Divorce and retirement delays

Ron Watson

A **recent news report highlights** the current backlog of retirement applications at the Office of Personnel Management (OPM). In August 2017, the backlog of applications was 17,125. The average time used to process an application was about 76 days.

That is a gloomy picture, but the reality for most letter carriers is not so bad. The large majority of retiring letter carriers receive their first interim payment on the first business day of the month after the month in which they retire.

While some retiring letter carriers do experience significant delays in receiving their initial payment, there are steps active employees can take to minimize the chance of delays when they retire. The NALC Retirement Department has learned from experience that many significant delays are due to OPM taking a long period of time to analyze court orders regarding divorce settlements prior to issuing a first retirement payment. Legal specialists at OPM have to meticulously analyze a divorce court order to determine what, if any, benefits are payable to a former spouse and/or children.

Active employees can lessen the chance of delays by ensuring that any court order relating to a divorce or separation is acceptable to OPM for processing by meeting OPM's regulatory requirements. Neither NALC nor USPS can provide legal advice regarding those regulations and requirements; instead, this is a task for the attorneys involved. Letter carriers, however, might find it in their interest to ensure that any attorney hired to assist with a divorce or separation is familiar with federal retirement and OPM regulations.

OPM publishes *A Handbook for Attorneys on Court-ordered Retirement, Health Benefits, and Life Insurance under the Civil Service Retirement System, Federal Employees Retirement System, Federal Employees Health Benefits Program, and Federal Employees Group Life Insurance Program*.

A second step to minimize the chance of delays involves sending a copy of the court divorce order to OPM at the time it is issued, even if that is years prior to an anticipated retirement date. If this is done, OPM can make the time-consuming analysis of the court order well in advance of retirement. Send it to the following address: Court Order Benefit Section, Office of Personnel Management, P.O. Box 17, Washington, DC 20044-0001.

Another step retiring letter carriers can take to minimize the chance of delays is to ensure that there are no erasures, cross-outs, white-outs or other types of correction actions on retirement forms. In November 2016, OPM issued a policy of refusing to accept certain forms that contain corrections, including SF2801 Section F, SF2801-2, SF 2808 Sections B and C, SF 3107 Section D, SF 3107-2, SF 3102 and multiple additional forms. OPM requires that a new form be completed in lieu of alterations to previously entered information for these specified forms.

The best policy for retiring letter carriers, rather than trying to memorize which forms may contain corrections and which forms may not contain corrections, is to send in the packet of completed forms without any corrections at all. To do this, copy all the blank forms before starting to fill them out, and then start over on a blank form whenever an error is made or change is needed. Always have a blank form available. Send in the packet of completed forms without any errors or corrections.

Letter carriers, divorced or not, should understand how long the retirement process takes and prepare for the eventuality of a time lag before full retirement benefits are paid.

As long as a retirement application is submitted in a timely manner and there are no glitches, interim payments should commence on the first business day of the month after the month in which a letter carrier retired. Interim pay is a term used by OPM for temporary payments made in the first few months of retirement while the retirement application is still being processed, calculated and finalized. Usually, interim annuity payments are about 90 percent of what the net regular monthly payment will be. The only deduction OPM makes from interim payments is for federal income tax.

FERS annuitants eligible for the special annuity supplement do not receive the supplement payment while in interim pay status. When a retirement is finalized and the full annuity amount is known, the special annuity supplement payments for the months of interim pay will be made retroactively. In addition, at finalization, payment amounts are reconciled, including retroactive deductions for health benefit premiums, life insurance premiums, union dues, etc., and make-up payments are issued, or when applicable, overpayments collected.

It makes sense to prepare to receive less money in the first few months of retirement. If a retiree has ever been divorced, interim payments can be much lower than described above. It is possible to be in interim pay status for six months or more.

Most retiring letter carriers do not experience significant delays in receiving their retirement pensions. However, some do, and especially those with former spouses and court orders regarding divorce settlements. Carriers can and should take steps to minimize those delays.