The background features abstract, overlapping green geometric shapes in various shades, primarily on the left and right sides, framing the central text.

**FERS Overview**  
**May 2019**  
**Early/Mid-Career**  
**Seminar**

# Retirement Systems

- Federal Employees Retirement System
- Federal Employees Retirement System-  
Revised Annuity Employee (RAE/FRAE)

# Retirement System

## **Federal Employees Retirement System (FERS)**

- Congress created the FERS effective 1/1/1987
- New system for new employees, certain rehired employees & those who elected
- 3 different sources:
  - Basic Benefit Plan (FERS retirement)
  - Social Security
  - Thrift Savings Plan

# Retirement System

## Federal Employees Retirement System- Revised Annuity Employee (FERS-RAE)

PL 112-96, “Middle Class Tax Relief and Job  
Creation Act” of 2012

Beginning 1/1/2013:

- **New** Federal employees will have to pay 2.3% higher employee contributions
- **New** Members of Congress & Congressional employees will pay the higher employee contributions and will receive the same retirement benefits as regular employees 4

# FERS-FRAE

## FERS-Further Revised Annuity Employees (FRAE)- Section 401 of the “Bipartisan Budget Act of 2013”

Beginning 1/1/2014,

1. Employees hired after December 31, 2013, who are not excluded from FERS coverage become subject to FERS-FRAE coverage and must pay even higher employee contributions for the FERS basic benefit than FERS-RAE employees

# FERS-FRAE (continued)

- ▶ Employees who meet the requirements to retain original FERS coverage based on their status as of December 31, 2012, will continue to be subject to original FERS coverage.
- ▶ Employees who are not eligible for original FERS coverage may still be eligible for FERS-RAE coverage based on their status as of December 31, 2013.

## FERS-FRAE (continued)

4. The basic FERS benefits for congressional employees and Members of Congress covered under FERS-FRAE are the same as the benefits those groups receive under FERS-RAE

# Basic Coverage Determinations

## Employee Retains FERS coverage

An individual hired in 2014 or later will be subject to original FERS coverage if any of these **exceptions** apply:

- ▶ the individual on December 31, 2012, was covered under FERS; or

# Basic Coverage Determinations

## Employee Retains FERS Coverage

- ▶ The individual on December 31, 2012, was performing civilian service which is creditable or potentially creditable service under FERS (for example, the individual may have been performing service as a Peace Corps volunteer or may have been covered under another retirement system from which service credit may be transferred to FERS, such as CSRS, CSRS-Offset, Foreign Service, Federal Reserve, or CIARDS), or

# Basic Coverage Determinations

## Employee Retains FERS Coverage

- ▶ The individual on December 31, 2012, was not covered under FERS and was not performing civilian service which is creditable or potentially creditable service under FERS, but as of December 31, 2012, had performed at least **five years** of civilian service creditable or potentially creditable under FERS, including service subject to CSRS or CSRS-Offset.

# Basic Coverage Determinations Employee Retains FERS Coverage

- ▶ See BAL 13-102 for additional details relating to an employee's status on December 31, 2012.

# Retirement Application

**FERS**  
**FERS-RAE**  
**FERS-FRAE**  
Application for Immediate  
Retirement  
SF 3107

# Types Of Retirements

- Regular/Optional
- Early Retirement
- Disability
- Special Provisions
- Deferred
- Phased Retirement

# Age and Service Requirements for Regular Retirement

## FERS

Age

Service

MRA

30 years

60

20 years

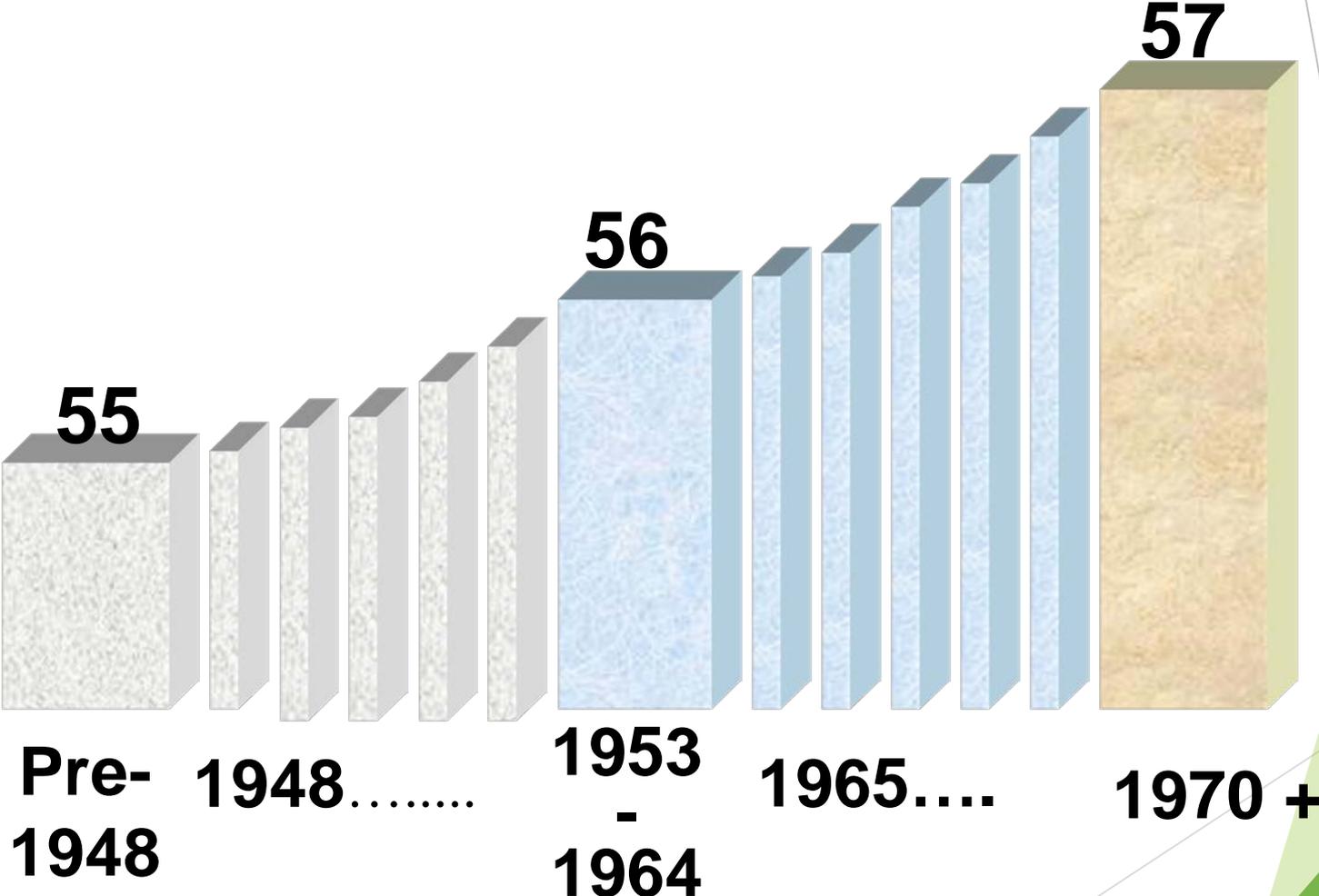
62

5 years

MRA

10 years

# FERS Minimum Retirement Age



# Age and Service Requirements for Early Retirement

## For FERS

<u>Age</u>	<u>Service</u>
Any	25 years
50	20 years

# Additional Requirements for Early Retirement

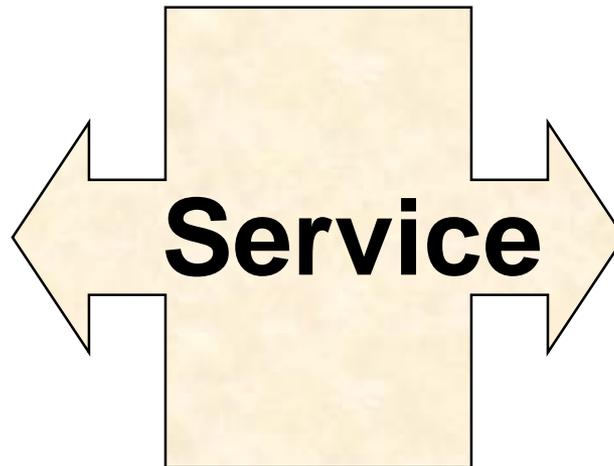
- Early Retirement Authority, or
- Involuntary separation (except for misconduct or delinquency)
- Discontinued Service Retirement (DSR)

# Selecting A Retirement Date

**FERS**

Last day of the  
month

# How To Credit Service



**WHEN**  
**you can**  
**retire**

**HOW MUCH**  
**you'll receive**

# **Amount of Creditable Service**

Federal Civilian Service is normally credited from the beginning to ending date of an appointment

## **Exceptions**

LWOP- 6 months

WAE

Seasonal WAE

# Crediting Military Service

- Honorable, Active Duty Service
- Military Retired Pay Considerations
- Post 1956 Considerations



# Crediting Post-1956 Military Service

## **FERS**

Military deposit equals 3% of  
base pay plus interest

# Civilian Service Deposits

## **FERS nondeduction service performed prior to 01-01-1989**

- Creditable for eligibility and computation purposes only if a deposit is paid

## **FERS nondeduction service performed on or after 01-01-1989**

- Generally not creditable and a deposit cannot be made

# Civilian Service Deposits

## **FERS**

Deposit equals  
1.3% of earnings  
plus interest

## Refunded Service FERS

- P.L. 111-84, Section 1904 permits individuals who are subsequently reemployed to make a redeposit of the amount refunded, plus interest, and to have credit for the service reinstated
- National Defense Authorization Act 2010
- For the purpose of survivor annuities, redeposits may also be made by survivors
- Service Credit Applications SF-3108

# Crediting Unused Sick Leave FERS

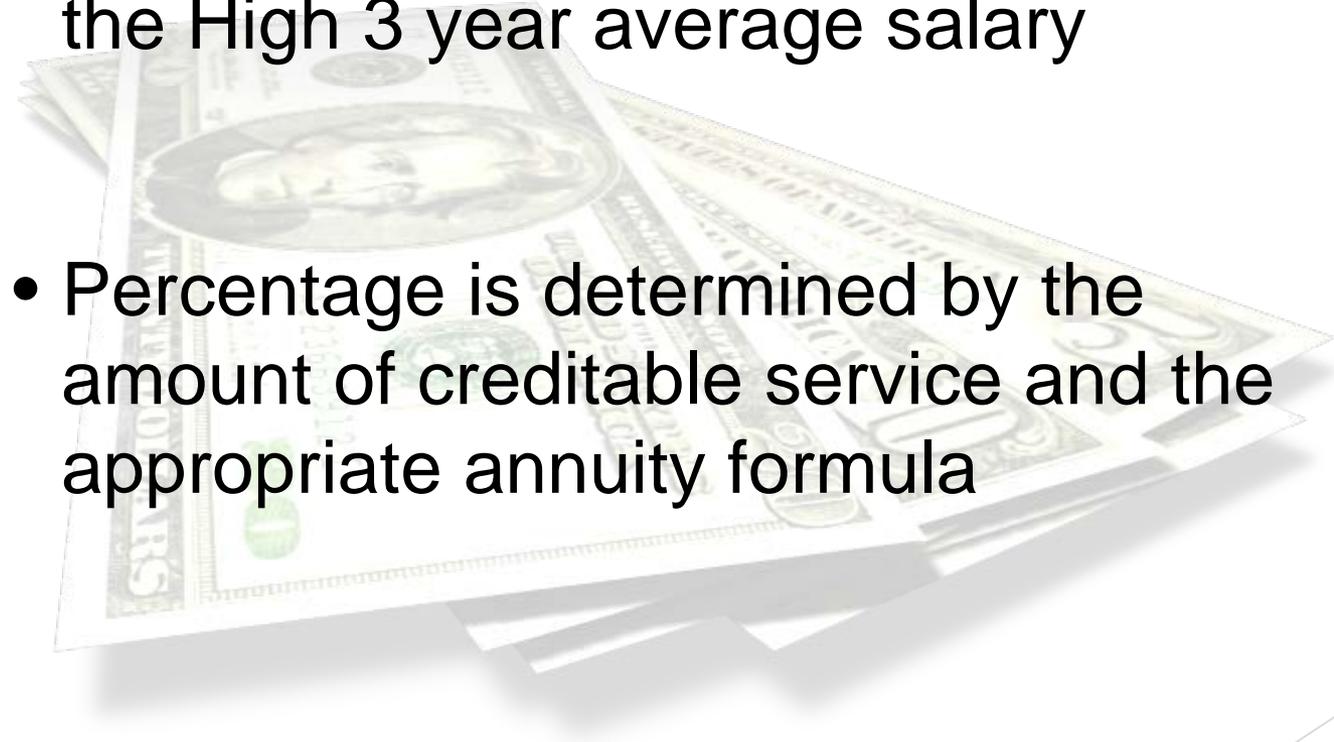
- ▶ Sick leave may be added to the length of service used to compute an immediate annuity
- ▶ Not creditable for establishing retirement eligibility
- ▶ FERS Sick Leave
  - ▶ 50% through 12/31/2013
  - ▶ 100% after 01/01/2014

# How Much Will I Receive?

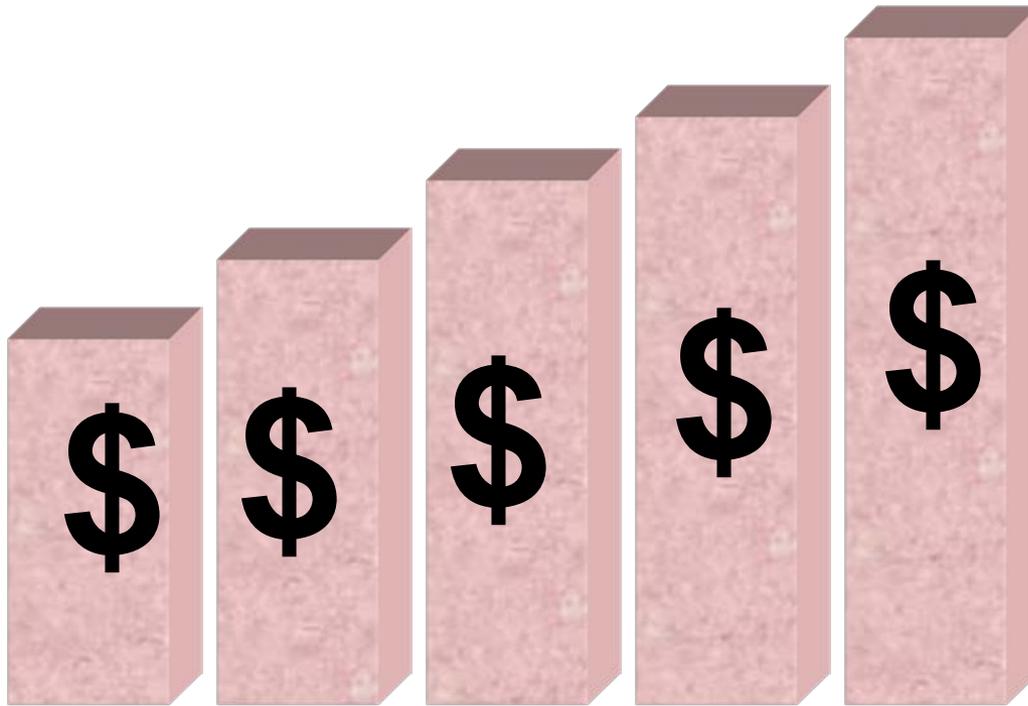
## Annuity Computation



# Basic Annuity

- Annuity is based on a percentage of the High 3 year average salary
  - Percentage is determined by the amount of creditable service and the appropriate annuity formula
- 

# High-3 Average Salary



**3 Consecutive Years**

# Basic Pay Includes:



Regular Pay

Locality Pay

- Night Differential for Wage Employees
  - Premium Pay  
(for FF and LEOs)

# Basic Pay Does Not Include:

- Bonuses
- Overtime
- Allowances
- Special Pay for Recruiting and Retention Purposes



# General Formula

## Formula for Computing Annuity for Voluntary Retirement

- High-3 avg salary X 1.0% X years and months of service
- High-3 avg salary X 1.1% X years and months of service, IF you are age 62 with 20+ years of service



# FERS Annuity Supplement

- ▶ Substitutes for the Social Security part of the total FERS benefit until age 62
- ▶ Approximates the Social Security benefit earned under FERS
- ▶ Subject to earnings test/\$17,640 for 2019
- ▶ Not subject to COLAs but does increase over time

# FERS Annuity Supplement

## To be eligible for the Supplement

- ▶ Employee must have 1 full calendar year of deductions under FERS, and
- ▶ Must qualify for an immediate, non-disability retirement (other than an MRA+10 retirement)

# Reductions Applied to Basic Annuity

## **FERS**

- CSRS component, if before Age 55
- MRA + 10 Age
- Survivor Annuity Election

# FERS Age Reduction

- Applies if the employee retires on an MRA + 10 retirement
- Employee begins receiving annuity before age 62
- Permanent reduction equals 5% for each full year under age 62

# Reduction for Survivor Annuity

## **Applies if an employee**

- ▶ Elects a survivor annuity for a spouse and/or former spouse
- ▶ Has a former spouse entitled to a survivor annuity based on a valid court order, and/or
- ▶ Elects to provide someone with an insurable interest annuity

# Survivor Annuity Reduction

## **FERS**

**Full survivor annuity  
(50%)**

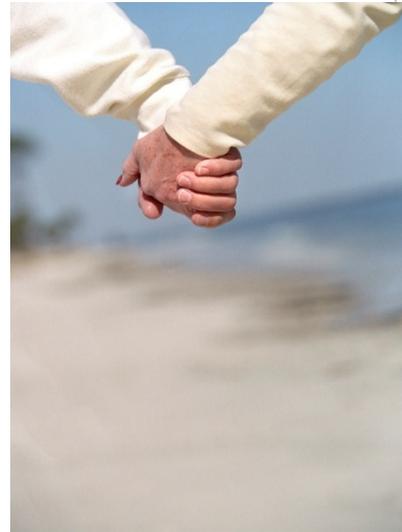
10% of annuity

**Partial survivor annuity  
(25%)**

5% of annuity

# Insurable Interest

- A person who has a reasonable expectancy of financial benefit in the continued life of the employee
- Reduction to provide a survivor annuity to someone with an insurable interest ranges between 10 and 40%



# Insurable Interest

- ▶ New regulations effective July 20, 2012
- ▶ Presumed Insurable Interest for Same Sex Domestic Partners
- ▶ The modification of the pre-existing rule now includes same-sex domestic partners in the class of persons presumed as having an insurable interest in the continued life of the employee/retiree
- ▶ June 26, 2015- Supreme Court Ruling "Marriage for All"

# Maximum Annuity

## **FERS**

There is no  
maximum  
annuity under  
**FERS**

# Returning to Government Work After Retirement

Generally, annuity continues and salary is offset by amount of annuity

## **Exceptions (FERS)**

- Disability annuitants
- Dual comp waivers

# Cost of Living Adjustments (COLAS)

## **FERS**

- Generally not applied to the annuity until the December after the annuitant reaches age 62

## **Exceptions**

- Disability
- LEO/FF
- ATC

# Cost of Living Adjustments (COLAS)

## FERS

Annual rate based upon rise in Consumer Price Index (CPI)

Increase in CPI	Amount of COLA
Up to 2%	Full CPI
2% - 3%	2%
3% or more	CPI – 1%

- Effective 1 Dec each year
- Payable in Jan 91/12<sup>th</sup> of COLA for each month)
- Must be 62 or older to receive
- Disability annuitants and survivors receive COLA at any age
- The COLA for 2019 is 2% for FERS

# More Information

You can sign up to receive the  
BenefitsInfo listserv emails!

Log into the OPM webpage at:

[http://apps.opm.gov/Listserv\\_Apps/list-sub.cfm](http://apps.opm.gov/Listserv_Apps/list-sub.cfm)

[Retire@OPM.Gov](mailto:Retire@OPM.Gov)

Presenter Information:

**Myesha Williams, US Army Benefits Center**

# Questions

