

Enhanced annuity for retirees



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I previously wrote about the enhanced annuity for Federal Employees Retirement System (FERS) employees, in my January 2019 *Postal Record* Article. During this year, the retirement department has fielded many calls and questions regarding this topic and has been alerted to multiple instances where the enhanced annuity was not properly provided. This article will address how retirees can determine whether they've received an enhanced annuity when applicable.

First things first: let's quickly recap about what the enhanced annuity is and who's eligible. The enhanced annuity only applies to FERS employees who get injured on the job and receive

wage loss compensation from the Office of Workers' Compensation Programs (OWCP). While receiving wage loss compensation, the injured employee is unable to contribute to Social Security and the Thrift Savings Plan (TSP). As FERS was designed around Social Security and TSP benefits, an employee who misses out on these two components wouldn't get the full benefit that was intended when FERS was created. But a 2003 law fixed this problem by providing an additional annuity to offset the Social Security and TSP losses—the enhanced annuity.

To be eligible, a FERS employee must have a period of leave without pay (LWOP) while performing no work and receiving OWCP benefits. The cumulative period of LWOP while receiving OWCP benefits must total two months or more for the enhanced annuity to kick in. Continuation of pay periods should not be included in this total, because there is no loss to Social Security or TSP benefits when one is receiving full pay from the Postal Service.

No action on the part of the retiring employee is required for the enhanced annuity computation to be applied. It should be automatic; however, you can review your service records for an accurate accounting of your OWCP-LWOP hours and rectify any discrepancies before you retire. If you're already retired and met the criteria above for entitlement to an enhanced annuity, you may want to do some legwork by compiling relevant documents and performing a math calculation to ensure you are receiving the benefit you are entitled to.

Take a look at your annuity booklet, mailed to you from the Office of Personnel Management (OPM) when you retired. This book will tell you the amount of your basic benefit (annuity), total federal service and the high-3 average salary. If you no longer have your annuity booklet, you can request a duplicate via OPM's Services Online at servicesonline.opm.gov

or by writing to OPM at Office of Personnel Management, Retirement Operations Center, Boyers, PA 16017.

FERS employees who retire with a full, immediate annuity receive 1 percent of their high-3 average salary per year of service (retiring after age 62 with 20 years of service yields 1.1 percent). Multiply your years of service, 1 percent (.01), and your high-3 average salary listed in your annuity booklet to determine your annuity before applying the enhanced annuity. Now compare your calculation to the gross benefit listed in the Annuity Booklet. If they are the same, that is evidence that you are not receiving an enhanced annuity.

How much should you be getting? The enhanced annuity provides for an additional 1 percent for the aggregate time of the qualifying period. For example, if you had 13 months of total LWOP while receiving OWCP benefits, you would get an additional 1.083 percent (1 and 1/12) toward your annuity. In this example, if you had 30 total years of service, you would multiply your high-3 average salary by 31.083 percent (30 percent + 1.083 percent) to determine your gross annuity (before survivor benefit and other deductions). The enhanced annuity provides an additional 1 percent even if your federal service entitles you to 1.1 percent at retirement (age 62 with 20 years). A qualifying period of exactly two months for a high-three average salary of \$62,805 results in an additional benefit of \$104.67 per year, or \$8.72 a month.

If you've determined that you are not receiving an enhanced annuity, you'll want to document your OWCP benefits next. An easy way to do this is to register with OWCP Connect (go to owcpconnect.dol.gov/owcplogin for a Department of Labor web portal). OWCP Connect allows you to see all the hours of compensation paid in claims from 2002 on. Confirm that your total time receiving wage loss compensation exceeds two months (approximately 347 hours).

Now that you've established that your aggregate time receiving benefits exceeds two months and that you aren't receiving the enhanced annuity, you want to see what service credit OPM was notified about when you retired. This is done on standard Form 3107-1 Certified Summary of Federal Service. If you've received a completed copy of your retirement application, start by checking there. Otherwise you'll have to write to OPM and request a copy of your completed Certified Summary of Federal Service. You should also request the worksheet used to calculate your annuity.

If you discover that you have not received the enhanced annuity, or received less than you are entitled to, please reach out to my office for additional guidance. The Retirement Department can be reached at 800-424-5186 Monday, Wednesday and Thursday from 10 a.m. to 12 p.m. and 2 p.m. to 4 p.m., or by calling 202-393-4695 Monday through Friday from 9 a.m. to 4:30 p.m. (Eastern Time).