Questions & Answers

on the

Civil Service Retirement System

1999

Dear NALC Member:

As a letter carrier either about to retire or already retired, you may have questions regarding the Civil Service Retirement System—questions about how your annuity is calculated, what forms you should use when you are about to retire, how to claim a survivor annuity.

This booklet is designed to provide you with the answers to these questions as well as to a host of others.

We know that retirement is not only an important stage in one's life, it sometimes is a difficult one—full of complex questions and not readily available answers. This booklet, which has recently been revised to include the most up-to-date information, is extremely informative, so use it well—and it will serve you well.

Vincent R. Sombrotto

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President

QUESTIONS

AND

ANSWERS

ON THE

CIVIL SERVICE RETIREMENT SYSTEM

This booklet refers ONLY to the Civil Service Retirement System (CSRS). A booklet regarding the Federal Employees' Retirement System (FERS) is available through the NALC Supply Department. The purpose of this booklet is to answer many of the questions posed to the NALC Office of the Director of Retired Members.

Where can I call if I have questions/problems concerning my retirement benefits?

The NALC Retirement Office operates a toll free number (1-800-424-5186) on Monday, Wednesday and Thursday, 10-12 noon and 2-4 pm, Eastern Time.

What is the number for the Retirement Information Office of the U.S. Office of Personnel Management?

1-202-606-0500, or toll free 1-888-767-6738.

Where can I call for Social Security information?

1-800-772-1213, operates between 7 am - 7 pm.

National Association
of Letter Carriers
100 Indiana Avenue, N.W.
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Financing the Civil Service Retirement Fund

1 ***What is the Civil Service Retirement Fund?***

It is the accumulation of money held in trust by the U.S. Treasury for the purpose of paying annuity, refunds, or death benefits to persons entitled to them.

2 ***How is the money invested?***

It is invested by the U.S. Treasury in government securities.

3 ***How much is deducted from the salary of each member of the retirement system?***

Seven percent of the basic pay (except for law enforcement and firefighter personnel, Congressional employees, and Members of Congress). Under the Budget Reconciliation Act of 1997, the deduction rate is temporarily increased by an additional 0.25% in 1999, an extra 0.15% in 2000 and an extra 0.1% in 2001.

4 ***What is meant by basic pay?***

Basic pay is the pay or compensation set by law or regulation. It does not include bonuses, overtime pay, military pay, special allowances such as uniforms, cash awards for suggestions or superior accomplishment.

5 ***Has this deduction rate always been seven percent?***

No. Changes in deduction rates are shown in the table below:

Dates of Service	Percentage rates for deductions from basic pay
From August 1920 to June 1926	$2\frac{1}{2}$%
From July 1926 to June 1942	$3\frac{1}{2}$%
From July 1942 to June 1948	5%
From July 1948 to September 1956	6%
From October 1956 to December 1969	$6\frac{1}{2}$%
From January 1970	7%

6 ***What are CSRS-Offset contributions?***

CSRS-Offset employees are covered by Social Security because they were separated from CSRS-covered federal employment for more than a year and returned to a position in which they were covered by CSRS after 1983. For these employees, their Social Security withholdings are offset from their CSRS contributions, so that the combined Social Security and CSRS contributions are the same as for employees who have CSRS coverage only.

When CSRS-Offset employees retire, they receive full CSRS benefits until they are eligible for

Social Security benefits, generally at age 62. At that time, the CSRS benefit is offset by the portion of their Social Security benefit that represents the period of time they were covered by both CSRS and Social Security.

EMPLOYEES COVERED AND CREDITING OF CIVILIAN SERVICE

7 ***Who are members of the Civil Service Retirement System?***

Appointive and elective officers and employees in or under the executive, judicial, and legislative branches of the U.S. Government and other employees specifically covered by law or regulation who were hired prior to January 1, 1984.

8 ***Is membership optional with the employee?***

For persons employed before January 1, 1984 it is automatic except in the case of Members of Congress and certain employees in the legislative branch who have the option of becoming members.

9 ***May credit be allowed for service for which no retirement deductions were taken?***

Yes, provided the employee became a member of CSRS after such service was performed.

10 ***Is deposit required to obtain credit for periods of service for which no retirement deductions were taken?***

It depends upon when the service was performed. If the service was prior to October 1, 1982, payment of the deposit is required in order to receive the maximum annuity, but not to receive credit for the service. If the service was performed on or after October 1, 1982, and deposit is not made, the service counts toward retirement eligibility and the service can be used for high-3 average salary purposes, but the service is not used in determining total service for computation purposes.

11 ***How is the annuity affected if the deposit is not made for service prior to October 1, 1982?***

The annuity is reduced by 10 percent of the amount due as deposit. For example: If a retiring employee has an unpaid deposit which amounts to $1,200.00, the yearly reduction in the annuity will be 10 percent of $1,200.00, or $120.00, or $10.00 a month.

12 ***Is it to the employee's advantage to make the deposit?***

This question cannot be answered by a simple yes or no. There are good reasons for making it, and there are good reasons for not making it. It depends on the length of service that the deposit would cover, the number of years of creditable service that an employee would have when retiring, and the number of years that the employee figures his/her life expectancy will be after retiring. The actual amount of a deposit made at retirement will be returned to the annuitant in ten years. If the retiree lives long enough, he will get the investment back plus the added annuity for all the years that he lives. Below is a table of the life expectancy of various age groups.

Life Expectancy

Age	Men Years	Women Years
55	23	26
60	17	22
62	16	21
65	14	18
70	11	14

13 *May deposit or redeposit be made in installment payments?*

Payment may be made in a lump sum or in installments of not less than $25.00 each paid directly to the U.S. Office of Personnel Management while the individual is still in active employment.

14 *In case of the death of an employee, may a survivor entitled to annuity benefits make the deposit or redeposit?*

Yes.

15 *Is credit allowed for leave without pay?*

Credit is given without deposit to the fund for so much of furlough or leave without pay (LWOP) as does not exceed six months in any calendar year. If in receipt of OWCP benefits, credit is given for the entire period of compensation if carried on the rolls in a LWOP status.

16 *Is service with state and municipal governments creditable under the Civil Service Retirement System?*

No.

17 *Is extra credit allowed for unused sick leave?*

Yes, where the employee retires on an immediate annuity or dies. The time represented by the unused sick leave is added to the employee's actual service used in computing annuity.

18 *What is an immediate annuity?*

One that begins no later than one month after separation from the service.

19 *How much time is allowed for unused sick leave?*

It is on the day-for-day basis; 8 hours of unused sick leave equals one day. On this basis, approximately 22 days of unused sick leave equals one month.

20 *Is deposit required to receive credit for unused sick leave?*

No.

21 ***Does the limitation on annuity of not more than 80% of the high-3 average salary apply to annuity based on unused sick leave?***

No. Additional annuity attributable to the sick leave credit is allowable over and above this limitation of 80%. A chart for converting unused sick leave into increased service time credit for higher annuities follows:

No of Days	1 Day & Up	1 Mo. & Up	2 Mo. & Up	3 Mo. & Up	4 Mo. & Up	5 Mo. & Up	6 Mo. & Up	7 Mo. & Up	8 Mo. & Up	9 Mo. & Up	10 Mo. & Up	11 Mo. & Up
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	41	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	70	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	93	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	99	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	122	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	128	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	139	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	146	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	151	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	157	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

How to use this chart—To find the increased service time credit for unused sick leave, use the following formula. Find the number of hours of unused sick leave. In the horizontal column you will find the number of months and in the vertical column the remaining number of days. For example, 441 hours equals 2 months and 16 days. Another example: 1455 hours equals 8 months and 11 days.

Military Service Credit

22 ***What does the term military service cover?***

Time spent in service to: the Army; Navy; Air Force; Marine Corps; Coast Guard; Regular or Reserve Corps of Public Health Service after June 30, 1960; or Commissioned Officers of National Oceanic & Atmospheric Administration after June 30, 1961.

23 ***Is military service creditable for Civil Service retirement purposes?***

Military service is creditable provided it was active service and was terminated under honorable conditions and was performed before separation from a civilian position under the Retirement System.

24 ***What is Chapter 67, Title 10, U. S. Code?***

It is a provision granting retired pay to members of the reserve components of the Armed Forces on the basis of service. The basic requirement is the attainment of age 60 with the completion of 20 years of service in the Armed Forces. This provision provides that you can draw a reserve military pension and still receive credit for the military service toward your Civil Service annuity.

25 ***May military retired pay be waived so that the military service will be credited under the Civil Service Retirement System?***

Yes.

26 ***May military service be credited toward retirement rather than toward Social Security?***

Credit will automatically be given under the Civil Service Retirement System for military service performed before January 1, 1957. Credit may be given under the CSRS for military service performed on or after January 1, 1957, only if the employee is not eligible for Social Security old age benefits.

Your military service which took place after December 31, 1956 is automatically credited towards Social Security benefits if you become eligible for such benefits. Such service cannot simultaneously be credited in the computation of your civil service annuity unless, before retirement, you pay a deposit to cover the service.

If you first came under the Civil Service Retirement System on or after October 1, 1982 your post-1956 military service will not be included in your civil service annuity without payment of a deposit, even if you are not eligible for Social Security benefits.

Individuals first employed by the federal government under the Civil Service Retirement System before October 1, 1982, will have the option of either: (1) making the seven-percent deposit for post-1956 military service—thereby avoiding a possible reduction in annuity at age 62, or (2) receiving credit as in the past and having his/her annuity reduced at age 62 if he/she becomes eligible for Social Security.

The basic deposit is equal to seven percent of the base pay (not allowances) earned during a period or periods of active military service performed after December 31, 1956.

Interest is charged on the basic deposit at the following market interest rates.

1985 - 13%
1986 - 11.125%
1987 - 9.0%
1988 - 8.375%
1989 - 9.125%
1990 - 8.75%
1991 - 8.625%
1992 - 8.125%
1993 - 7.125%
1994 - 6.25%
1995 - 7.0%
1996 - 6.875%
1997 - 6.875%
1998 - 6.75%
1999 - 5.75%

Future years to be determined by the Department of Treasury.

No credit for any military service is given to an employee who receives military retired pay unless the retired pay is awarded for: (a) service- connected disability incurred in combat with an enemy of the United States, or (b) service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war, or (c) under the provisions of Chapter 67, Title 10, U.S.C. (pertaining to retirement from a reserve component of the Armed Forces).

An employee who is receiving military retired pay which bars credit for military service may elect to waive the retired pay and have the military service added to civilian service in computing the annuity. However, if this employee does not waive military retired pay, retirement rights will be based on civilian service only and military service will not be included in computing the annuity. The employee may, however, receive both military retired pay and civil service annuity at the same time.

27 *May an employee receive credit for service with the National Guard?*

Only when the organization is activated in the U. S. Army or Air Force.

Types of Retirement— Qualifying for CSRS Annuity

28 ***What kinds of retirement are provided for in the retirement law?***

They are known as optional, disability, deferred, and discontinued service annuity for either 25 years of service or 20 years of service, if at least age 50.

29 ***Is there a minimum requirement as to the amount of civilian service?***

Yes. Five years of civilian service is required before annuity benefits may be paid in any case.

30 ***Must an employee apply for retirement?***

Yes. An application must be completed for any annuity benefits.

31 ***Under what conditions may an employee retire optionally?***

- Age 62 with a minimum of 5 years of service;
- Age 60 with 20 years of service; or
- Age 55 with 30 years of service.

32 ***Must application for optional retirement be made before the employee is separated from the service?***

No. However, it is advisable to apply about 60 days in advance of the date scheduled for separation.

33 ***What is the maximum annual leave a letter carrier can be paid for?***

440 hours. Any amount over 440 hours will be forfeited.

34 ***What day should you retire on?***

For optional retirement, an employee should retire on the last day of a month, or on the first 3 days of the month so that annuity will commence the following day after the effective date of retirement. If the employee is retired after the 3rd of the month, annuity will commence the first day of the following month.

Alternative Annuity (Lump Sum Option)

35 ***Can I receive a lump sum payment?***

No, the lump sum was eliminated by the Omnibus Budget Reconciliation Act of 1993, except for certain non-disability retirees who retire with a life-threatening affliction or other critical medical condition that limits probable life expectancy to less than one year.

Disability Retirement

36 ***Under what conditions may an employee retire for disability?***

An employee must become totally disabled for useful and efficient service in the position held and must have completed at least 5 years of civilian service.

37 ***What constitutes total disability?***

Inability of the employee, because of injury or illness, to satisfactorily perform the duties of the position held or the duties of a similar position. It need not be shown that the applicant is disabled for all kinds of work. Under 5 USC 8337(a) it states: "An employee of the United States Postal Service shall be considered not qualified for a reassignment …if the reassignment is to a position in a different craft or is inconsistent with the terms of a collective bargaining agreement covering the employee."

38 ***Who determines whether an employee is totally disabled so as to qualify for an annuity?***

The U.S. Office of Personnel Management, Disability Division, 1900 E Street, NW, Washington, D. C. 20415, makes the determination.

39 ***Must the injury or illness be incurred while on duty?***

No. If it is incurred on the job, however, the employee will have a choice between annuity under the CSRS or benefits from the Department of Labor's

Office of Workers' Compensation Programs, and the employee may choose whichever is to his/her advantage.

40 ***Who files the annuity application if an employee is mentally incompetent?***

The employee's guardian.

41 ***May the employing department or agency apply to have an employee retired for disability?***

Yes. If the agency believes that the employee is totally disabled for useful and efficient service in the position held.

42 ***When does a disability annuity begin?***

It begins on the day after separation or the day after the employee's pay status terminated and the employee has met the disability and service requirements.

43 ***Are further medical examinations necessary after the employee is placed on the disability annuity rolls?***

Periodic examinations are required until the annuitant reaches age 60 or until it is found that the disability is of a permanent nature.

44 ***Must the annuitant pay for these medical examinations?***

Yes.

45 ***In case a disability annuitant recovers, what is his/her status?***

Upon recovery, before reaching age 60, the annuity is continued temporarily (not to exceed 6 months).

46 ***Is reinstatement in the federal service automatic upon recovery or restoration to earning capacity?***

No. The individual must locate a position on their own.

47 ***What happens to a disability annuitant whose earning capacity is restored?***

Even if the annuitant remains totally disabled, an annuitant whose earning capacity is restored before reaching age 60 will have his/her annuity discontinued. (Annuity is not discontinued if restored after age 60).

48 ***When is a disability annuitant's earning capacity considered restored?***

Earning capacity is considered restored if, in one calendar year the annuitant's income from wages or self-employment, or both, is at least 80% of the current basic pay of the position from which the employee retired.

49 ***Is income from such sources as rents, dividends, Social Security, pensions, insurance policies, stocks or bonds considered in deciding whether a disability annuitant's earning capacity is restored?***

No. Only income from wages or self-employment is considered.

50 ***If an annuitant who has recovered or whose earning capacity is restored is not reemployed in the government service, may the retiree receive a further annuity after the disability stops?***

Yes. The annuitant is considered involuntarily separated, and would be eligible to draw one of the following annuities:

- **Deferred annuity**—would begin when the annuitant reaches age 62;
- **20-year discontinued service annuity**—if the annuitant is age 50 with at least 20 years of service, this annuity would begin immediately following the termination of the disability annuity; or
- **25-year discontinued service annuity**—if the annuitant had at least 25 years of service regardless of age, this annuity would begin immediately following the termination of the disability annuity.

Annuity Protection Plan (APP) and COLA Roll-in

51 ***What is the Annuity Protection Plan (APP) and how does it relate to the COLA roll-in?***

Under the APP, the Postal Service took responsibility for "make-up" payments to replace the lost annuity and life insurance amounts resulting from the delayed COLA roll-in. The small number of people affected by this were carriers who retired on disability and the survivors of carriers who died while on the rolls, who were not eligible for the early roll-in option. The APP guaranteed protection for these individuals during the entire lifespan of the delayed COLA roll-in provisions. Beginning with the 1994-1998 National Agreement and its first COLA payment in early 1996, cost-of-living adjustments have been rolled-in immediately and APP protection has become unnecessary with regard to these payments. The automatic, immediate roll-in of COLA to basic salary means that carriers begin to earn retirement credit on their COLA increases as soon as they are paid.

Deferred Annuity

52 ***Who is eligible for deferred retirement?***

Any employee under age 62 who has completed at least 5 years of civilian service providing the employee left retirement contributions in the Civil Service Retirement Fund.

53 ***When does this deferred annuity begin?***

It begins on the separated employee's 62nd birthday.

54 ***Is an employee eligible for deferred annuity regardless of the reason for separation?***

Yes. Providing he/she leaves the retirement contributions in the Civil Service Retirement Fund and is not convicted of certain National Security offenses.

Survivor Annuity Elections

55 ***How many types of annuities are there?***

Four. (1) Annuity with survivor benefit to widow or widower; (2) Annuity without survivor benefit; (3) Annuity with survivor benefit to named person having an insurable interest; or (4) Annuity to provide a former spouse or combination current/former spouse survivor annuity.

56 ***Can an employee choose which type of annuity he/she wants?***

Yes. A married employee is automatically granted the annuity with survivor benefit to widow or widower, unless the spouse waives his/her right to the survivor benefit.

57 ***What is an annuity without survivor benefit?***

It is the annuity which is payable to the retiring employee for his/her lifetime only.

58 ***When is the survivor annuity to the widow or widower effective?***

It is effective the day after the employee or retiree dies and continues until the end of the month before the one in which the widow or widower remarries before age 55 or dies. Remarriage after age 55 does not affect the survivor annuity. For remarriages occurring after January 1, 1995, if the widow/widower remarries before age 55, and was married at least 30 years to the individual on whose service the survivor annuity is based, the survivor annuity will not be terminated.

59 ***How much survivor annuity would the widow or widower receive?***

The widow or widower of a retired employee will generally receive 55% of the retiree's basic annuity. (The annuitant can provide a percentage less than 55% if agreed upon by the spouse at time of retirement).

60 ***How much is the reduction in the retired employee's annuity if he/she accepts the annuity with survivor benefit to his/her widow or widower?***

The reduction is 2½% of the first \$3,600, and 10% of any amount over \$3,600 used as a base for the survivor benefit.

61 ***What is the annuity with survivor benefit to named person having an insurable interest?***

In this type, the retiring employee takes a reduction in the annuity and names a person who has an insurable interest in his/her life to receive a survivor annuity.

62 ***Who may elect an annuity with survivor benefit to named person having an insurable interest?***

Any retiring employee who is in good health.

63 ***If an employee elects an annuity with survivor benefit to named person having an insurable interest, how much is the reduction in annuity?***

This depends on the difference in ages between the retiring employee and the person named as survivor annuitant. See the table below:

64 ***How much survivor annuity will the person having an insurable interest receive?***

This person will receive 55% of the retiring employee's reduced annuity.

65 ***How does a retiring employee indicate the type of annuity he/she wishes to receive?***

There is a portion of the Application for Retirement which must be completed indicating the retiring employee's choice.

Age of person named in relation to that of retiring employee	Reduction in annuity of Retiree
Older, same age or less than 5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

66 ***Can an annuitant ever change his/her type of annuity?***

In some cases, it can be changed and in others it cannot:

- A survivor election may not be revoked or changed, or another survivor named later than 30 days after the date of the first regular monthly annuity payment. However, a retiree who was married at time of retirement and elected a self-only annuity, or a partially reduced annuity to a current spouse, former spouse or insurable interest designee may elect no later than 18 months after retirement, an annuity reduction or an increased annuity reduction to provide a current spouse annuity. If the marriage should terminate before the retired employee dies, the amount of annuity will be increased by the amount previously deducted for the survivor annuity, and if the annuitant gets remarried, an election can be made to cover the new spouse for a survivor benefit. If the spouse predeceases the annuitant and that annuitant later remarries, the annuity is reduced actuarially for all the months that the annuity was restored to full annuity in order to include the new spouse for this survivor benefit.

• An employee who was not married at the time of retirement and later marries, can request that the annuity be changed to include the spouse for a survivor benefit.

NOTIFY:

U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, in writing of this intention no later than 2 years after the marriage.

• An employee retiring, unmarried, and who elected a survivor benefit to a named person having an insurable interest may change this if he/she gets married and elects his/her spouse to be covered with a survivor benefit. This also must be done within 2 years after the marriage.

• If annuity has been restored to full or a single annuitant gets remarried or married the annuity is reduced actuarially to pay for the cost of the survivor annuity from the termination of the marriage or the date of retirement, whichever is applicable.

How Annuity Is Determined

67 ***How is the amount of employee's basic annuity determined?***

The amount depends primarily upon an employee's length of service and the high-3 average salary.

68 ***How is an employee's length of service computed?***

All periods of creditable service are added together plus credit for unused sick leave. The odd days under 30 in the total are dropped, and the time (years and months) remaining is the length of service used in the annuity computation formula.

69 ***How is an employee's "high-3" average pay computed?***

The "high-3" average salary is the highest salary obtainable by averaging the rates of basic pay in effect during any 3 consecutive years of service (Does not have to be from January 1 to December 31.)

70 ***What is the general formula for obtaining the basic annuity?***

• Take: $1\frac{1}{2}$% of the high-3 average salary and multiply the result by 5 years of service;

• Add: $1\frac{3}{4}$% of the same high-3 average salary and multiply by years of service between 5 and 10;

• Add: 2% of the same high-3 average salary and multiply by all service over 10 years;

• Add: The results of these three figures is the retiree's basic annuity per year.

71 ***Is the general formula for computing the basic annuity used in all kinds of retirement?***

It is used in computing the basic annuity in age, optional, 20-year and 25-year discontinued service annuities, and deferred retirements. It is used in disability retirements only if it produces a greater basic annuity than the guaranteed minimum.

72 ***How much is the guaranteed minimum disability annuity?***

The guaranteed minimum is the lesser of the 2 following amounts:

(1) 40% of the employee's high-3 average salary: or (2)

Earned Retirement Percentages Based on Years of Service

Years of Service	Percent of High 3-Year Average Earnings	Years of Service	Percent of High 3-Year Average Earnings	Years of Service	Percent of High 3-Year Average Earnings	Years of Service	Percent of High 3-Year Average Earnings
5	7.50%	15	26.25%	25	46.25%	35	66.25%
6	9.25%	16	28.25%	26	48.25%	36	68.25%
7	11.00%	17	30.25%	27	50.25%	37	70.25%
8	12.75%	18	32.25%	28	52.25%	38	72.25%
9	14.50%	19	34.25%	29	54.25%	39	74.25%
10	16.25%	20	36.25%	30	56.25%	40	76.25%
11	18.25%	21	38.25%	31	58.25%	41	78.25%
12	20.25%	22	40.25%	32	60.25%	42	80.00%
13	22.25%	23	42.25%	33	62.25%	43	80.00%
14	24.25%	24	44.25%	34	64.25%		

* Annuity in excess of 80% which is produced by credit for unused sick leave is payable.

The amount obtained under the general formula after increasing the employee's actual creditable service by the time remaining between the date of separation and the date they reach age 60.

73 *Do all employees who retire for disability get the guaranteed minimum annuity?*

The guaranteed minimum offers no advantage to an employee when retiring if the employee has at least 21 years and 11 months service, or if the employee has reached age 60 at time of retirement.

74 *Is there a limitation on the amount of basic annuity?*

Yes. The maximum basic annuity under any formula mentioned cannot be more than 80% of the high-3 average salary.

75 *What happens to the retirement deductions taken during service in excess of that necessary to produce the maximum basic annuity?*

The retirement deductions withheld after the month in which the employee reaches this 80% limitation are set aside as a special credit when the employee is separated. This amount together with applicable interest computed to the date of retirement is applied toward any deposit or redeposit due and any balance is refunded. In the event of death in service, this amount is refundable as a lump sum death benefit.

76 *Is there an exception to the 80% limitation?*

Yes. Additional annuity attributable to credit for unused sick leave is allowable over and above this limitation. Also, additional annuity can be purchased with the excess retirement deductions described above instead of accepting the refund.

77 *Can voluntary contributions further increase annuity?*

Yes, at retirement, each $100 in the account, including interest earned will provide an additional annuity of $7 a year, plus $.20 for each full year the employee is over age 55 at retirement.

78 *How are voluntary contributions made?*

Only CSRS employees can make voluntary contributions (provided they do not owe a deposit or redeposit for civilian service). They had to have been made to the OPM prior to retirement. Contributions are made in amounts of $25 or multiples of $25.

79 *Can a refund of voluntary contributions be received instead of additional annuity?*

Yes. The contributions can be withdrawn with interest at any time before receiving an annuity based on these contributions.

80 ***Are annuities adjusted after retirement to take account of increases in the cost of living?***

Yes. Annuities are adjusted annually to take into account increases in the cost of living.

81 ***What were the amounts of COLA received during the past 5 years;***

3-1-94	2.6%
3-1-95	2.8%
3-1-96	2.6%
12-1-96	2.9%
12-1-97	2.1%
12-1-98	1.3%

82 ***How is your COLA computed if you retired in this year?***

You must be retired for the full year to receive the full COLA. The COLA year goes from December 1 through November 30. If you retired in:

December	FULL COLA
January	11/12
February	10/12
March	9/12
April	8/12
May	7/12
June	6/12
July	5/12
August	4/12
September	3/12
October	2/12
November	1/12

83 ***May an annuitant be employed outside the Federal Government?***

Yes.

84 ***May an annuitant be reemployed in the Federal Government?***

Yes.

85 ***May an annuitant who is reemployed in the Federal Government continue to draw annuity?***

Generally yes, but the individual's salary is reduced by the amount of annuity paid during the period of reemployment. Reemployed annuitants in certain difficult to fill positions such as temporary census workers are exempt from the salary offset.

86 ***What kind of death benefits are there?***

• A survivor annuity benefit which is payable in monthly installments; or

• A lump sum benefit payable if there is no survivor annuity payable. The lump sum would consist of the amount paid into the Retirement Fund by the employee plus applicable interest if any.

87 ***What happens to annual leave that is advanced at the beginning of the year?***

If the employee retires and has used advanced annual leave in excess of what has been earned, the retiree must pay the post office for all unearned annual leave.

88 ***What should a survivor annuitant do to claim benefits?***

Survivors must apply to receive benefits.

1. Return any uncashed checks sent the annuitant after his/ her death to the return address shown on the Treasury Department's envelope in which the check was delivered. If annuity payments have been sent directly to the bank or other financial institution, promptly notify that institution of the annuitant's date of death. Ask that any payments received after the date of death be returned to the Treasury Department.

Returning uncashed checks to the Treasury Department is necessary because government checks made payable to a deceased person cannot be legally negotiated by anyone, even the executor or administrator of the estate.

Any unpaid accrued annuity due to the deceased will be paid to the eligible survivor.

2. Notify the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017. Indicate the annuitant is deceased and request forms for claiming survivor benefits.

SF 2800—Application for Death Benefits (for Survivor Annuity or Lump- Sum Payment).

FE 6—Claim for Death Benefits (for Life Insurance from the Federal Employees' Group Life Insurance Program).

OPM will process the request as soon as possible. The letter of notification should include the full name of the deceased, exact date of birth, exact date of death, CSA number (claim number), and the address, relationship and name of the person who is apparently entitled to benefits.

3. Obtain certified copies of the death certificate to enclose with applications SF 2800 and FE 6, and for any other needs.

Completing an application (SF 2800) for survivor benefits is necessary so that OPM can authorize payment of all benefits to the eligible survivor.

Benefits may also include automatic health insurance coverage if the survivor has been covered by the annuitant's enrollment in one of the government's health benefits programs, and if the survivor is eligible to receive a survivor annuity immediately after the death of the annuitant.

When applying for life insurance bene-

fits, if the retiree was covered by the Federal Employees' Group Life Insurance Program, there is no need for the eligible survivor to write the New York office of FEGLI.
They cannot settle a claim until a certification of the deceased annuitant's insurance status is received from OPM.

89 *To whom is a survivor annuity payable?*

It may be payable to the surviving spouse (widow or widower), and children of the deceased employee or deceased annuitant, or to a former spouse. It may also be payable to a person having an insurable interest who was named by the employee at the time of retirement.

90 *What conditions must the deceased employee have met to permit payment of a survivor annuity?*

He/she must have completed at least 18 months of civilian service and, at the time of death, must have held a position which was subject to the CSRS .

91 *What conditions must the widow or widower of a deceased employee meet to be eligible for survivor annuity?*

A widow or widower must have been married to the employee for a total of 9 months prior to the employee's death.
The 9 month requirement does not apply if there is a child born of the marriage or the employee's death was accidental.

92 *What conditions must a child of a deceased employee meet to be eligible for a survivor annuity?*

The child must be unmarried and under age 18 or an unmarried child who is over 18 and is incapable of self-support because of a physical or mental disability which began before age 18, or an unmarried child who is a student between the ages of 18 and 22 may also be eligible.

93 *Is a child's survivor annuity payable in addition to the widow's annuity?*

Yes. Each eligible child who has a surviving parent who was the spouse or former spouse of the deceased employee, will receive approximately $347 per month. Each eligible child who has no surviving parent or whose surviving parent was never married to the deceased employee will receive approximately $417 per month. These amounts are reduced proportionately if more than three children are eligible for survivor annuities.
The amount of child benefits are periodically increased by cost-of-living adjustments.

94 *When a child's annuity stops, is the widow or widower's annuity affected?*

No.

95 ***When does the survivor annuity to a widow or widower of a deceased employee begin?***

The day after the employee or annuitant's death.

96 ***How long will the widow or widower continue to receive the survivor annuity?***

Until the end of the month before the one in which the widow or widower dies or remarries before age 55. Remarriage after age 55 does not terminate the widow or widower's annuity. For remarriages occurring after January 1, 1995, if the widow/widower remarries before age 55, and was married at least 30 years to the individual on whose service the survivor annuity is based, the survivor annuity will not be terminated.

97 ***How long will each child continue to receive the survivor's annuity?***

Until the unmarried child reaches age 18; or an unmarried child who is over 18 but is incapable of self- support because of a physical or mental disability which began prior to age 18 either becomes self-supporting, marries or recovers from the disability; or an unmarried child who is a student between ages 18 and 22 ceases to be a full-time student.

98 ***If a child lost their annuity because of marriage, can the benefit be restored if the marriage terminates?***

Yes. The annuity and health insurance coverage can resume upon the end of the child's marriage and can continue until age 22 for children who are not married and enrolled as students on a full-time basis. If a child is unmarried and incapable of self-support because of disability which began before age 18, benefits can continue for life.

99 ***Are survivor annuities paid directly to the child/children?***

Not usually. A child's annuity is generally paid to the legal guardian. However, an adult student may be paid directly upon request.

Survivor Predeceases Annuitant / Annuitant Marries Or Remarries

100 ***What happens when the civil service annuitant's spouse predeceases the annuitant?***

The annuitant can have his/her annuity restored to full-life rate. If there are no dependent children, health benefits coverage can be changed to a self only plan. The beneficiaries for life insurance may need to be changed. Another change which the annuitant may make is a change in federal income tax withholding. The annuitant must notify the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, and furnish them with his/her CSA (claim) number, Social Security number, date of birth, and a copy of the death certificate.

101 ***What happens if the civil service annuitant marries or remarries after retirement?***

If the annuitant marries or remarries and wants to cover his/her new spouse for a civil service annuity, he/she must notify, within 2 years of the marriage, the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, and furnish his/her CSA (claim) number, Social Security number, date of birth, and a copy of the marriage certificate.

The retiree must pay a deposit equal to the difference between the amount of annuity actually paid and the amount of annuity that would have been paid if the survivor election had been in effect continuously since date of retirement or date the reduction terminated, whichever is applicable. This deposit, which includes interest, is paid by permanent actuarial reduction that, in most cases, is less than 5% of the retiree's annuity.

Refund—Redeposit

102 ***What is meant by a refund?***

A refund is the return to an employee of money to his/her credit in the retirement fund.

103 ***Under what conditions is a refund payable?***

It is payable when an employee is separated from government service and the separation takes place at least 31 days before the beginning date of any annuity for which he/she may be eligible.

104 ***May an employee who is eligible to retire on an immediate annuity choose to receive a refund rather than an annuity?***

No.

105 ***May a former employee who is eligible for deferred retirement be paid a refund?***

Yes. If a refund application is filed with the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017 at least 31 days before annuity payments are scheduled to begin.

106 ***If an employee who is eligible for deferred retirement is paid a refund, may a redeposit of the refund be made later so that the employee may receive an annuity at age 62?***

No. But if reemployed under CSRS, the employee could acquire a new retirement right and make the redeposit of the refund in order to receive full credit for service covered by the refund.

107 ***If an employee is separated before reaching eligibility for retirement, may the money be left in the retirement fund?***

Yes. The employee does not have to apply for a refund.

108 ***Is there any advantage to leaving money in the retirement fund?***

If the employee has 5 or more years of civilian service, he/she could receive a deferred annuity at age 62 by leaving the money in the retirement fund. In dollars received, the annuity in most cases is more valuable than the refund.

109 ***If a refund is not paid at the time of separation, may it be paid in the future?***

Yes. Anytime prior to 31 days before the beginning date of any annuity for which the employee is eligible.

110 ***What happens to money left in the retirement fund if death occurs?***

The money will be refunded as a lump sum death benefit.

111 ***May the employing agency's retirement contribution be refunded?***

No. The agency's contributions are deposited to the retirement fund in general and are not credited to any individual employee.

112 ***How is application for refund made?***

Application must be filed on Standard Form 2802.

How CSRS Benefits Are Paid/ Can Benefits Be Attached

113 ***How are benefits paid?***

Payments authorized by the Office of Personnel Management are issued by the Treasury Department and payable on the first business day of the month after the month or other period for which the annuity has accrued.

114 ***May annuity checks be negotiated under Power of Attorney?***

No.

115 ***May annuity, refunds, or lump sum death payments be attached in order to settle a judgment or other indebtedness?***

Such payments generally are not subject to attachment, levy, garnishment or other legal process; however, such payments are subject to legal process to enforce child support, alimony, or separate maintenance obligation or community property settlement in connection with divorce, annulment or legal separation of an annuitant.

116 ***Does this bar apply to indebtedness due to the United States?***

No. This is one exception to the rule, and annuity payments may be used to settle a claim which the government may have against an individual.

117 ***May an employee voluntarily assign his/her retirement deductions as security for a loan or other purpose?***

No.

118 ***May an employee borrow from the retirement fund?***

No.

Federal Income Taxes

119 ***Are annuity payments subject to federal income taxes?***

Yes. Under rules set forth and administered by the Internal Revenue Service.

120 ***May an annuitant have federal income taxes withheld from annuity payments?***

Yes. Annuitants with a touchtone telephone can use the Office of Personnel Management's "Annuitant Express" by calling 1-800-409-6528 to start, stop or change tax withholdings. Those without touchtone service should contact OPM at 1-888-767-6738.

121 ***May an annuitant choose not to have income tax withheld from annuity payments?***

Yes. The tax withholding is entirely voluntary.

Politics/ Jury Duty/ Declination of Annuity

122 ***May an annuitant engage in politics?***

Yes. An annuitant is not an employee and, therefore, is not governed by the political activity restriction applying to employees.

123 ***If an annuitant serves on a jury, will his/her annuity be affected?***

No.

124 ***May a person decline to accept all or part of the civil service annuity they are entitled to receive?***

Yes, if there is a personal reason for such action.

125 ***How is this done?***

By signing a waiver and filing it with the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017.

FORMS USED UNDER CSRS

126 ***What forms are used for filing application under CSRS?***

- Standard Form 2800—Death Benefits;
- Standard Form 2801—Immediate Retirement;
- Standard Form 2824A—Applicant's Statement of Disability
2824B— Supervisor's Statement
2824C Physician's Statement
2824D—Agency Certification of Reassignment and Accommodation Efforts
2824E—Disability Retirement Application Checklist

Note: The SF 2824A, 2824B, 2824C, 2824D and 2824E should be completed for Disability Retirement, in addition to the SF 2801, Application for Immediate Retirement.

- OPM Form 1496—Deferred Retirement;
- Standard Form 2802—Refund of Retirement Deductions;
- Standard Form 2803—Deposit or Redeposit to cover previous service;
- Standard Form 2804—Voluntary contributions;
- Standard Form 2808—Designation of beneficiary for accrued annuity due (payable in a lump sum);
- Form FE-6—Claim for Death Benefits (Life insurance).

127 ***Where may these forms be secured?***

The personnel office of the employing agency or from the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017.

128 ***What recourse does an applicant have if his/her claim is denied?***

The applicant may exercise reconsideration rights provided by the Office of Personnel Management. In most cases following an adverse final decision by OPM, the applicant will then have appeal rights to the Merit Systems Protection Board.

129 ***May an individual receive a civil service annuity and Social Security benefits at the same time?***

Yes, if qualified for both benefits.

130 ***What is the windfall benefit of the Social Security Reform Act of 1983?***

This section of the Act eliminated the minimum benefits section of the Social Security Act. It established that a person would only draw Social Security benefits for the actual work done under the Social Security Act. It established that a person who draws a civil service annuity (or other noncovered annuity) must have at least 30 years of "substantial" Social Security coverage in order to draw full benefits from Social Security. For each year less than 30 years of "substantial" coverage, your Social Security benefit is reduced by 5% until you reach 40%. That 40% becomes the floor for your Social Security benefits.

You must have earned the following amounts to be considered "substantial" earnings:

Year	Substantial Earnings
1951-54	$ 900
1955-58	1,050
1959-65	1,200
1966-67	1,650
1968-71	1,950
1972	2,250
1973	2,700
1974	3,300
1975	3,525
1976	3,825
1977	4,125
1978	4,425
1979	4,725
1980	5,100
1981	5,550
1982	6,075
1983	6,675
1984	7,050
1985	7,425
1986	7,875
1987	8,175
1988	8,400
1989	8,925
1990	9,525
1991	9,900
1992	10,350
1993	10,725
1994	11,250
1995	11,325
1996	11,625
1997	12,150
1998	12,675
1999	13,425

131 ***What does 40 credits entitle you to under Social Security?***

You are entitled to be enrolled in Medicare and draw a Social Security monthly benefit, subject to the windfall elimination provision.

132 ***Is the Windfall benefit and the Pension Offset one and the same?***

No.

133 ***What is the Government Pension Offset?***

If you worked for federal, state or local government and were not covered by Social Security when your employment ended, two-thirds of your pension benefits from that employment will be offset against any Social Security benefit for which you are eligible as a spouse, widow, or widower. You can receive only the amount of Social Security benefit that exceeds two-thirds of your government pension. This frequently eliminates Social Security benefits altogether.

134 ***What is the Thrift Savings Plan (TSP)?***

It is a retirement savings plan similar to an Individual Retirement Account (IRA). The money employees contribute to the TSP is tax-deferred, which means they do not have to pay taxes on it until they withdraw it during retirement.

135 ***Who can participate in the Thrift Savings Plan?***

All postal and federal employees may participate. However, the rules are different for CSRS and FERS employees. In general, the thrift plan is more valuable to FERS employees.

136 ***Do employees have to participate in the Thrift Savings Plan?***

No.

137 ***How important is it for CSRS employees to participate in the Thrift Savings Plan?***

While the TSP is a major component of the three tier FERS retirement package, CSRS employees can use the TSP as a way to save extra money for the future and get a tax break today. CSRS employees do not receive agency matching or automatic contrbutions that FERS employees receive. However, the TSP investment options, withdrawal and tax information are the same for both CSRS and FERS employees.

138 ***What factors influence how much an employee can expect to save and earn through the TSP?***

The main factors are how much the employee earns in basic pay, how much he or she contributes, how many years he or she contributes and the rate of return earned by TSP investments.

139 ***If an employee already has an IRA, can he or she still participate in the TSP?***

Yes.

140 ***Can a TSP participant roll his or her IRA into the Thrift Savings Plan?***

Not at the present time.

141 ***Do employees who transfer or roll over their TSP accounts into IRAs upon separation from government service pay taxes on their TSP savings?***

No. TSP transfers to IRAs or lump-sum withdrawals from the TSP that are rolled over into IRAs within 30 days of receipt are not taxed until they are taken out of the IRAs.

142 ***What are the tax advantages of contributing to the TSP?***

Contributions to the TSP are not subject to federal and most state income taxes in the year they are made, nor is the interest earned by an employees' TSP accounts. TSP funds are taxed only after they are withdrawn, usually at the time of retirement when the marginal tax rates facing most taxpayers are lower.

143 ***How are funds withdrawn from the TSP taxed?***

It depends on the method of withdrawal:

• Lump-sum and equal payment distributions of TSP funds are treated like ordinary income and taxed in the year(s) they are received.

• Annuities purchased by the Thrift Investment Board with an employee's TSP account are taxed in the year(s) annuity payments are received.

• TSP savings transferred to an IRA or other eligible plan are not taxed until they are withdrawn from the IRA or plan.

EMPLOYEE CONTRIBUTIONS TO THE TSP

144 ***How do employees make contributions to the Thrift Savings Plan?***

Contributions can only be made through payroll deductions. Thus, participants must be in a pay status (i.e., receiving a paycheck from the government or Postal Service) to make contributions.

145 ***How much can employees put into the Thrift Savings Plan?***

Employees covered by CSRS may contribute up to 5 percent of their basic pay to the TSP each pay period. Employees covered by FERS may contribute up to 10 percent and receive agency contributions.

146 ***Who owns the money in an employee's TSP account?***

Employees immediately own all the monies they contributed to the TSP, and any interest earned on the funds.

TSP INVESTMENT OPTIONS

147 ***How are contributions to the TSP invested?***

Initially, in 1987, all TSP contributions were automatically invested in a government securities fund known as the G Fund. Although FERS employees were gradually allowed to invest a growing percentage (60 percent in 1990) of their own contributions to the TSP in two private sector investment funds (a common stock fund known as the C Fund and a fixed-income securities fund known as the F Fund), CSRS employees were required to continue to invest all their contributions in the G Fund. Similarly, all the employer's automatic and matching contributions to the TSP on behalf of FERS employees were earmarked for the G Fund.

Beginning in January 1991, however, all restrictions on how TSP participants invest contributions to their thrift accounts were lifted and the TSP's C and

F Funds are open to CSRS employees. FERS and CSRS employees are able to invest any or all of their own TSP contributions in any or all of the TSP's three investment funds. Two new investment funds will be available when the new record keeping systems are implemented in the year 2000; a Small Capitalization Stock Index Investment(S) Fund and an International Stock Investment (I) Fund.

148 *Can an employee lose money investing in the TSP?*

Yes, it is possible, though very unlikely if investments are made over the long-term. In fact, there is very little risk in investing in the G Fund, even in the short-term. But the C and F Funds do involve some risk but with higher level of risk comes higher rates of returns.

149 *What is the G Fund?*

The G Fund consists of investments in short-term nonmarketable U.S. Treasury securities specially issued to the TSP. The rate of return on these securities is the average rate paid on Treasury securities with maturities of 4 or more years.

150 *What is the C Fund?*

The C Fund is a common stock index fund which consists of the common stocks of virtually every major company in the Standard & Poor's 500 stock index (a figure that is reported in most daily newspapers).

151 *What is the F Fund?*

The F Fund is a government/corporate bond index fund which consists of high-quality fixed income securities issued by the U.S. Treasury, corporations and government-sponsored agencies.

152 *What are the advantages and disadvantages of investing in the G Fund?*

The primary advantage of the G Fund is that it offers a safe investment. Given the government's unlimited ability to raise funds, therein is virtually no credit risk (the risk of nonpayment of principal or interest) involved with investing in the G Fund. And in light of the Thrift Board's policy of investing in short-term rather than longer-term Treasury securities, there is little market risk (the risk that investments may fluctuate in value) involved either.

The primary disadvantage of the G Fund is that, on average, the returns on its investments are generally lower than those available from the C and F Funds.

153 ***What are the advantages and disadvantages of investing in the C Fund?***

The primary advantage of investing in the C Fund is that it allows participants to invest in the stock market as a whole, while avoiding the effects of the poor performance of an individual stock or industry. Based on past experience, investments in the C Fund are likely to earn a higher rate of return than investments in either the G or the F Fund.

The primary disadvantage of the C Fund is that it is riskier than the other funds—participants, particularly those who invest in the C Fund for short periods of time, can actually lose money if the stock market performs badly. The C Fund exposes TSP participants to both credit risk (companies can go bankrupt) and market risk (the stock market as a whole can decline if the overall economy slumps).

154 ***What are the advantages and disadvantages of investing in the F Fund?***

The primary advantage of investing in the F Fund is that it permits participants to invest in the bond market as a whole and earn a higher rate of return than that available from the G Fund, especially during periods of declining interest rates (since the value and prices of bonds and other fixed income investments rise when interest rates fall).

Although the F Fund is likely to produce lower rates of return than the C Fund, it provides a somewhat safer investment since the purchase of high-quality bonds reduces the level of credit risk.

The major disadvantage of investing in the F Fund is that participants are exposed to the same type of market risk facing C Fund investors—like the stock market, the bond market as a whole is subject to periodic slumps. Investments in the bond market are particularly risky when interest rates in the economy rise unexpectedly.

155 ***Who manages the TSP's investment funds?***

Overall investment policy for the Thrift Savings Plan is set by a five-person Thrift Investment Board and executed by an appointed Executive Director. The individual funds are, however, run separately. The Executive Director handles investments in the G Fund directly. The C Fund and F Fund are managed by Barclays Global Investors.

OPEN SEASONS

156 ***What are TSP Open Seasons?***

TSP open seasons are 10-week periods held twice a year (from November 15 to January 31, and from May 15 to July 31) during which participants in the Thrift Savings Plan have the opportunity to begin or end making thrift contributions, increase or decrease their contributions, and or change the way their TSP contributions are invested.

157 ***How do employees know how much they have invested in the TSP?***

In May and November of each year, around the start of each TSP open season, all employees who have a TSP account receive a statement from the Thrift Investment Board's record-keeper. The statement provides information about the balances in employees' accounts as well as detailed summaries of account activity in the prior six months. It also provides information about the rates of return earned by the three investment funds and the cost of running the TSP over the statement period.

158 ***What is the TSP ThriftLine?***

The TSP ThriftLine gives participants who call (504) 255-8777 the ability to:

- find out how much they have invested in each of the three investment funds (G. C and F Funds);
- find out how much they are eligible to borrow from their accounts and what the current interest rate is for TSP loans; and
- order replacement TSP Forms.

The computerized service may be used by participants calling from touch-tone phones. In order to ensure that only TSP participants have access to information about their own accounts, users of the telephone inquiry service are required to enter their Social Security numbers and Personal Identification Numbers (or PIN numbers) to gain access to the service. PIN numbers, which are similar to those required to gain access to automatic bank teller machines, have been mailed to participants.

159 ***May a TSP participant stop making contributions at any time?***

Yes. An employee can halt contributions at any time. If an employee elects to discontinue making contributions during an open season period, he or she may resume contributions in the next open season. If the election to halt contributions is made outside of an open season period, the employee must wait for one open season to pass before he or she can begin making contributions again.

160 ***May a TSP participant alter the way his or her payroll deductions for the Thrift Savings Plan are invested among the three investment funds at any time?***

No. Employees may change the allocation of their ongoing payroll deductions to the C, F and G Funds only during a TSP open season.

TSP INTERFUND TRANSFERS

161 ***What is a TSP interfund transfer?***

An interfund transfer is the movement of past TSP contributions from one investment fund to another (e.g., from the G Fund to the F Fund). TSP participants may request interfund transfers at any time, up to a maximum of four times in any calendar year.

162 ***Are there restrictions on what contributions and earnings an employee may transfer?***

There are no restrictions.

163 ***How do TSP participants request interfund transfers?***

Interested participants should obtain an Interfund Transfer Request form (Form TSP-30) from the personnel office where they work or from the TSP Service Office (address: National Finance Center, P.O. Box 61500, New Orleans, LA 70161-1500). The completed form should be sent to the TSP Service Office.

164 ***When do interfund transfers take effect?***

Interfund transfers are executed once a month by the TSP Service Office. Depending upon when request forms are received by the Service Office, transfers may take as little as one week or as much as eight weeks to process.

165 ***Can a TSP participant withdraw the money in his or her TSP account while still employed by the Postal Service or other government agency?***

Yes, employees who are facing hardship situations or who reach age 59½ and want to make account withdrawals for any reason may now do so.

In-service withdrawals before age 59½ will be subject to the 10 percent early withdrawal penalty (which does not apply to those making age-based withdrawals). Both forms of withdrawals will be taxable income in the year in which payment is made, and will be subject to the mandatory 20 percent federal income tax withholding unless rolled over into an IRA.

166 ***Can a TSP participant who separates from the USPS or other federal agency leave his or her savings in the TSP?***

Yes. After leaving the service, the entire account balance can be left in the TSP until April 1 of the calendar year after the participant reaches age 70½, or in which the participant retires if working beyond that age. If withdrawal is not made by this deadline, the TSP Board will transfer all of the funds into the government securities (G Fund). The participant would then be notified that they have 90 days to begin withdrawing the funds or the account will be forfeited.

167 ***May an employee continue to make contributions to the TSP after separating from the Postal Service or other federal agency?***

No. Although they will continue to receive TSP participant statements during TSP open seasons and continue to have the right to shift their savings among the TSP's three investment funds, separated employees may not make additional contributions to the TSP. Their accounts will continue to accrue earnings as long as their savings remain in the TSP.

168 ***What are the basic TSP withdrawal options?***

Depending on a participant's eligibility for FERS or CSRS basic retirement benefits, he or she may choose to:

• Transfer his or her vested account balance to an Individual Retirement Account

(IRA) or other eligible retirement plan; or

• Receive his or her account balance in a lump-sum payment; or

• Receive his or her account balance in substantially equal payments over a fixed period of time or in a fixed amount until the account is depleted; or

• Receive a life annuity based on the amount in his or her account.

169 ***May an employee who qualifies for FERS or CSRS disability benefits withdraw his or her TSP savings?***

Yes. He or she has the same withdrawal options as those described in the answer to question 168.

170 ***If an employee chooses to withdraw his or her funds from the TSP by means of a life annuity, how many different types of annuities are available?***

The TSP offers 18 different types of annuities, which fall into three major categories:

• *Single Life* annuities, payable as long as the participant lives. Variations within this type of annuity include those with cost-of-living adjustments, cash refund options and features which guarantee the distribution of the participant's TSP account balances within 10 years.

• *Joint Life with Spouse* annuities, payable as long as the participant and his or her spouse lives. Variations within this type of annuity include those with cost-of-living adjustments, cash refund options and varying levels of survivor annuities.

• *Joint Life with Other Survivor* annuities, payable as long as the participant and a named person with an insurable interest lives.

Variations within this type of annuity include those with cash refund options and varying levels of survivor annuities.

Additional information is available in a booklet entitled "Thrift Savings Plan Annuities," available from the Postal Service and other federal agencies.

171 ***How does an employee apply to withdraw his or her savings from the TSP?***

Upon separation, the Postal Service (or other federal agency) is required to furnish the employee a TSP Withdrawal Package with the required forms.

172 ***Can an employee borrow from his or her TSP account?***

Yes, in certain circumstances. Loans can be made for medical expenses, tuition and education costs, the purchase of a primary residence or in cases of financial hardship. Information about the TSP loans is provided by a booklet entitled "Thrift Savings Plan Loan Program" available from the Postal Service and other federal agencies.

173 ***How much can an employee borrow from his or her TSP account?***

Loan amounts are limited to the value of the employee's own contributions though not all employees may be able to borrow the maximum, given their salary and ability to repay loans on a timely basis. The minimum loan amount is $1,000 and participants may have two outstanding loans at a time.

174 ***What are the terms of TSP loans?***

Prepayment in full is permitted by certified check, money order or cashier's check. Otherwise, employees repay loans against their accounts through payroll deductions and must pay interest. The term of the loan is set in the application and the rate of interest charged is the rate of return earned by the G Fund during the month in which the loan application is received by the TSP Service Office. Employees who separate from government service must repay their loans in full in order to process any withdrawal request.

Spousal Rights and TSP Savings in Cases of Death

175 ***What rights do spouses of participants have with regard to the TSP?***

Spouses have certain rights when participants apply to borrow from their accounts or withdraw funds from the TSP. The spouses of TSP *participants covered by CSRS* will be notified when participants apply for a TSP loan or apply to withdraw from their TSP accounts.

176 ***What rights do former spouses of participants have with regard to the TSP?***

• TSP participants may not make any decision with regard to their accounts which conflict with an applicable court order, decree, or court-approved agreement obtained by their former spouses.

• TSP accounts may be used to enforce TSP participants' legal obligations to provide alimony and/or child support payments.

• The former spouses of TSP participants must be notified when participants who leave federal service prior to becoming eligible for retirement benefits transfer their TSP accounts to an IRA or other pension plan.

177 ***Who gets an employee's TSP funds if he or she should die before receiving any TSP payments?***

The person identified by the employee as the beneficiary of his or her account on Form TSP-3, the Designation of Beneficiary form. If no beneficiary is named, the account will be distributed according to the standard order of precedence.

178 ***Who gets an employee's TSP annuity if he or she should die after retirement?***

In the event of death after the TSP office receives a completed annuity request, benefits will be provided in accordance with the former employee's annuity selection.

179 ***May an employee keep the basic coverage of Federal Employees' Group Life Insurance after retirement?***

Yes. The employee must have been enrolled in the basic coverage for the 5 years immediately preceding retirement or the full period or periods of service during which the basic life insurance was available to the employee, if less than 5 years. On and after December 9, 1980 those who retire must make a written election as to the amount of their post-retirement basic life insurance coverage they want to retain after age 65, on a form obtained at the employing office.

180 ***What is the cost of basic life insurance?***

As an active employee, the USPS pays for basic life insurance. When the employee retires he/she must pay for basic life insurance coverage until age 65 at the monthly rate of $0.3358 per thousand dollars of coverage. At that time there are no further payments and the basic coverage begins to reduce by 2% per month until it reaches 25% of the face value, payable upon the retiree's death.

181 ***What other options are available for continuing basic life insurance coverage?***

There are 3 choices a retiree may make:

• A retiree may elect to continue under the old system whereby a reduction of 2% per month in the basic life insurance policy value begins at age 65 and declines to 25% of the basic value —no cost to retirees who retired before January 1, 1990.

Those who retired after December 31, 1989 and are under age 65 will have to pay for the basic life insurance until they reach 65. The cost for $40,000 insurance coverage is $13.43 per month.

• They may also elect to have the amount only reduce by 1% per month at age 65 to no less than 50% of the basic policy value—

THE EXTRA PREMIUM FOR THIS LESSER REDUCTION COVERAGE IS 59 CENTS PER MONTH FOR EACH $1,000 OF BASIC INSURANCE PAYABLE FROM THE COMMENCING DATE OF ANNUITY UNTIL DEATH.

• Thirdly, they may elect that the amount of basic insurance will not reduce after age 65.

THE EXTRA PREMIUM REQUIRED FOR NO REDUCTION IN BASIC INSURANCE COVERAGE IS $2.04 PER

MONTH FOR EACH $1,000 OF BASIC INSURANCE PAYABLE FROM THE COMMENCING DATE OF ANNUITY UNTIL DEATH.

If a retiree decides to cancel the increased post-retirement coverage, the amount of basic coverage would be reduced to 25% of face value.

182 *May an employee keep the standard optional life insurance after retirement?*

Yes. You may also retain your coverage if you are eligible to continue the basic insurance and if, in addition, you have also had the standard optional coverage in force for not less than the full period or periods of service during which the coverage was available to you or the 5 years of service immediately preceding your retirement. YOU MUST PAY FOR THIS INSURANCE UNTIL YOU REACH AGE 65 at which time the coverage will reduce by 2% per month until it reaches 25% of the face value ($2,500).

183 *May an employee keep the additional optional or family optional life insurance after retirement?*

Yes. This coverage may be retained if you are eligible to continue the basic insurance and if, in addition, you have also had the life insurance in force for not less than the full period or periods of service during which it was available to you or the 5 years of service immediately preceding your retirement. YOU MUST PAY FOR THIS INSURANCE UNTIL YOU REACH AGE 65 at which time the coverage will reduce by 2% per month for 50 months, at which time the coverage ceases. Employees separating for retirement on or after April 24, 1999 can elect to continue these coverages on an unreduced basis by paying premiums past age 65. Those already retired who have additional optional coverage on a reduction schedule will be offered a one-time opportunity to elect an unreduced schedule on a prospective basis. Those already retired do not have the opportunity to elect unreduced family coverage.

184 *What are living benefits?*

Effective July 25, 1995, you may elect to receive a lump-sum payment (living benefits) if you are terminally ill and have a documented medical prognosis that your life expectancy is 9 months or less. The form for electing living benefits (FE-8) is only available from the Office of Federal Employees' Group Life Insurance (1-800-633-4542).

185 *May an employee keep his/her health benefits coverage after retirement?*

Yes. If retiring on an immediate annuity and if you have been continuously enrolled under the program (or covered as a family member) since the first opportunity to enroll, or for the 5 years of service immediately preceding retirement.

186 ***If a retiree cancels the Federal Employees Health Benefit Program coverage, can he/she reenroll at a later date?***

No. Once a retiree cancels health coverage under the FEHBP, it can never be reinstated.

187 ***If an employee dies, may his/her survivors continue health benefits coverage?***

If there is a survivor annuity payable and if the survivor has been covered as a dependent on your FEHBP while you were living, the coverage will continue and the premium will be deducted from the civil service survivor annuity.

What an Annuitant Should Do In Case of Divorce/Death of Spouse

188 ***What should the annuitant do if the person chosen as a survivor annuitant predeceases him/her or the marriage is terminated by divorce or annulment?***

Write to: U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, requesting the annuity be restored to the full life rate. Be sure to sign the letter and give your CSA (claim) number. If there are no other eligible dependents you may request to change the health coverage to self only.

In addition you may want to file Change of Beneficiary Forms: SF 2823 and SF 2808 regarding life insurance and lump sum benefits which may be payable on the death of the annuitant. A copy of the death certificate or divorce/annulment decree should be sent, whichever applies.

189 ***What should an annuitant do if a family member dies who is covered by his/her family optional life insurance?***

Write to: U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, requesting **FE-6 DEP** to claim death benefits. Be sure to give your full name, CSA (claim) number, Social Security number, and date of birth. Send a copy of the death certificate when you return the completed FE-6 DEP to OPM.

GENERAL RETIREMENT INFORMATION

190 ***Can the annuitant request that his/her civil service annuity checks be sent to a financial institution (Direct Deposit)?***

Yes. The person may go to the financial institution of his/her choice and request SF 1199A which should be completed and sent to the Office of Personnel Management. Your retirement claim number (either CSA or CSF) must be put on Form SF 1199A. **CAUTION: If you change financial institutions, do not close the old account until** your first annuity payment arrives at the new bank—this may be 30-60 days after you have completed the SF 1199A. This will avoid any problem with a missing payment.

191 ***What happens if my civil service annuity check is not received?***

Wait five mail delivery days and notify: U. S. Office of Personnel Management, P. O. Box 7815, Washington, D. C. 20044 or by phone at 1-888-767-6738. This number may also be used if a direct deposit payment is not received at the financial institution.

192 ***How are NALC union dues withheld from my annuity checks?***

By completing Form 1189 through your local NALC branch, who in turn will forward it to NALC Headquarters in Washington, D. C.

193 ***How long after retirement will it take for my NALC union dues withholdings to begin?***

This varies from person to person. However, once the U. S. Office of Personnel Management completes final action on your annuity claim, there will be a retroactive amount withheld for dues and the next month it will go down to the monthly amount of withholding for dues.

194 ***Do I have any accidental death benefits through the NALC?***

Yes. The Mutual Benefit Association, NALC, 100 Indiana Avenue, NW, Washington, D. C. 20001 covers retired members of the NALC for $5,000 in case of accidental death.

195 ***Do local branches of the NALC have any death benefits?***

There are some local branches of the NALC who have a death benefit payable in the death of its members—the survivor should contact the local NALC branch upon the retiree or employee's death.

196 ***Many retirees wish to correspond with the U. S. Office of Personnel Management; it will greatly aid them if they use the address listed below:***

U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017.

197 ***Where can I get general information from OPM, TSP, or NALC via the Internet?***

http://www.opm.gov/retire

http://www.tsp.gov

http://www.nalc.org

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