

Working after retirement



**Ron
Watson**

While many letter carriers who finally retire may never look back, there are those who consider returning to the workforce. Whether it's simply an economic choice, a way to stay busy, following a passion, or a mixture of many reasons, some retired letter carriers consider punching a clock a few more times.

If you've retired and are considering going back to work for the federal government, you need to be aware of the effect that will have on your salary and your future annuity. In general, if you become re-employed with the federal government while collecting a Civil Service Retirement System or Federal Employ-

ees Retirement System annuity, your wages will be offset by the amount of your annuity.

As a re-employed annuitant with the federal government, your salary will be offset dollar-for-dollar by the amount of your annuity. This reduction to your salary will often be substantial. Such a reduction may prevent many from returning to the federal government.

To compute the offset, you divide your gross yearly annuity by 2,080 hours. The result is the offset per hour, which you could multiply by 80 hours to see how much would be deducted from your salary each pay period for a full-time employee:

- $(\text{Gross Monthly Annuity} \times 12) / (2080 \text{ hours}) = \text{Hourly Rate of Annuity}$
- $\text{Hourly Rate of Annuity} \times \text{Hours of Basic Pay} = \text{Amount of Offset for the Pay Period}$

In essence, you would be waiving the value of your annuity when returning to a federal job for as long as you were re-employed. It makes more sense to re-employ with the federal government if you are making a substantial salary when compared with your annuity. This situation wouldn't generally apply to retired letter carriers without a specialized skill or security clearances. However, there is an exception.

The Office of Personnel Management (OPM) may allow the offset to be waived in exceptional situations when requested by the hiring agency.

As we've seen the last few years, the Postal Service has hired holiday city carrier assistants, with a focus on hiring retired letter carriers. OPM has allowed USPS to hire annuitants to fill these positions without being subject to the offset. This exemption must be requested by the Postal Service and approved by OPM on a yearly basis. The ex-

emption allows annuitants to work for the Postal Service for a limited time without a reduction to their salary. However, this exemption does not apply to the normal 360-day term city carrier assistant position.

That being said, there may still be benefits to becoming a re-employed annuitant. Even with the offset, your income can be supplemented by your wages. If you are re-employed for more than one year of continuous full-time service (or one-year equivalent of part-time work), you may be eligible for the supplemental annuity (not to be confused with the Special Annuity Supplement). The supplemental annuity is calculated differently for CSRS and FERS employees, but the calculation is similar to the general formulas used in each system. FERS employees would multiply each year of re-employment by 1 percent then multiply by the average salary of reemployment.

If you are re-employed for five years of actual continuous full-time service (or part-time equivalent), you may elect to have your annuity redetermined in lieu of the supplement. The redetermination is calculated using the general formulas for each retirement system. Any unused sick leave from your original annuity is combined with any unused sick leave from your re-employment and used in the annuity calculation.

Annuitants who find employment outside of the federal government are not subject to the same offsets described above, but they should be mindful of earning limits for both the FERS Special Annuity Supplement and Social Security that may result in different offsets. The Special Annuity Supplement and the Social Security earnings limit will be increasing to \$17,040 per year in 2018. Previous retirement columns have addressed the earnings limit for the Special Annuity Supplement and Social Security; see July 2017 and August 2015, respectively.

Those on FERS or CSRS disability retirement are not subject to the same offset when returning to the workforce but might be considered recovered or restored to earning capacity under certain situations.

While on disability retirement, there is an earnings limitation of 80 percent. A disability annuitant is deemed restored when their earnings exceed 80 percent of the current rate of pay for the position occupied immediately prior to retirement. If considered restored to earning capacity, the annuity will discontinue. After age 60, there is no restriction on the amount of income you can earn while receiving disability retirement.

There are many reasons to find employment after becoming an annuitant from the Postal Service and just as many factors to consider before re-employment. Understanding the pros and cons of re-employment can help you plan your retirement or to make the most of it.