



Retirement and you

During the next few months, I will be writing about the retirement systems and how they work for both our active and retired members. While it is impossible to even scratch the surface regarding retirement in such limited space, it is important that our members understand the options that are or may become available during their postal career.

Let's take a look at the Civil Service Retirement System, established in 1920. This retirement system was replaced in 1984, when the Federal Employees Retirement System was enacted. As of December 15, 2009, there were 31,042 city letter carriers covered under CSRS.

Eligibility—There are six benefit categories under CSRS that are available to city carriers. Each is based on age, number of years of creditable service and other special requirements. In addition, you must have served in a position subject to CSRS coverage for one of the last two years before your retirement. If you meet one of the following sets of requirements, you may be eligible for an immediate retirement benefit. An immediate annuity is one that begins *within* 30 days after your separation.

1) Voluntary retirement

- Age 62 with at least five years creditable service;
- Age 60 with at least 20 years creditable service; or
- Age 55 with at least 30 years creditable service.

This is the retirement that most letter carriers achieve. It provides a base annuity determined by creditable years of service and the “high-3 average” earnings of the retiree. The entitlement is 1.5 percent of the high-3 earnings for the first five years, add 1.75 percent of the high-3 earnings for the next five years and add 2 percent of the high-3 earnings for each year over 10, up to an 80 percent maximum (which is earned with 41 years and 11 months creditable service).

An exception to the 80 percent earnings limit is that unused sick leave accrued at the time of retirement is added to the earnings limit and can exceed the 80 percent limit. A person retiring under these provisions should consider retiring by the third of the month so they will start receiving their annuity immediately. Those working past the third of the month will not start earning their annuity until the first day of the next month.

2) Special optional

- Age 50 with 20 years of creditable service; or
- Any age with 25 years of creditable service.

This covers any involuntary separation without cause.

3) Early optional

- Age 50 with 20 years of creditable service; or
- Any age with 25 years of creditable service.

This is available under special provisions for air traffic controllers, law enforcement and fire fighter personnel.

4) Discontinued service

- Age 50 with 20 years of creditable service; or
- Any age with 25 years of creditable service.

The agency must be undergoing a major reorganization, reduction-in-force, or transfer of function determined by the Office of Personnel Management. Your annuity is reduced by one-sixth of 1 percent for each month you are under age 55. (An example of this was the recent Voluntary Early Retirement Authorization offered by the USPS to select groups of employees in 2008 and 2009).

5) Disability

- Any age with five years of creditable service.

You must be disabled for efficient service in your current position. The disability must have onset prior to retirement and should be expected to last for at least one year. Your separation must be voluntary and not a removal for misconduct or delinquency. The disability will pay your “earned annuity” based upon the optional high-3 earnings above, but it also has a 40 percent minimum, so a person with fewer than 22 years of service would get 40 percent. Those with more than 22 years of service would receive more based upon their earned amounts.

6) Deferred Annuity

- Age 62 with five or more years of creditable service.

This retirement covers those who leave the USPS prior to meeting any eligibility above.

Note: An employee who defers annuity and dies prior to their eligibility and application would not qualify for any spousal survivor annuity. A refund of CSRS contributions would be all that is payable.

National convention

Our August 2010 convention in Anaheim, California, is rapidly approaching. At this time, we have not completed the details on the retirement breakfast/workshop and/or possible retirement training classes. We will provide that information as soon as it is completed. ☒