

While OPM delays, retirees wait on pensions



OPM Director John Berry

Sometimes getting the work done comes down to people, not technology.

That's what the federal Office of Personnel Management has learned, with the consequences being felt by 38,000 retirees, many of whom are waiting six month—some up to a year—to get the full retirement benefits they've earned.

Among those affected are more than 2,600 members of the National Association of Letter Carriers.

NALC officers are on top of the situation, including Ernie Kirkland, NALC national director of retired members, who noted the increasing numbers waiting for the "finalization" of their appropriate retirement payments.

"We continue to assist NALC retirees who are hard-pressed because of OPM's snafu," Kirkland said.



Several years ago, OPM decided to switch its pension work to an online process and as a result downsized significantly, thinking the technology would allow a smaller workforce to do the job. But the then-director's efforts to set up an automated system called RetireEZ failed in 2008 when the contractor didn't deliver. So the work is still being done manually, by fewer people. Previously, OPM had 178 full-time specialists to handle the retirement payments; that's now down to 130 employees.

The result: Delays for thousands of retirees over the past year, as they wait to get their correct pension checks until OPM sorts this all out. In the meantime, they're getting interim annuities—generally about 60 percent of the proper amount, sometimes far less. Many have had to dip into their savings or withdraw money from various accounts, incurring penalties to meet expenses.

Once a retiree's actual annuity payment is finally calculated, he or she gets a check to cover the missing amount. Those checks do not include interest.

"We are aware of this problem, we've been in contact with OPM and other parties, and we've provided OPM's director with some suggestions on how to resolve this matter," NALC President Fredric Rolando said.

The problem was brought to public light recently by reports and an editorial in the *Federal Times*.

OPM Director John Berry has pledged to raise the interim annuity payments made to retirees, though it means that some will temporarily be overpaid and will have to pay back the difference once the dust settles.

NATIONAL ASSOCIATION OF LETTER CARRIERS

A Federal Times story about the problems at OPM.

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The anticipated effort toward clearing up the backlog of retirement applications is not expected to be available until the end of the year, at the earliest, which does not immediately help those who are currently without the funds they have earned and are due.

Contributing to the problem is that while OPM generally gets some information electronically within a week of someone's retirement, almost half of those communications lack key information for the process of calculating annuities. Additional information often arrives in paper form and must be manually keyed into computers, further delaying the process. OPM plans to meet with agencies such as the Labor Department to address these issues.

Berry said the quickest answer for now is to hire more employees and have them work overtime as necessary. OPM made a mistake when it cut employees in hopes that automation would yield improvements, he said. The agency is awaiting congressional approval to hire 40 employees to help calculate annuities, and has temporarily transferred 40 workers to the division that handles retirements. Paying the necessary overtime is contingent on the 2011 budget.

He acknowledged that the agency needs to provide better customer service to retirees who inquire about when they'll get their full annuities but end up frustrated by long wait times and by receiving little information if they finally do reach someone.

"This is 100 percent our responsibility," said Berry, who assumed office in April. "We need to own this, we need to fix this and we're going to."

Unless progress is made in speeding up the process, the situation will get worse. Most federal retirements take place around the end of the year through the winter months.

"If people have a dire need, they can contact our office and, on a case-by-case basis, we will try to have them looked at, based on need," the NALC's Kirkland said.

Kirkland advised letter carriers considering retirement to make sure they have cash reserves of at least five months of their anticipated retirement earnings, which could include up to 440 hours of annual leave.

Additionally, Kirkland suggested that applications for retirement be started at least four months before the anticipated retirement date. Also, he urged each member to make sure that any money owed for military service or for redeposit of funds toward the annuity is paid before the retirement application is processed.

A major issue that affects and delays annuity calculations involves employees who are receiving "wage loss compensation benefits" from the Department of Labor at the time of retirement, Kirkland said. To finalize payments, OPM must receive assurance from the DOL that the wage loss payments have been terminated. This usually requires a letter from the retiree to DOL and OPM stating the retiree's desire to cease those benefits and start drawing the retirement annuity. OPM will not pay any money to an individual who has an active or open wage loss case, because of the possibility of duplicate payments being issued by the two agencies. \square

In 2008, OPM said that its RetireEZ technology would allow it to do the work with fewer employees.

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