pay period, and up to the IRS limit, which is \$14,000 for 2005. After 2006, limits will be eliminated on the contribution percentage; however, contributions will be capped at \$15,000. TSP contributions are tax-deferred, and must be made through payroll deductions.

Catch-Up Contributions-On November 27, 2002, the President signed Public Law 107-304, which permits eligible Thrift Savings Plan (TSP) participants to make catch-up contributions into their TSP accounts beginning in or after the year in which they turn age 50. These contributions are a supplement to regular contributions, and does not include IRS elective deferral limit (\$14,000 in 2005). Contributions for 2005 have a limit of \$4,000.

Open Seasons-Public Law 108-469, which was signed into law on December 21, 2004, eliminates the Thrift Savings Plan open seasons and the restrictions on contribution elections which are tied to open seasons. **The Federal Retirement Thrift Investment Board will implement this law on July 1, 2005. However, there will be one more open season prior to implementation of the new law, April 15 through June 30, 2005.**

This new law does not affect the waiting period for new employees covered by the Federal Employees' Retirement System must serve before they become eligible for agency contributions to their accounts. It also does not affect **contribution allocations or interfunds transfers, which can be made at any time, through the Website, the Thriftline, by submitting an Investment Allocation form to the TSP or through Employee Express.**

Eligibility-A participant is eligible to make catch-up contributions as long as the following requirements have been met.

- participant must be contributing either the maximum TSP contribution percentage or the elective deferral limit
- must be employed and in pay status
- has not received a financial hardship in-service withdrawal (6-month suspension period)
- must be at least 50 years old

Major Features of the TSP:

- tax-deferred savings
- tax-deferred investment earnings
- Investment into five TSP funds
- Interfund transfers
- Spousal Rights
- Loan Program
- Several Withdrawal Options

TSP Investment Options:

1. G Fund (Government Securities Investment Fund); the G Fund consists of investments in short-term nonmarketable U.S. Treasury securities specially issued to the TSP. This fund is managed by the staff of the Thrift Investment Board. All investments in the G Fund earn interest at a rate that is equal to the average rate of return on outstanding U. S. Treasury marketable securities, with four or more years to maturity.

2.F Fund (Fixed Income Index Investment Fund); the F Fund is a bond market fund that is diversified and is invested U.S. Government, mortgage-backed, corporate, and foreign government securities sectors of the fixed-income securities market. The Bond Index Fund is intended to match as closely as possible the performance of the Lehman Brothers U.S. Aggregate (LBA) index.

3. C Fund (TSP's large-company stock fund); contributions to the C Fund are invested primarily in the Barclays Equity Index Fund. The Equity Index Fund consists of virtually all the common stocks included in the S&P 500 stock index. The C Fund also includes temporary investments in the G Fund and certain short-term securities.

The Equity Index is intended to track as closely as possible the performance of the S&P 500 index.

4. S Fund (Small Capitalization Stock Index Investment Fund); the S Fund consists small to medium sized companies. The objective of the S Fund is to track the returns of the Wilshire 4500 stock index, which includes those U.S. stocks that are not found in the S&P 500 index.

5. I Fund (International Stock Index Fund); this fund is to track the investment returns of the Morgan Stanley Capital International EAFE (Europe, Australia and Far East) stock index. It is designed to measure the overall performance of the major companies and industries in the European, Australian, and Asian stock market.

Interfund Transfers: An interfund transfer is the movement of some or all of your existing account balance among the G,F, C, S, I and L Funds. Interfund transfers are processed on a daily basis.

TSP Loan Program: Participants must have at least \$1,000 of their own contributions and earnings. The minimum loan amount you can borrow is \$1,000. The maximum is \$50,000.

General Purpose Loans	Residential Loans
* General purpose loans can be used for any purposes.	* Residential loans are used for purchasing a primary residence;
* Documentation is not required.	* Documentation is required.
* The repayment period is from 1 to 5 years.	* The repayment period is from 1 To 15 years.

Loan Repayment Requirement:

Loans must be repaid through payroll allotments, and are deducted each pay period until the loan is repaid. The loan is repaid back into your account, at the G Fund interest rate. You can re-amortize your loan at any time during the life of the loan, and also can prepay in full without penalty.

TSP In-Service Withdrawals:

TSP participants are limited to the following two types of in-service withdrawals.

Age-Based Withdrawal	Financial Hardship Withdrawal
* TSP participants who are 59 1/2 or older can make a one-time withdrawal of all or any portion of their vested TSP account;	* TSP participants with a financial hardship, can withdraw all or any portion of their vested TSP account
* Minimum amount of withdrawal is \$1,000;	* Minimum amount of withdrawal is \$1,000;
* TSP participants cannot repay the money or convert it to a loan;	* TSP participants cannot repay the money or convert it to a loan;
* In-service withdrawals are subject to income taxes in the year funds are distributed.	* In-service withdrawals are subject to income taxes in the year funds are distributed.

When you apply for a TSP loan or an in-service withdrawal, certain spousal requirements must be met. Check with your Human Resources Offices for specific on these two programs.

TSP Withdrawals When Leaving Federal Service:

When you retire or separate from Federal service, you have several options to consider in order to determine which is best for you.

Leave money in the TSP account, at least, until age 70½ (amounts calculated by IRS).

As a retired TSP participant, you can choose to keep your account in the TSP. The money may be left in the plan until April 1st of the year following the year you reach age 70 >, or you separate from Federal service. After you attain the age of 70 >, you will be required to receive an amount each year that meets certain minimum distributions.

Roll the money over into an IRA or another qualified retired plan.

If you choose this option, both you and the financial institution that is to receive your money must complete Form TSP-70-T, Transfer Information. Only this form will be accepted for all transfers.

Receive your account balance in a single payment.

You will be subject to a 20% withdrawal, if you elect this option. Based on IRS regulations, you will have 60 days from the date of receipt of your payment to reinvest the amount received in an IRA or other eligible retirement plan to avoid tax penalties (typically 10%).

Receive your account balance in a series of equal monthly payments. You have the option of choosing the number of monthly payment you want to receive or choosing a specific dollar amount, as long as the amount is at least \$25.00.

Purchase a life annuity through Metlife Insurance (they are contracted with the TSP to sell annuities to TSP participants).

Your account balance must be at least \$3,500. You can also purchase different types of annuities, which contain different features you can select. The three types of annuities you can purchase are: single life annuity, joint life annuity with a spouse, or joint life annuity with another survivor. More information covering annuities can be found in the TSP Annuities Booklet.

The TSP law provides certain rights to spouses. If you are married, and your vested account balance is more than \$3,500, the spousal rights requirements must be met before you can withdraw your account.

On the other hand, if you separate from Federal service and are not eligible for retirement benefits, the law specifies that spouses and former spouses must be notified, unless their whereabouts are unknown.

PART G – SOCIAL SECURITY

Social Security is a four-tiered program, which includes a retirement, a disability, and survivor benefits insurance. It also has a health insurance (Medicare) feature. Social Security benefits are administered solely by the Social Security Administration. Its intended purpose is to provide partial replacement of earnings, which have reduced, or ended due to retirement, disability, or death of the wage earner.

This section is reserved for notes.

PART H- LONG TERM CARE

This page is reserved for notes.

FERS PRESENT VALUE FACTORS EFFECTIVE 10/01/2004
REGULAR EMPLOYEE GROUPS
(WHOSE ANNUITIES WILL NOT BE SUBJECT TO COLAS BEFORE AGE 62)
USE THESE FACTORS WHEN THE ANNUITY BEGINS ON OR AFTER 10/10/2004

Age At Retirement	Present Value Factor
40	185.6
41	185.3
42	185.2
43	184.9
44	184.1
45	182.8
46	181.6
47	180.7
48	179.5
49	177.9
50	176.4
51	175.4
52	174.7
53	174.1
54	173.3
55	172.5
56	171.8
57	171.2
58	170.7
59	170.5
60	170.5
61	170.1
62	167.5
63	163.0
64	158.5
65	154.0

Age At Retirement	Present Value Factor
66	149.4
67	145.1
68	140.5
69	135.9
70	131.5
71	127.0
72	122.4
73	118.0
74	113.6
75	109.0
76	104.1
77	99.5
78	94.9
79	90.1
80	85.7
81	81.1
82	76.2
83	71.8
84	67.8
85	64.2
86	60.6
87	56.7
88	52.9
89	49.7
90	46.4

FERS PRESENT VALUE FACTORS EFFECTIVE 10/01/2004
SPECIAL EMPLOYEE GROUPS
(WHOSE ANNUITIES ARE SUBJECT TO COLAS BEFORE AGE 62)
USE THESE FACTORS WHEN THE ANNUITY BEGINS ON OR AFTER 10/01/2004

Age At Retirement	Present Value Factor
40	249.1
41	245.8
42	242.5
43	239.0
44	235.4
45	231.8
46	227.9
47	223.9
48	219.8
49	215.5
50	211.7
51	208.3
52	204.7
53	201.1
54	197.3
55	193.5
56	189.5
57	185.4
58	181.2
59	176.9
60	172.6
61	168.2
62	167.5
63	163.0
64	158.5
65	154.0

Age At Retirement	Present Value Factor
66	149.4
67	145.1
68	140.5
69	135.9
70	131.5
71	127.0
72	122.4
73	118.0
74	113.6
75	109.0
76	104.1
77	99.5
78	94.9
79	90.1
80	85.7
81	81.1
82	76.2
83	71.8
84	67.8
85	64.2
86	60.6
87	56.7
88	52.9
89	49.7
90	46.4

OPM uses present value factors to compute reductions to:

1. Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) retirees' benefits when the retirees elect the Alternative Form of Annuity.
2. CSRS and FERS benefits when the retirees marry after retirement and elect to provide survivor annuity benefits.

Useful Websites and Additional Reading Materials:

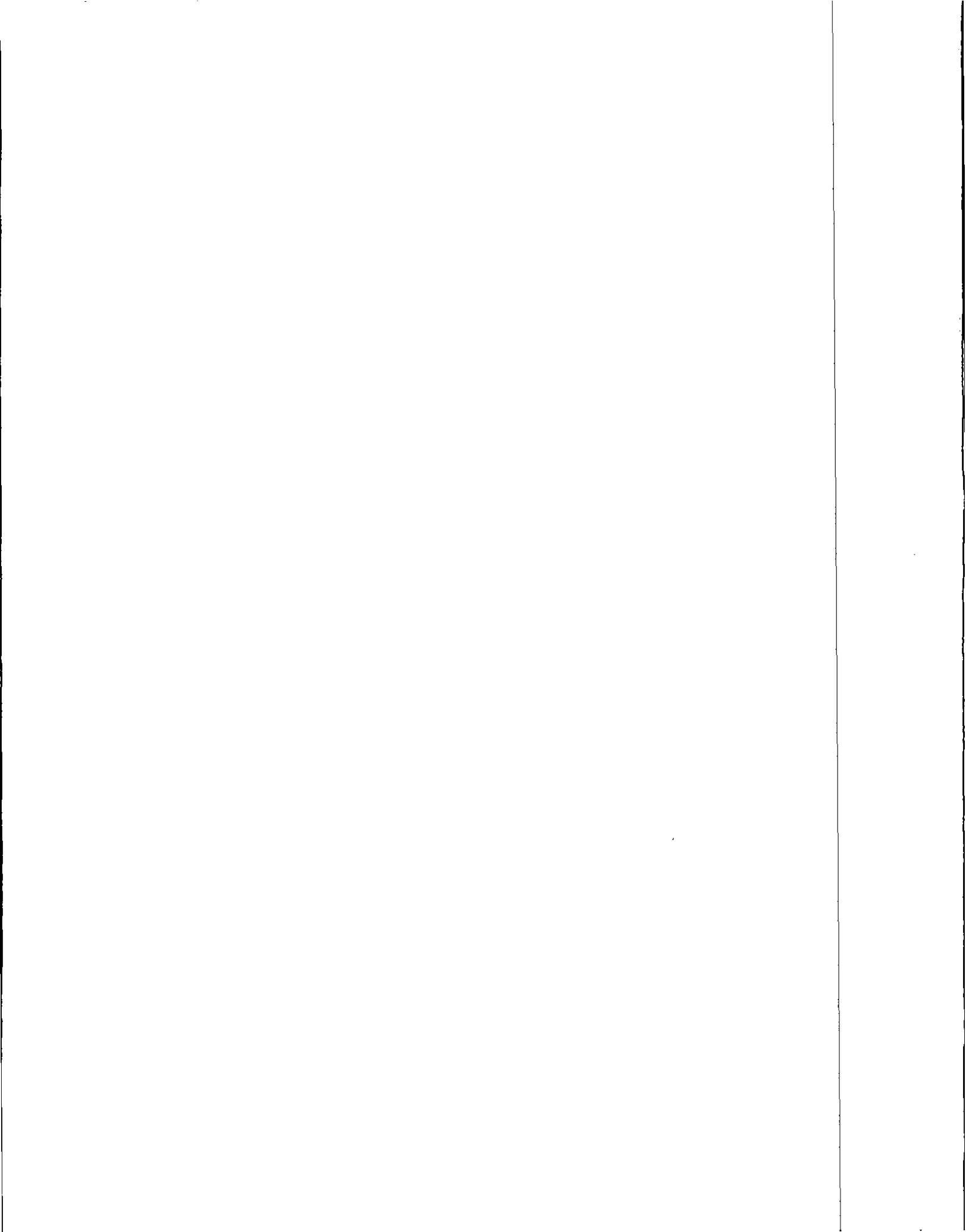
<http://www.opm.gov> Civil Service Retirement System (CSRS)
Federal Employment Retirement System (FERS)
Federal Employees Health Benefits (FEHB)
Federal Employees Group Life Insurance (FEGLI)
Long Term Care Program (LTC)

<http://www.ssa.gov> Social Security
<http://www.medicare.gov> Medicare
<http://www.tsp.gov> Thrift Savings Plan
<http://www.irs.gov> Tax Issues

Federal Employees Almanac, Federal Employees News Digest, Publisher, Linda Young Gsell

Your Retirement- How to Prepare for It- How to Enjoy It, Federal Employees News Digest, by Bill Olcheski

Your Federal Employee Retirement System (FERS), Publisher, Government Retirement & Benefits, Inc.



Section 50CII-1 Charts

Chart 6. -- For Computing Basic Annuity -- FERS I Percent Accrual Factor

To obtain the basic annuity, multiply the "High-3" average salary by the factor indicated under applicable years and months of 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	0.121500	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	0.151500	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	0.100833	0.201667	0.202500	0.103333	0.204167	0.205000	0.205833	0.206667	0.207500	0.208333	0.209167
21	0.210000	0.110833	0.211667	0.212500	0.113333	0.214167	0.215000	0.215833	0.216667	0.217500	0.218333	0.219167
22	0.110000	0.110833	0.211667	0.222500	0.223333	0.224167	0.115000	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	0.357000	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	0.391500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
40	0.400000	0.400833	0.401667	0.401500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167

Computation of Annuity Under the General Formula
Chapter 50

Section 50C1.1-1 Charts

Chart 7. -- For Computing Basic Annuity -- FERS LI Percent Accrual Factor

To obtain the basic annuity, multiply the "High-3" average salary by the factor indicated under applicable years and months of 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		0.000917	0.001833	0.002750	0.003667	0.004583	0.005500	0.006417	0.007333	0.008250	0.009167	0.010083
2	0.011000	0.011917	0.012833	0.013750	0.014667	0.015583	0.016500	0.017417	0.018333	0.019250	0.020167	0.021083
3	0.022000	0.022917	0.023833	0.024750	0.025667	0.026583	0.027500	0.028417	0.029333	0.030250	0.031167	0.032083
4	0.033000	0.033917	0.034833	0.035750	0.036667	0.037583	0.038500	0.039417	0.040333	0.041250	0.042167	0.043083
5	0.044000	0.044917	0.045833	0.046750	0.047667	0.048583	0.049500	0.050417	0.051333	0.052250	0.053167	0.054083
6	0.055000	0.055917	0.056833	0.057750	0.058667	0.059583	0.060500	0.061417	0.062333	0.063250	0.064167	0.065083
7	0.066000	0.066917	0.067833	0.068750	0.069667	0.070583	0.071500	0.072417	0.073333	0.074250	0.075167	0.076083
8	0.077000	0.077917	0.078833	0.079750	0.080667	0.081583	0.082500	0.083417	0.084333	0.085250	0.086167	0.087083
9	0.088000	0.088917	0.089833	0.090750	0.091667	0.092583	0.093500	0.094417	0.095333	0.096250	0.097167	0.098083
10	0.099000	0.099917	0.100833	0.101750	0.102667	0.103583	0.104500	0.105417	0.106333	0.107250	0.108167	0.109083
11	0.110000	0.110917	0.111833	0.112750	0.113667	0.114583	0.115500	0.116417	0.117333	0.118250	0.119167	0.120083
12	0.121000	0.121917	0.122833	0.123750	0.124667	0.125583	0.126500	0.127417	0.128333	0.129250	0.130167	0.131083
13	0.132000	0.132917	0.133833	0.134750	0.135667	0.136583	0.137500	0.138417	0.139333	0.140250	0.141167	0.142083
14	0.143000	0.143917	0.144833	0.145750	0.146667	0.147583	0.148500	0.149417	0.150333	0.151250	0.152167	0.153083
15	0.154000	0.154917	0.155833	0.156750	0.157667	0.158583	0.159500	0.160417	0.161333	0.162250	0.163167	0.164083
16	0.165000	0.165917	0.166833	0.167750	0.168667	0.169583	0.170500	0.171417	0.172333	0.173250	0.174167	0.175083
17	0.176000	0.176917	0.177833	0.178750	0.179667	0.180583	0.181500	0.182417	0.183333	0.184250	0.185167	0.186083
18		0.187917	0.188833	0.189750	0.190667	0.191583	0.192500	0.193417	0.194333	0.195250	0.196167	0.197083
19		0.198917	0.199833	0.200750	0.201667	0.202583	0.203500	0.204417	0.205333	0.206250	0.207167	0.208083
20		0.209917	0.210833	0.211750	0.212667	0.213583	0.214500	0.215417	0.216333	0.217250	0.218167	0.219083
21		0.220917	0.221833	0.222750	0.223667	0.224583	0.225500	0.226417	0.227333	0.228250	0.229167	0.230083
22	0.231000	0.231917	0.232833	0.233750	0.234667	0.235583	0.236500	0.237417	0.238333	0.239250	0.240167	0.241083
23	0.242000	0.242917	0.243833	0.244750	0.245667	0.246583	0.247500	0.248417	0.249333	0.250250	0.251167	0.252083
24	0.253000	0.253917	0.254833	0.255750	0.256667	0.257583	0.258500	0.259417	0.260333	0.261250	0.262167	0.263083
25	0.264000	0.264917	0.265833	0.266750	0.267667	0.268583	0.269500	0.270417	0.271333	0.272250	0.273167	0.274083
26	0.275000	0.275917	0.276833	0.277750	0.278667	0.279583	0.280500	0.281417	0.282333	0.283250	0.284167	0.285083
27	0.286000	0.286917	0.287833	0.288750	0.289667	0.290583	0.291500	0.292417	0.293333	0.294250	0.295167	0.296083
28	0.297000	0.297917	0.298833	0.299750	0.300667	0.301583	0.302500	0.303417	0.304333	0.305250	0.306167	0.307083
29	0.308000	0.308917	0.309833	0.310750	0.311667	0.312583	0.313500	0.314417	0.315333	0.316250	0.317167	0.318083
30	0.319000	0.319917	0.320833	0.321750	0.322667	0.323583	0.324500	0.325417	0.326333	0.327250	0.328167	0.329083
31	0.330000	0.330917	0.331833	0.332750	0.333667	0.334583	0.335500	0.336417	0.337333	0.338250	0.339167	0.340083
32	0.341000	0.341917	0.342833	0.343750	0.344667	0.345583	0.346500	0.347417	0.348333	0.349250	0.350167	0.351083
33	0.352000	0.352917	0.353833	0.354750	0.355667	0.356583	0.357500	0.358417	0.359333	0.360250	0.361167	0.362083
34	0.363000	0.363917	0.364833	0.365750	0.366667	0.367583	0.368500	0.369417	0.370333	0.371250	0.372167	0.373083
35	0.374000	0.374917	0.375833	0.376750	0.377667	0.378583	0.379500	0.380417	0.381333	0.382250	0.383167	0.384083
36	0.385000	0.385917	0.386833	0.387750	0.388667	0.389583	0.390500	0.391417	0.392333	0.393250	0.394167	0.395083
37	0.396000	0.396917	0.397833	0.398750	0.399667	0.400583	0.401500	0.402417	0.403333	0.404250	0.405167	0.406083
38	0.407000	0.407917	0.408833	0.409750	0.410667	0.411583	0.412500	0.413417	0.414333	0.415250	0.416167	0.417083
39	0.418000	0.418917	0.419833	0.420750	0.421667	0.422583	0.423500	0.424417	0.425333	0.426250	0.427167	0.428083
40	0.429000	0.429917	0.430833	0.431750	0.432667	0.433583	0.434500	0.435417	0.436333	0.437250	0.438167	0.439083
41	0.440000	0.440917	0.441833	0.442750	0.443667	0.444583	0.445500	0.446417	0.447333	0.448250	0.449167	0.450083

Chapter 50

Section 50C1.1-1 Charts

Chart I. -- 360 DAY FACTOR CHART

For Computing Total Amount for Any Period of Time at a Given Annual Rate. To Complete Factor, Place Number of Full Years Ahead of Decimal Point.

Number of Days	1 Day	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
0	---	0.083333	0.166667	0.250000	0.333333	0.416667	0.500000	0.583333	0.666667	0.750000	0.833333	0.916667
1	0.002778	0.086111	0.169444	0.252778	0.336111	0.419444	0.502778	0.586111	0.669444	0.752778	0.836111	0.919444
2	0.005556	0.088889	0.172222	0.255556	0.338889	0.422222	0.505556	0.588889	0.672222	0.755556	0.838889	0.922222
3	0.008333	0.091667	0.175000	0.258333	0.341667	0.425000	0.508333	0.591667	0.675000	0.758333	0.841667	0.925000
4	0.011111	0.094444	0.177778	0.261111	0.344444	0.427778	0.511111	0.594444	0.677778	0.761111	0.844444	0.927778
5	0.013889	0.097222	0.180556	0.263889	0.347222	0.430556	0.513889	0.597222	0.680556	0.763889	0.847222	0.930556
6	0.016667	0.100000	0.183333	0.266667	0.350000	0.433333	0.516667	0.600000	0.683333	0.766667	0.850000	0.933333
7	0.019444	0.102778	0.186111	0.269444	0.352778	0.436111	0.519444	0.602778	0.686111	0.769444	0.852778	0.936111
8	0.022222	0.105556	0.188889	0.272222	0.355556	0.438889	0.522222	0.605556	0.688889	0.772222	0.855556	0.938889
9	0.025000	0.108333	0.191667	0.275000	0.358333	0.441667	0.525000	0.608333	0.691667	0.775000	0.858333	0.941667
10	0.027778	0.111111	0.194444	0.277778	0.361111	0.444444	0.527778	0.611111	0.694444	0.777778	0.861111	0.944444
11	0.030556	0.113889	0.197222	0.280556	0.363889	0.447222	0.530556	0.613889	0.697222	0.780556	0.863889	0.947222
12	0.033333	0.116667	0.200000	0.283333	0.366667	0.450000	0.533333	0.616667	0.700000	0.783333	0.866667	0.950000
13	0.036111	0.119444	0.202778	0.286111	0.369444	0.452778	0.536111	0.619444	0.702778	0.786111	0.869444	0.952778
14	0.038889	0.122222	0.205556	0.288889	0.372222	0.455556	0.538889	0.622222	0.705556	0.788889	0.872222	0.955556
15	0.041667	0.125000	0.208333	0.291667	0.375000	0.458333	0.541667	0.625000	0.708333	0.791667	0.875000	0.958333
16	0.044444	0.127778	0.211111	0.294444	0.377778	0.461111	0.544444	0.627778	0.711111	0.794444	0.877778	0.961111
17	0.047222	0.130556	0.213889	0.297222	0.380556	0.463889	0.547222	0.630556	0.713889	0.797222	0.880556	0.963889
18	0.050000	0.133333	0.216667	0.300000	0.383333	0.466667	0.550000	0.633333	0.716667	0.800000	0.883333	0.966667
19	0.052778	0.136111	0.219444	0.302778	0.386111	0.469444	0.552778	0.636111	0.719444	0.802778	0.886111	0.969444
20	0.055556	0.138889	0.222222	0.305556	0.388889	0.472222	0.555556	0.638889	0.722222	0.805556	0.888889	0.972222
21	0.058333	0.141667	0.225000	0.308333	0.391667	0.475000	0.558333	0.641667	0.725000	0.808333	0.891667	0.975000
22	0.061111	0.144444	0.227778	0.311111	0.394444	0.477778	0.561111	0.644444	0.727778	0.811111	0.894444	0.977778
23	0.063889	0.147222	0.230556	0.313889	0.397222	0.480556	0.563889	0.647222	0.730556	0.813889	0.897222	0.980556
24	0.066667	0.150000	0.233333	0.316667	0.400000	0.483333	0.566667	0.650000	0.733333	0.816667	0.900000	0.983333
25	0.069444	0.152778	0.236111	0.319444	0.402778	0.486111	0.569444	0.652778	0.736111	0.819444	0.902778	0.986111
26	0.072222	0.155556	0.238889	0.322222	0.405556	0.488889	0.572222	0.655556	0.738889	0.822222	0.905556	0.988889
27	0.075000	0.158333	0.241667	0.325000	0.408333	0.491667	0.575000	0.658333	0.741667	0.825000	0.908333	0.991667
28	0.077778	0.161111	0.244444	0.327778	0.411111	0.494444	0.577778	0.661111	0.744444	0.827778	0.911111	0.994444
29	0.080556	0.163889	0.247222	0.330556	0.413889	0.497222	0.580556	0.663889	0.747222	0.830556	0.913889	0.997222

