



Keeping what is yours

With more and more letter carriers eligible for Social Security in addition to CSRS or FERS annuity, many questions regarding earning limitations reach my office. While all questions have different particulars, some basic understanding of retirement income can come in handy if you plan to seek employment after you retire.

CSRS optional—Those who retire under the CSRS optional have *no* earnings limitation placed against their CSRS annuity. A CSRS eligible person can retire today from the USPS and start employment elsewhere the next day for any salary with no effect on their annuity.

FERS optional—This annuity, like CSRS optional, has no earnings limitations in place after retirement and FERS retirees may seek employment without any effect on *this* annuity. However, FERS regular optional retirees under age 62 can have their FERS supplemental income affected by outside earnings *as it relates* to this provision of the FERS retirement system.

FERS annuity supplement—While the FERS optional annuity does not have earnings limits, there are earning limits placed on any FERS annuity supplement payments. Since the supplement payments are designed to approximate the Social Security entitlements earned under FERS, the same earnings limit as applied to Social Security are in place. This earnings limitation for 2008 is \$13,560.

CSRS and FERS disability annuities—The only earning limitations on a federal annuitant apply to those who are drawing a disability annuity from CSRS or FERS and are under age 60.

Social Security—It has earnings limits set each year for those who have not reached their Full Retirement Age (FRA). These earnings limitations (\$13,560 for 2008) do not include any CSRS or FERS annuity income. And while individuals drawing a CSRS annuity may have their Social Security entitlements reduced through the Windfall Elimination Provision (WEP), the money is still not considered earned income.

Earnings limitation for Social Security recipients who

have not reached FRA, (age 66 or 67, based upon birth year), would have their benefits reduced by \$1 for each \$2 over the \$13,560 yearly earnings limit. If you retire during the year, this earnings offset can be figured at a monthly rate of earnings, which equals one-twelfth of the \$13,560, or \$1,130 per month. For example: A person with accrued earnings of \$30,000 for January through June, retires on June 30 and starts receiving SS benefits in July. The earnings limitation would only be applied against the remaining months in the year for earnings during that period. No reduction would occur in months with less than the \$1,130 limit.

Frequently, questions concern payments for annual leave at the time of retirement and its effect of exceeding the Social Security earnings limit for the year. A person who retires and receives a payout of their annual leave balance could notify Social Security and inform them that the payment was a special payment earned prior to their retirement and, upon documentation, the money received would not be considered as earnings against the limit for that month or year.

So while the time of the month when you retire is important regarding your CSRS or FERS annuity, it is not necessary that your current earnings toward Social Security be a consideration in that decision.

On the subject of retirement, the backlog of disability retirement applications continues to be an issue. If you are contemplating disability retirement, you should be aware that, currently, the application process and acceptance period seems to be running in excess of 16 weeks from the receipt of the completed application and all supporting documents at the USPS' HR Shared Services Center (HRSSC). While some of this time is necessary for HRSSC and the USPS to process, complete and send the application to OPM, it appears that more and more of the time is due to staffing at OPM.

The retiree breakfast during the national convention in Boston has been scheduled. See page 27 of this issue for details. Please make your reservations immediately to help us finalize our plans. ☒