

FERS retirement benefits

for letter carriers who retire on March 1, 2015

The Federal Employees Retirement System covers federal and postal employees hired on or after Jan. 1, 1984, former Civil Service Retirement System employees who transferred into FERS during the two special transfer open seasons (in 1987 and 1998) held since the creation of FERS, and former CSRS employees who switched into FERS following a separa-

tion from federal service.

FERS employees earn retirement benefits from three sources: the FERS Basic Annuity, Social Security and the Thrift Savings Plan. Section 1 gives estimates of annuity benefits earned from service under FERS. Sections 2 and 3 provide information about how carriers can estimate Social Security and TSP benefits.

1. FERS Basic Monthly Annuity Estimates

FERS annuity benefits are calculated as a percentage of average basic pay over employees' three highest consecutive years of earnings (High-3 average) and vary by length of service. The estimates below are based on the High-3 averages of CC Grade 1 and 2 carriers (formerly Grades 5 and 6) as of March 1, 2015:

Years of FERS Service	CC Grade 1 High-3: \$57,077	CC Grade 2 High-3: \$58,280
20	\$951	\$971
21	999	1,020
22	1,046	1,068
23	1,094	1,117
24	1,142	1,166
25	1,189	1,214
26	1,237	1,263
27	1,284	1,311
28	1,332	1,360
29	1,379	1,408
30	1,427	1,457
Each additional year	\$47.56	\$48.57

NOTES: Years of service includes creditable postal, federal and military service classified as FERS service. Annuity benefits for service performed under CSRS are calculated using CSRS benefit rules (see CSRS annuity chart). Employees who retired under FERS service through Dec. 31, 2013, will receive half credit for unused sick leave toward their FERS basic annuity. FERS employees retiring Jan. 1, 2014, and after will receive full credit for unused sick leave. (Public Law 111-84)

The FERS basic annuity pays 1 percent of the high-3 average for each year of service. If annuitant is aged 62 with at least 20 years of service, add 10 percent (multiply by 1.10) to the figures above. To provide a **survivor annuity** for a spouse—worth either 25 percent or 50 percent of the unreduced annuity—deduct either 5 percent or 10 percent from the figures above.

If covered by the NALC Health Benefit Plan, a further deduction of either \$327.27 per month if for self and family (code 322) or \$161.22 if for self only (code 321) will be made. In addition, premiums for any coverage under the FEGLI Life Insurance program will be deducted.

FERS annuitants who retire on an immediate annuity prior to age 62 (MRA+30 years or age 60 with 20 years) are eligible to receive a supplemental annuity benefit until they reach the age of 62. (Those retiring on disability or the MRA+10 provision are not eligible.) The supplement approximates that portion of their future retirement benefit from Social Security derived from FERS employment.

No COLAs are payable to FERS annuitants until they reach 62 years of age. **Annual COLAs** are based on increases in the Consumer Price Index (CPI). By law, FERS COLAs equal the increase in the CPI if the increase is 2.0 percent or less, 2.0 percent if the increase is between 2.1 percent and 3.0 percent, and CPI minus 1.0 percent if the increase is greater than 3.0 percent.

2. Social Security Retirement Benefits

The Social Security retirement benefits of letter carriers are based on carriers' earnings in covered employment, including work under FERS and in the private sector. Reduced benefits are payable at age 62 and full benefits at between age 65 and 67, depending on workers' birth dates.

Letter carriers have three options for estimating their future benefits under Social Security:

1. Request a benefit estimate by submitting a copy of SSA Form 7004 to the Social Security Administration; Wilkes-Barre Data Operations Center, P.O. Box 7004, Wilkes-Barre, PA 18767-7004;
2. Review the Social Security statement mailed to you by the Social Security Administration each year in the month before your birthday; or
3. Access the online benefits calculator on the Social Security Administration's web site at www.ssa.gov.

For more information on Social Security, visit your local SSA office or refer to the NALC publication, *Questions and Answers on FERS: The Federal Employees' Retirement System*.

3. Thrift Savings Plan Benefits

The Thrift Savings Plan is a tax-deferred retirement savings plan available to all letter carriers, albeit under different rules for CSRS and FERS employees. The level of TSP benefits payable to carriers will depend on how many years they participate in the plan, how much they save through the TSP and the performance of their TSP investment funds.

Carriers seeking additional information about the TSP can:

1. Consult the retirement counselor in the office where they work and request a copy of the *Summary of the Thrift Savings Plan*, the authoritative publication on the TSP;
2. Access the TSP's web site at www.tsp.gov; or
3. Refer to the *NALC's Questions and Answers on FERS: The Federal Employees' Retirement System*.

Carriers wishing to estimate their future savings and future retirement benefits from the Thrift Savings Plan can access two online calculators provided by the Federal Retirement Thrift Investment Board through the TSP's web site at www.tsp.gov.

The first calculator allows participants to project their future TSP account balances. The second calculator permits participants to estimate the value of monthly annuity benefits payable by their projected account balances.