

# Retirement updates



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**T**his retirement article will provide some updates on a few topics affecting current and future retirees.

## **OPM high-3 average salary recalculation**

When the membership ratified the 2019-2023 National Agreement on March 8, 2021, it meant that carriers would receive retroactive raises and cost-of-living adjustments (COLAs). Of course, it took some time for the Postal Service to implement multiple salary adjustments for 200,000 letter carriers. The new payrates were implemented on April 10, 2021. Any carriers who retired after the first general wage in-

crease that became effective on Nov. 23, 2019, and before the Postal Service completed salary adjustments on April 10, 2021, would have been certified to the Office of Personnel Management (OPM) with a lower high-3 average salary than they deserved under the 2019 National Agreement.

To fix the issue, the Postal Service must recertify updated salary information to OPM for each affected retiree. The Postal Service has informed me that it completed this process in late August of 2021. That means the ball is in OPM's court, and it is working on recalculating annuities and making retirees whole since their retirement. In the past, this process has taken one to two years. Because these adjustments are often very small, OPM prioritizes time-sensitive tasks such as starting interim payments and processing retirement applications. These adjustments affect approximately 14,000 carriers.

My office has been following up with OPM to stay abreast of its progress regarding these annuity adjustments and will report to the field upon completion.

## **Federal Law Enforcement Officers Association (FLEOA)**

I've written several times in the past regarding OPM's sudden reversal of a policy regarding the application of a divorce decree or qualified domestic relations order when it came to the Federal Employees Retirement System's (FERS) special annuity supplement (SAS). In the past, if a divorce decree was silent regarding the SAS but provided the ex-spouse a portion of the basic annuity, OPM would not award any portion of the SAS. It reversed its position and policy in 2016 so that if the divorce decree was silent, the SAS would be treated in the same manner as the basic annuity. The FLEOA disputed OPM's policy reversal through

the courts. On Sept. 28, 2021, Judge Colleen Kollar-Kotelly of the U.S. District Court for the District of Columbia found that OPM did not violate the alleged statute when the agency changed its policy. FLEOA has already appealed this decision and only time will tell the outcome. However, one thing remains clear—that all future divorce decrees should remove any ambiguity and directly address the special annuity supplement to match the intended outcome. If a divorce decree is silent on the proration of the SAS, expect that the ex-spouse will receive the same portion of the SAS that he or she will receive of the basic annuity. This is solid advice whether or not FLEOA prevails.

## **Emergency federal employees' leave retirement estimates**

The American Rescue Plan Act of 2021 (ARPA) provided emergency federal employee leave (EFEL) based on COVID-19-qualifying circumstances. Unfortunately, EFEL is not treated like other paid leave as regards annuity calculations. ARPA required that any EFEL provided to an employee would reduce the total service used to calculate any federal civilian retirement benefit. This was necessary to prevent the ARPA from having a long-term effect on the budget and to get the bill passed through reconciliation. The result is that any EFEL used must be subtracted from total service when calculating the amount of an annuity. EFEL does not have any impact on the total service when determining eligibility to retire.

OPM, which creates and promulgates the rules and processes for the Civil Service Retirement System (CSRS) and FERS, released guidance to the Postal Service (and other federal agencies) explaining how to inform retiring employees of the effect of EFEL. I have been engaged with the Postal Service to monitor its compliance with OPM's guidance. I recently received a sample annuity estimate that accounts for EFEL and reduces the amount of the annuity accordingly. It is important to note that the estimate received is a "manual" estimate and not the typical auto-generated estimate that carriers receive through Liteblue. Until I am advised that estimates generated through Liteblue properly take EFEL usage into account, I recommend affected carriers request a manual estimate from HRSSC.

## **COLA update**

Although the 2022 COLA has been in effect for only a few months, the economy continues to see inflation due to the effects of the pandemic. As of the January Consumer Price Index (CPI) update, the projected 2023 COLA for CSRS and FERS benefits stands at 2.9 percent. We won't know the final calculation until October, when the September 2022 CPI is announced.