

Workers injured on the job may be eligible for an enhanced annuity



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When Congress created the Federal Employees Retirement System (FERS), it aimed for parity with the Civil Service Retirement System (CSRS). FERS is a three-part arrangement that includes the FERS annuity, Social Security and the Thrift Savings Plan (TSP). The idea was that, with all three elements combined, a FERS retiree would receive approximately the same benefits as a CSRS retiree who did not contribute to Social Security or get up to a 5 percent match in the TSP.

An unintended consequence occurred when FERS employees suffered on-the-job injuries and re-

ceived compensation through the Office of Workers' Compensation Program (OWCP).

Employees receiving compensation through OWCP are not taxed for Social Security because such compensation is tax free. They also can't contribute or receive matching employer funds because they aren't receiving pay through the agency. Thus, injured FERS employees were at a distinct retirement disadvantage when disabled from on-the-job injuries. The issue appeared most notably after the terrorist attacks of Sept. 11, 2001, when the plight of federal workers injured in the attacks was highlighted.

Fortunately, Congress decided to fix the problem in 2003 when it passed Public Law 108-92. This law provides an augmented annuity for those who received an aggregate of two months of Leave Without Pay (LWOP) for OWCP compensation. The Office of Personnel Management (OPM) is the government agency responsible for implementing the law. Chapter 102 of OPM's manual, the *CSRS-FERS Handbook*, states:

A FERS employee who receives OWCP benefits during qualifying periods of absence is eligible for the enhanced 1% annuity computation if the sum of all qualifying periods of absence totals two (2) months or more. An employee's qualifying periods of absence include:

- a period of leave without pay (LWOP) while the employee is performing no work and is receiving OWCP benefits
- a period of separation from service while receiving OWCP benefits, if the former employee is later reinstated in Federal service and earns title to a FERS annuity, and
- a period of retirement while receiving OWCP benefits in lieu of annuity payments, if the annuitant is later reem-

ployed in the Federal service and earns title to a new FERS annuity.

So, employees who had a sum of two months or more of LWOP while receiving OWCP benefits would be entitled to an additional 1 percent to their annuity for the corresponding time spent on LWOP. An employee with exactly two months of LWOP while receiving compensation would receive an additional two-twelfths of 1 percent.

For instance, if a carrier worked 30 years and retired at 57 but spent a total of one year on LWOP for OWCP, his or her annuity would be calculated as 31 percent of their high-3 average salary. A similarly situated carrier without any OWCP LWOP would receive 30 percent of their high-3 average salary. If the high-3 average salary is \$63,000, that amounts to a difference of \$630 per year, for the rest of his or her life. This should help offset the injured employee's lack of participation in Social Security and the TSP for the one-year period.

If you have periods of LWOP while receiving compensation through OWCP, you may want to ensure that your record with the Postal Service is correct prior to retirement. It is advisable to review your Retirement/Thrift/Rift Employee Detail Report (RTR), which contains LWOP accumulation through your career. The RTR should show your accumulated LWOP within a calendar year and the type of leave. Occasionally, the Postal Service will incorrectly label the type of LWOP used. For those with more than two months of LWOP for OWCP, their retirement benefits can be adversely affected if management doesn't correctly code the LWOP as OWCP. If there is a possible coding error, it should be investigated and grieved prior to retirement. An employee will not be able to grieve this issue after he or she has retired, and it will be much easier to fix the issues prior to separation. The easiest way to get this report is through the liteblue.usps.gov website; go to the electronic Official Personnel Folder (eOPF) portal. You also may contact the Postal Service's human resources office.

Although OPM is the agency that administers the retirement systems and applies the enhanced annuity provisions, OPM relies on the service history that the Postal Service provides. If the Postal Service incorrectly certifies to OPM that an employee had LWOP for reasons other than OWCP, OPM will not apply the enhanced annuity. In addition, when completing the retirement application, if you might be entitled to an enhanced annuity, be sure to check that Form SF 3701-1 (for FERS) contains the applicable service history.