

Working after retirement



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While many letter carriers who retire may never look back, there are those who consider returning to the workforce. Whether they are making a financial choice, looking for a way to stay busy, following a passion or a mixture of many reasons, some retired letter carriers decide to return to punch the clock a few more times.

If you're retired but 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 annuity. In general, if you become reemployed with the federal government while collecting a Civil Service Retirement System (CSRS) or

Federal Employees Retirement System (FERS) annuity, your wages will be offset by the amount of your annuity.

As a reemployed 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 be prohibitive, and prevents many from returning to the federal government.

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

- Gross monthly annuity x 12/2080 hours = Hourly rate of annuity
- Hourly rate of annuity x hours of basic pay = Amount of offset for the pay period

In essence, you are waiving the value of your annuity when you return to a federal job for as long as you were employed. It makes more sense to reemploy with the federal government if you are making a substantial salary when compared to 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 in the last few years, the Postal Service has hired holiday carrier assistants, with a focus on hiring annuitants. OPM has allowed USPS to hire annuitants to fill these temporary positions without being

subject to the offset. This exemption must be requested by the Postal Service and approved by OPM. The exemption allows annuitants to work for the Postal Service for a limited time without a reduction to their salaries. Please note that this exemption does not apply to the normal 360-day term city carrier assistant position.

That said, there still may be other benefits to becoming a federally reemployed annuitant. If you are reemployed for more than one year of continuous full-time service (or one year equivalent of part-time work), you may be eligible for a supplemental annuity (not to be confused with the special annuity supplement). A 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 can multiply each year of reemployment by 1 percent, and then multiply by the average salary during 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 a supplemental annuity. 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 reemployment 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 is \$18,960 for 2021. Previous retirement columns have addressed the earnings limit for the special annuity supplement and Social Security—see the September 2019 and July 2017 issues of *The Postal Record*, respectively.

Those on FERS or CSRS disability retirement should also be aware that if you are reemployed in federal service in a position equivalent to the position you held at retirement, or if you exceed the earnings limitation of 80 percent of the current rate of basic pay for the position from which you retired, OPM will find you recovered from your disability and will stop your annuity payments. 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 reemployment. Understanding the pros and cons of reemployment can help you plan your retirement and decide how to make the most of it.