



Is a VER offer in your future? If so, are you ready?

To avoid the numerous phone calls that we do and will receive on the subject of rumors of an early out for city letter carriers, the following article is provided. First, I want everyone to understand that at this time, the NALC has no information that the Postal Service has asked for the authority from the Office of Personnel Management (OPM) for a voluntary early retirement (VER) for city letter carriers. This does not mean that management is not considering such a request, but the belief is that there is not an excess of city letter carriers, so no such offer is contemplated. But, prior to any VER that involves a monetary or other incentive, the USPS is required to negotiate such benefits with the NALC. At the time of this writing (early May), no such conversations have been held. And while the USPS has acknowledged some form of incentive for postmasters to retire, none has been discussed concerning city letter carriers.

That said, since managers seem to be in the dark about what they are doing, I believe that a look at VERs and their possible effect on the retirees is a good idea. *Again*, this is not announcement of any VER, just an effort to provide some information to start the thought process, since when VERs are announced, sufficient time to make an informed decision usually is not given.

Prior to such consideration, as in all life-altering decisions, each employee should prepare a list of what his or her retirement plans are. Such decisions should be discussed with your family and those with whom you will be sharing your new lifestyle. These discussions should include a thorough look at your income and expenses now, with an understanding of what they would be after retirement. You should ensure that your projected income is equal to your anticipated expenses. Make sure that you include expenses for any retirement plans that might increase your expenditures after retirement. One way to do this is to create a list of incomes, and another list of expenses. Go through the list and update the incomes with after-retirement totals. Look at your

expenses and see what will change after retirement by adjusting or deleting the expenses and then adding any new expenses after retirement. You can categorize your expenses into “required” and “wanted” categories.

Another review should be taken by any workers who have an active loan from their Thrift Savings Plan account. Since repayment must be from your salary, repayment is not possible once you retire. If your retirement is after age 55, or you retire in the year that you turn 55, then the existing loan balance is considered normal distribution and would be counted as income for the year of retirement and taxed, since it was not taxed previously. However, if you retire before the year you reach age 55, then any outstanding balance would be considered “early withdrawal” and taxes *plus* a 10 percent penalty would be charged. Additionally, since you are eligible for only one “partial withdrawal” from your TSP at retirement, both situations would prevent any future partial withdrawal after retirement, since the existing loan would be considered that one allowance.

For CSRS workers, all previous VERs have had a 2 percent permanent reduction in their annuity for each year under age 55. There is no such penalty for FERS employees; however, they are ineligible for the supplemental income until they reach their minimum retirement age.

In closing, I want to again affirm that *no* early retirements have been announced at this time for city letter carriers. If one is forthcoming, the NALC will make the members aware of its existence and give the facts to help you make a rational decision. This article is to alert you to some issues you might face should one be offered.

Marriage or remarriage after retirement—For a person to provide a survivor’s annuity to a new spouse, the annuitant must notify OPM within two years of that marriage of their desire to provide such annuity. Though the new spouse is not eligible for such annuity until after nine months of marriage, you should make the notification as quickly as possible after the marriage. ☒