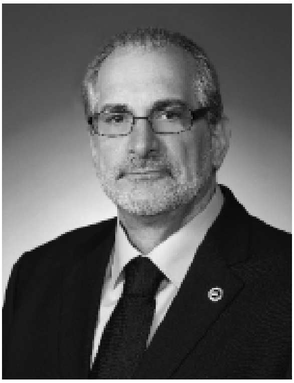
National Association of Letter Carriers

Questions & Answers on CSRS

Civil Service Retirement System

Dear NALC Member:



Whether covered by the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), letter carriers planning to retire face many different options and elections when completing an application for retirement—questions regarding proper annuity calculation, survivor annuity, life insurance options and many more.

This booklet has been prepared and updated to provide CSRS carriers with answers to these questions. Because FERS benefits differ greatly from those offered under the Civil Service Retirement System, a separate booklet is available for those carriers enrolled under FERS.

I recognize that retirement is not only an important stage in one's life, it is sometimes a difficult one—full of complex questions and answers. That is why this booklet will also be of assistance to carriers already retired by enabling them to make informed choices during their retirement years.

So whether you are already retired or planning to retire, this booklet will serve as a handy reference guide. Use it well and enjoy your retirement years.

Sincerely,

Fredric V. Rolando
President

QUESTIONS
AND
ANSWERS
ON THE
CIVIL SERVICE RETIREMENT SYSTEM

This booklet refers ONLY to the Civil Service Retirement System (CSRS). A booklet regarding the Federal Employees Retirement System (FERS) is available through the NALC Supply Department. The purpose of this booklet is to answer many of the questions posed to the NALC Retirement Department.

Revised 2018 Edition

Where can I call if I have questions/problems concerning my retirement benefits?

The NALC Retirement Office operates a toll free number (800-424-5186) on Monday, Wednesday and Thursday, 10-12 noon and 2-4 pm, Eastern Time.

What is the number for the Retirement Information Office of the U.S. Office of Personnel Management?

Toll Free 888-767-6738

Where can I call for Social Security information?

800-772-1213

National Association
of Letter Carriers
100 Indiana Avenue, N.W.
Washington, D.C. 20001

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FINANCING THE CIVIL SERVICE RETIREMENT FUND

1 ***What is the Civil Service Retirement Fund?***

It is the accumulation of money held in trust by the U.S. Treasury for the purpose of paying annuity, refunds, or death benefits.

2 ***How is the money invested?***

It is invested by the U.S. Treasury in government securities.

3 ***How much is deducted from the salary of each member of the retirement system?***

Seven percent of the basic pay (except for law enforcement and firefighter personnel, Congressional employees, and Members of Congress).

4 ***What is meant by basic pay?***

Basic pay is the pay or compensation set by law or regulation. It does not include bonuses, overtime pay, military pay, special allowances such as uniforms, cash awards for suggestions or superior accomplishment.

5 ***Has this deduction rate always been seven percent?***

No. Changes in deduction rates are shown in the table below.

6 ***What are CSRS-Offset contributions?***

CSRS-Offset employees are covered by Social Security because they were separated from CSRS-covered federal employment for more than a year and returned to a position in which they were covered by CSRS after 1983. For these employees, their Social Security withholdings are offset from their CSRS contributions, so that the combined Social Security and CSRS contributions are the same as for employees who have CSRS coverage only.

When CSRS-Offset employees retire, they receive full CSRS benefits until they are eligible for Social Security benefits, generally at age

Dates of Service	Percentage rates for deductions from basic pay
From August 1920 to June 1926	$2\frac{1}{2}$%
From July 1926 to June 1942	$3\frac{1}{2}$%
From July 1942 to June 1948	5%
From July 1948 to September 1956	6%
From October 1956 to December 1969	$6\frac{1}{2}$%
From January 1970*	7%

*There were temporary increases in 1999 and 2000 but the deduction rate was rolled back to 7% effective January 2001.

62. At that time, the CSRS benefit is offset by the portion of their Social Security benefit that represents the period of time they were covered by both CSRS and Social Security.

Employees Covered and Crediting of Civilian Service

7 ***Who are members of the Civil Service Retirement System?***

Appointive and elective officers and employees in or under the executive, judicial, and legislative branches of the U.S. Government and other employees specifically covered by law or regulation who were hired prior to January 1, 1984.

8 ***Is membership optional with the employee?***

For persons employed before January 1, 1984 it was automatic except in the case of Members of Congress and certain employees in the legislative branch who had the option of becoming members.

9 ***May credit be allowed for service for which no retirement deductions were taken?***

Yes, provided the employee became a member of CSRS after such service was performed.

10 ***Is deposit required to obtain credit for periods of service for which no retirement deductions were taken?***

It depends upon when the service was performed. If the service was prior to October 1, 1982, payment of the deposit is required in order to receive the maximum annuity, but not to receive credit for the service. If the service was performed on or after October 1, 1982, and deposit is not made, the service counts toward retirement eligibility and the service can be used for high-3 average salary purposes, but the service is not used in determining total service for annuity computation purposes.

11 ***How is the annuity affected if the deposit is not made for service prior to October 1, 1982?***

The annuity is reduced by 10 percent of the amount due as deposit. For example: If a retiring employee has an unpaid deposit which amounts to $1,200.00, the yearly reduction in the annuity will be 10 percent of $1,200.00, or $120.00, or $10.00 a month.

12 ***Is it to the employee's advantage to make the deposit?***

This question cannot be answered by a simple yes or no. There are good reasons for making it, and there are good reasons for not making it. It depends on the length of service that the deposit would cover, the number of years of creditable service that an employee would have when retiring, and the number of years that the employee figures his/her life expectancy will be after retiring. The actual amount of a deposit made at retirement will be returned to the annuitant in ten years. If the retiree lives long enough, he/she will get the investment back plus the added annuity for all the years that he/she lives.

13 ***May deposit or redeposit be made in installment payments?***

Payment may be made in a lump sum or in installments of not less than $25.00 each, paid directly to the U.S. Office of Personnel Management while the individual is still in active employment.

14 ***In case of the death of an employee, may a survivor entitled to annuity benefits make the deposit or redeposit?***

Yes.

15 ***Is credit allowed for leave without pay?***

Credit is given without deposit to the fund for so much of furlough or leave without pay (LWOP) as does not exceed six months in any calendar year. If in receipt of OWCP benefits, credit is generally given for the entire period of compensation if carried on the rolls in a LWOP status.

16 ***Is service with state and municipal governments creditable under the Civil Service Retirement System?***

No.

17 ***Is extra credit allowed for unused sick leave?***

Yes, where the employee retires on an immediate annuity or dies. The time represented by the unused sick leave is added to the employee's actual service used in computing annuity.

18 ***What is an immediate annuity?***

One that begins no later than one month after separation from the service.

19 ***How much time is allowed for unused sick leave?***

It is on the day-for-day basis; 8 hours of unused sick leave equals one day. On this basis, approximately 22 days of unused sick leave equals one month.

20 ***Is deposit required to receive credit for unused sick leave?***

No.

21 ***Does the limitation on annuity of not more than 80% of the high-3 average salary apply to annuity based on unused sick leave?***

No. Additional annuity attributable to the sick leave credit is allowable over and above this limitation of 80%. A chart for converting unused sick leave into increased service time for higher annuities follows:

No of Days	1 Day & Up	1 Mo. & Up	2 Mo. & Up	3 Mo. & Up	4 Mo. & Up	5 Mo. & Up	6 Mo. & Up	7 Mo. & Up	8 Mo. & Up	9 Mo. & Up	10 Mo. & Up	11 Mo. & Up
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	41	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	70	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	93	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	99	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	122	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	128	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	139	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	146	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	151	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	157	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

How to use this chart—To find the increased service time credit for unused sick leave, use the following formula. Find the number of hours of unused sick leave. In the horizontal column you will find the number of months and in the vertical column the remaining number of days. For example, 441 hours equals 2 months and 16 days. Another example: 1455 hours equals 8 months and 11 days.

Military Service Credit

22 ***What does the term military service cover?***

Time spent in service to: the Army; Navy; Air Force; Marine Corps; Coast Guard; Regular or Reserve Corps of Public Health Service after June 30, 1960; or Commissioned Officers of National Oceanic & Atmospheric Administration after June 30, 1961.

23 ***Is military service creditable for Civil Service retirement purposes?***

Military service is creditable provided it was active service and was terminated under honorable conditions and was performed before separation from a civilian position under the Retirement System.

24 ***What is Chapter 12731, Title 10, U. S. Code?***

It is a provision granting retired pay to members of the reserve components of the Armed Forces on the basis of service. The basic requirement is the attainment of age 60 with the completion of 20 years of service in the Armed Forces. This provision provides that you can draw a reserve military pension and still receive credit for the military service toward your Civil Service annuity.

25 ***May military retired pay be waived so that the military service will be credited under the Civil Service Retirement System?***

Yes.

26 ***May military service be credited toward retirement rather than toward Social Security?***

Credit will automatically be given under the Civil Service Retirement System for military service performed before January 1, 1957. Credit may be given under the CSRS for military service performed on or after January 1, 1957, only if the employee is not eligible for Social Security old age benefits.

Your military service which took place after December 31, 1956 is automatically credited towards Social Security benefits if you become eligible for such benefits. Such service cannot simultaneously be credited in the computation of your civil service annuity unless, before retirement, you pay a deposit to cover the service.

If you first came under the Civil Service Retirement System on or after October 1, 1982 your post-1956 military service will not be included in your civil service annuity without payment of a deposit, even if you are not eligible for Social Security benefits.

Individuals first employed by the federal government under the Civil Service Retirement System before October 1, 1982, will have the option of either: (1) making the seven-percent deposit for post-1956 military service—thereby avoiding a possible reduction in annuity at age 62, or (2) receiving credit as in the past and having his/her annuity reduced at age 62 if he/she becomes eligible for Social Security.

The basic deposit is equal to seven percent of the base pay (not allowances) earned during a period or periods of active military service performed after December 31, 1956.

Interest is charged on the basic deposit at the following market interest rates.

1985 - 13%
1986 - 11.125%
1987 - 9.0%
1988 - 8.375%
1989 - 9.125%
1990 - 8.75%
1991 - 8.625%
1992 - 8.125%
1993 - 7.125%
1994 - 6.25%
1995 - 7.0%
1996 - 6.875%
1997 - 6.875%
1998 - 6.75%
1999 - 5.75%
2000 - 5.875%
2001 - 6.375%
2002 - 5.5%
2003 - 5.0%
2004 - 3.875%
2005 - 4.375%
2006 - 4.125%
2007 - 4.875%
2008 - 4.750%
2009 - 3.875%
2010 - 2.75%
2011 - 2.25%
2012 - 2.25%
2013 - 1.625%
2014 - 1.625%
2015 - 2016 - 2.0%
2017 - 1.875%

Future years to be determined by the Department of Treasury.

No credit for any military service is given to an employee who receives military retired pay unless the retired pay is awarded for: (a) service-connected disability incurred in combat with an enemy of the United States, or (b) service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war, or (c) under the provisions of Chapter 12731, Title 10, U.S.C. (pertaining to retirement from a reserve component of the Armed Forces).

An employee who is receiving military retired pay which bars credit for military service may elect to waive the retired pay and have the military service added to civilian service in computing the annuity. However, if this employee does not waive military retired pay, retirement rights will be based on civilian service only and military service will not be included in computing the annuity. The employee may, however, receive both military retired pay and civil service annuity at the same time.

27 ***May an employee receive credit for service with the National Guard?***

Only when the organization is activated in the U. S. Army or Air Force.

Types of Retirement—Qualifying for CSRS Annuity

28 ***What kinds of retirement are provided for in the retirement law?***

They are known as optional, early optional, disability, deferred, and discontinued service annuity for either 25 years of service or 20 years of service, if at least age 50. For both early optional retirement (e.g., reduction in force) and discontinued service retirement (e.g., involuntary separation except for misconduct), employees can retire at any age with 25 years of service or age 50 with 20 years of service. There would be an annuity reduction of 2 percent for each year employee is under age 55.

29 ***Is there a minimum requirement as to the amount of civilian service?***

Yes. Five years of civilian service is required before annuity benefits may be paid in any case.

30 ***Must an employee apply for retirement?***

Yes. An application must be completed for any annuity benefits.

31 ***Under what conditions may an employee retire optionally?***

- Age 62 with a minimum of 5 years of service;
- Age 60 with 20 years of service; or
- Age 55 with 30 years of service.

32 ***Must application for optional retirement be made before the employee is separated from the service?***

No. However, it is advisable to apply about 6 weeks in advance of the date scheduled for separation.

33 ***What is the maximum annual leave a letter carrier can be paid for?***

440 hours. Any amount over 440 hours will be forfeited, if not used.

34 ***What day should you retire on?***

For optional retirement, an employee should retire on the last day of a month, or on the first 3 days of the month so that annuity will commence the following day after the effective date of retirement. If the employee is retired after the 3rd of the month, annuity will commence the first of the following month.

Alternative Annuity (Lump Sum Option)

35 ***Can I receive a lump sum payment?***

No, the lump sum was eliminated by the Omnibus Budget Reconciliation Act of 1993, except for certain non-disability retirees who retire with a life-threatening affliction or other critical medical condition that limits probable life expectancy to less than two years.

Disability Retirement

36 ***Under what conditions may an employee retire for disability?***

An employee must become totally disabled for useful and efficient service in the position held and must have completed at least 5 years of civilian service.

37 ***What constitutes total disability?***

Inability of the employee, because of injury or illness, to satisfactorily perform the duties of the position held or the duties of a similar position. It need not be shown that the applicant is disabled for all kinds of work. Under 5 USC 8337(a) it states: "An employee of the United States Postal Service shall be considered not qualified for a reassignment … if the reassignment is to a position in a different craft or is inconsistent with the terms of a collective bargaining agreement covering the employee."

38 ***Who determines whether an employee is totally disabled to qualify for an annuity?***

The U.S. Office of Personnel Management makes the determination.

39 ***Must the injury or illness be incurred while on duty?***

No. If it is incurred on the job, however, the employee will have a choice between annuity under the CSRS or benefits from the Department of Labor's Office of Workers' Compensation Programs, and the employee may choose whichever is to his/her advantage.

40 ***Who files the annuity application if an employee is mentally incompetent?***

The employee's guardian.

41 ***May the employing department or agency apply to have an employee retired for disability?***

Yes. If the agency believes that the employee is totally disabled for useful and efficient service in the position held.

42 ***When does a disability annuity begin?***

It begins on the day after separation or the day after the employee's pay status terminated and the employee has met the disability and service requirements.

43 ***Are further medical examinations necessary after the employee is placed on the disability annuity rolls?***

Periodic examinations are required until the annuitant reaches age 60 or until it is found that the disability is of a permanent nature.

44 ***Must the annuitant pay for these medical examinations?***

Yes.

45 ***In case a disability annuitant under age 60 recovers, what is his/her status?***

The annuity will be discontinued at the end of one year from date of the medical report showing recovery, or upon Federal reemployment, whichever comes first.

46 ***Is reinstatement in the federal service automatic upon recovery or restoration to earning capacity?***

No. The individual must locate a position on their own.

47 ***What happens to a disability annuitant whose earning capacity is restored?***

Even if the annuitant remains totally disabled, an annuitant whose earning capacity is restored before reaching age 60 will have his/her annuity discontinued. (Annuity is not discontinued if restored after age 60).

48 ***When is a disability annuitant's earning capacity considered restored?***

Earning capacity is considered restored if, in one calendar year the annuitant's income from wages or self-employment, or both, is at least 80% of the current basic pay of the position from which the employee retired.

49 ***Is income from such sources as rents, dividends, Social Security, pensions, insurance policies, stocks or bonds considered in deciding whether a disability annuitant's earning capacity is restored?***
No. Only income from wages or self-employment is considered.

50 ***If an annuitant who has recovered or whose earning capacity is restored is not reemployed in the government service, may the retiree receive a further annuity after the disability stops?***
Yes. The annuitant is considered involuntarily separated, and would be eligible to draw one of the following annuities:

- **Deferred annuity**—would begin when the annuitant reaches age 62;
- **20-year discontinued service annuity**—if the annuitant is age 50 with at least 20 years of service, this annuity would begin immediately following the termination of the disability annuity; or
- **25-year discontinued service annuity**—if the annuitant had at least 25 years of service regardless of age, this annuity would begin immediately following the termination of the disability annuity.

Deferred Annuity

51 ***Who is eligible for deferred retirement?***

Any separated employee who is age 62 and has completed at least 5 years of civilian service providing the employee left retirement contributions in the Civil Service Retirement Fund.

52 ***When does this deferred annuity begin?***

It begins on the separated employee's 62nd birthday.

53 ***How do I apply for my deferred CSRS annuity?***

Obtain OPM form 1496A from OPM by calling, writing,or visiting www.opm.gov and send your application approximately 60 days before your 62nd birthday to: Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA. 16017

54 ***Is an employee eligible for deferred annuity regardless of the reason for separation?***

Yes. Providing he/she leaves the retirement contributions in the Civil Service Retirement Fund and is not convicted of certain National Security offenses.

55 ***If I die before attaining age 62, or after age 62 but before applying for annuity, will my survivor(s) receive survivor benefits?***

The only benefit payable will be your lump-sum credit in the retirement fund; monthly survivor annuity will not be payable.

SURVIVOR ANNUITY ELECTIONS

56 *What are the Annuity Elections?*

There are four annuity elections to choose from.
(1) Annuity with survivor benefit to widow or widower;
(2) Annuity without survivor benefit;
(3)Annuity to provide a former spouse or combination current/former spouse survivor annuity; or
(4) Annuity with survivor benefit to named person having an insurable interest.

57 *Can an employee choose which type of annuity he/she wants?*

Yes. A married employee is automatically granted the annuity with survivor benefit to widow or widower, unless the spouse waives his/her right to the survivor benefit.

58 *What is an annuity without survivor benefit?*

It is the annuity which is payable to the retiring employee for his/her lifetime only.

59 *When is the survivor annuity to the widow or widower effective?*

It is effective the day after the employee or retiree dies and continues until the end of the month before the one in which the widow or widower remarries before age 55 or dies. Remarriage after age 55 does not affect the survivor annuity. For remarriages occurring after January 1, 1995, if the widow/widower remarries before age 55, and was married at least 30 years to the individual on whose service the survivor annuity is based, the survivor annuity will not be terminated.

60 *How much survivor annuity would the widow or widower receive?*

The widow or widower of a retired employee will generally receive 55% of the retiree's basic annuity. (The annuitant can provide a percentage less than 55% if agreed upon by the spouse at time of retirement).

61 *How much is the reduction in the retired employee's annuity if he/she accepts the annuity with survivor benefit to his/her widow or widower?*

The reduction is 2½% of the first $3,600, and 10% of any amount over $3,600 used as a base for the survivor benefit.

62 *What is the annuity with survivor benefit to named person having an insurable interest?*

In this type, the retiring employee takes a reduction in the annuity and names a person who has an insurable interest in his/her life to receive a survivor annuity.

63 ***Who may elect an annuity with survivor benefit to named person having an insurable interest?***

Any retiring employee who is in good health.

64 ***If an employee elects an annuity with survivor benefit to named person having an insurable interest, how much is the reduction in annuity?***

This depends on the difference in ages between the retiring employee and the person named as survivor annuitant. See the table below:

Age of person named in relation to that of retiring employee	Reduction in annuity of Retiree
Older, same age or less than 5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

65 ***How much survivor annuity will the person having an insurable interest receive?***

This person will receive 55% of the retiring employee's reduced annuity.

66 ***How does a retiring employee indicate the type of annuity he/she wishes to receive?***

There is a portion of the Application for Retirement which must be completed indicating the retiring employee's choice.

67 ***Can an annuitant ever change his/her type of annuity?***

In some cases, it can be changed and in others it cannot:

• A survivor election may not be revoked or changed, or another survivor named later than 30 days after the date of the first regular monthly annuity payment. However, a retiree who was married at time of retirement and elected a self-only annuity, or a partially reduced annuity to a current spouse, former spouse or insurable interest designee may elect no later than 18 months after retirement, an annuity reduction or an increased annuity reduction to provide a current spouse annuity. If the marriage should terminate before the retired employee dies, the amount of annuity will be increased by the amount previously deducted for the survivor annuity, and if the annuitant gets remarried, an election can be made to cover the new spouse for a survivor benefit. If the spouse predeceases the annuitant and that annuitant later remarries, the annuity is reduced actuarially for all the months that the annuity was restored to full annuity in order to include the new spouse for this survivor benefit.

• An employee who was not married at the time of retirement and later marries, can request that the annuity be changed to include the spouse for a survivor benefit.

NOTIFY:

U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, in writing of this intention no later than 2 years after the marriage.

• An employee retiring, unmarried, and who elected a survivor benefit to a named person having an insurable interest may change this if he/she gets married and elects his/her spouse to be covered with a survivor benefit. This also must be done within 2 years after the marriage.

• If a retiree remarries the same person they were married to at retirement and that person had previously consented to an election of no survivor annuity, the retiree may not elect to provide a survivor annuity for that person when he or she remarries.

How Annuity Is Determined

68 ***How is the amount of employee's basic annuity determined?***

The amount depends primarily upon an employee's length of service and the high-3 average salary.

69 ***How is an employee's length of service computed?***

All periods of creditable service are added together plus credit for unused sick leave. The odd days under 30 in the total are dropped, and the time (years and months) remaining is the length of service used in the annuity computation formula.

70 ***How is an employee's "high-3" average pay computed?***

The "high-3" average salary is the highest salary obtainable by averaging the rates of basic pay in effect during any 3 consecutive years of service. (Does not have to be from January 1 to December 31.)

71 *What is the general formula for obtaining the basic annuity?*

• Take: $1^1/_2$% of the high-3 average salary and multiply the result by 5 years of service;

• Take: $1^3/_4$% of the same high-3 average salary and multiply by years of service between 5 and 10;

• Take: 2% of the same high-3 average salary and multiply by all service over 10 years;

• Add: The results of these three figures is the retiree's basic annuity per year.

72 *Is the general formula for computing the basic annuity used in all kinds of retirement?*

It is used in computing the basic annuity in age, optional, 20-year and 25-year discontinued service annuities, and deferred retirements. It is used in disability retirements only if it produces a greater basic annuity than the guaranteed minimum.

73 *How much is the guaranteed minimum disability annuity?*

The guaranteed minimum is the lesser of the 2 following amounts:

(1) 40% of the employee's high-3 average salary: or (2) The

Earned Retirement Percentages Based on Years of Service

Years of Service	Percent of High 3-Year Average Earnings	Years of Service	Percent of High 3-Year Average Earnings	Years of Service	Percent of High 3-Year Average Earnings	Years of Service	Percent of High 3-Year Average Earnings
5	7.50%	15	26.25%	25	46.25%	35	66.25%
6	9.25%	16	28.25%	26	48.25%	36	68.25%
7	11.00%	17	30.25%	27	50.25%	37	70.25%
8	12.75%	18	32.25%	28	52.25%	38	72.25%
9	14.50%	19	34.25%	29	54.25%	39	74.25%
10	16.25%	20	36.25%	30	56.25%	40	76.25%
11	18.25%	21	38.25%	31	58.25%	41	78.25%
12	20.25%	22	40.25%	32	60.25%	42	80.00%
13	22.25%	23	42.25%	33	62.25%	43	80.00%
14	24.25%	24	44.25%	34	64.25%		

* Annuity in excess of 80% which is produced by credit for unused sick leave is payable.

amount obtained under the general formula after increasing the employee's actual creditable service by the time remaining between the date of separation and the date they reach age 60.

74 ***Do all employees who retire for disability get the guaranteed minimum annuity?***

The guaranteed minimum offers no advantage to an employee when retiring if the employee has at least 21 years and 11 months service, or if the employee has reached age 60 at time of retirement.

75 ***Is there a limitation on the amount of basic annuity?***

Yes. The maximum basic annuity under any formula mentioned cannot be more than 80% of the high-3 average salary.

76 ***What happens to the retirement deductions taken during service in excess of that necessary to produce the maximum basic annuity?***

The retirement deductions withheld after the month in which the employee reaches this 80% limitation are set aside as a special credit when the employee is separated. This amount together with applicable interest computed to the date of retirement is applied toward any deposit due and any balance is refunded. In the event of death in service, this amount is refundable as a lump sum death benefit.

77 ***Is there an exception to the 80% limitation?***

Yes. Additional annuity attributable to credit for unused sick leave is allowable over and above this limitation. Also, additional annuity can be purchased with the excess retirement deductions described above instead of accepting the refund.

78 ***Can voluntary contributions further increase annuity?***

Yes, at retirement, each $100 in the account, including interest earned will provide an additional annuity of $7 a year, plus $.20 for each full year the employee is over age 55 at retirement.

79 ***How are voluntary contributions made?***

Only CSRS employees can make voluntary contributions (provided they do not owe a deposit or redeposit for civilian service). The deposit/redeposit had to have been made to the OPM prior to retirement. Contributions are made in multiples of $25.

80 ***Can a refund of voluntary contributions be received instead of additional annuity?***

Yes. The contributions can be withdrawn with interest at any time before receiving an annuity based on these contributions.

81 ***Are annuities adjusted after retirement to take account of increases in the cost of living?***

Yes. Annuities are adjusted annually to take into account increases in the cost of living.

82 ***What were the amounts of COLA received during the past 5 years under CSRS?***

12-1-11	. . . .3.6%
12-1-12	. . . .1.7%
12-1-13	. . . .1.5%
12-1-14	. . . .1.7%
12-1-15	. . . .None
12-1-16	. . . .0.3%
12-1-17	. . . .2.0%

83 ***How is your COLA computed if you retired in this year?***

You must be retired for the full year to receive the full COLA. The COLA year goes from December 1 through November 30. If you retired in:

December	FULL COLA
January	11/12
February	10/12
March	9/12
April	8/12
May	7/12
June	6/12
July	5/12
August	4/12
September	3/12
October	2/12
November	1/12

84 ***May an annuitant be employed outside the Federal Government?***

Yes.

85 ***May an annuitant be reemployed in the Federal Government?***

Yes.

86 ***May an annuitant who is reemployed in the Federal Government continue to draw annuity?***

Generally yes, but the individual's salary is reduced by the amount of annuity paid during the period of reemployment. Reemployed annuitants in certain difficult to fill positions such as temporary census workers are exempt from the salary offset.

87 ***What kind of death benefits are there?***

• A survivor annuity benefit which is payable in monthly installments; or

• A lump sum benefit payable if there is no survivor annuity payable. The lump sum would consist of the amount paid into the Retirement Fund by the employee plus applicable interest, if any.

88 ***What happens to annual leave that is advanced at the beginning of the year?***

If the employee retires and has used advanced annual leave in excess of what has been earned, the retiree must pay the Postal Service for all unearned annual leave.

89 ***What should a survivor annuitant do to claim benefits?***

Survivors must apply to receive benefits. They should also:

1. Immediately Notify the U.S. office of Personnel Management, Retirement Operations center, Boyers, Pennsylvania 16017. The NALC Retirement Department can help with this (202) 393-4695; OR notify OPM online at www.serviceonline.opm.gov/RSR/AnnuitantDeath, by phone 888-767-6738, or in writing. OPM will send the appropriate forms to apply for survivor benefits:

SF 2800—Application for Death Benefits (Survivor Annuity or Lump-Sum Payment).

FE6— Claim for Death benefits under Federal Employees' Group Life Insurance Program. (FEGLI).

OPM will process the request as soon as possible, but be prepared to wait several weeks for forms to arrive. All methods of notification to OPM will require the following information: full name of the deceased, date of birth, date of death, Social Security number, CSA (claim) number, and the name and address of the person to whom OPM should send claim forms.

2. If annuity payments have been sent directly to a bank or other financial institution, promptly notify that institution of the annuitant's date of death. Ask that any payments received after the date of death be returned to the Treasury Department. *Return any uncashed annuity checks* to the return address shown on the Treasury Department's envelope in which the check was delivered.

Returning uncashed checks to the Treasury department is necessary because government checks made payable to a deceased person cannot be legally negotiated by anyone, even the executor or administrator of the person's estate.

Any unpaid accrued annuity due to the deceased will be paid to the eligible survivor after the proper application has been processed.

3. Obtain certified copies of the death certificate to enclose with the application forms.

Completing an application (SF 2800) for survivor benefits is necessary so that OPM can authorize payment of all benefits to the eligible survivor(s).

Benefits may also include automatic continuation of health insurance coverage if the survivor: 1) has been covered by the annuitant's enrollment in one of the government's health benefits plans (FEHBP), and 2) the survivor is eligible to receive a survivor annuity immediately after the death of the annuitant.

When applying for FEGLI life insurance benefits, there is no need for the eligible survivor to contact FEGLI. They can not settle a claim until a certification of the deceased annuitant or employee's insurance status is received from the employing agency/OPM.

90 *To whom is a survivor annuity payable?*

It may be payable to the surviving spouse (widow or widower), and children of the deceased employee or deceased annuitant, or to a former spouse. It may also be payable to a person having an insurable interest who was named by the employee at the time of retirement.

91 *What conditions must the deceased employee have met to permit payment of a survivor annuity?*

He/she must have completed at least 18 months of civilian service and, at the time of death, must have held a position which was subject to the CSRS .

92 *What conditions must the widow or widower of a deceased employee meet to be eligible for survivor annuity?*

A widow or widower must have been married to the employee for a total of 9 months prior to the employee's death. The 9 month requirement does not apply if there is a child born of the marriage or the employee's death was accidental.

93 *What conditions must a child of a deceased employee meet to be eligible for a survivor annuity?*

The child must be unmarried and under age 18 or an unmarried child who is over 18 and is incapable of self-support because of a physical or mental disability which began before age 18, or an unmarried child who is a student between the ages of 18 and 22 may also be eligible.

94 *Is a child's survivor annuity payable in addition to the widow's annuity?*

Yes. Each eligible child who has a surviving parent who was the spouse or former spouse of the deceased employee, will receive approximately $510 per month. Each eligible child who has no surviving parent or whose surviving parent was never married to the deceased employee will receive approximately $613 per month. These amounts are reduced proportionately if more than three children are eligible for survivor annuities. The amount of child benefits are periodically increased by cost-of-living adjustments.

95 ***When a child's annuity stops, is the widow or widower's annuity affected?***

No.

96 ***When does the survivor annuity to a widow or widower of a deceased employee begin?***

The day after the employee or annuitant's death.

97 ***How long will the widow or widower continue to receive the survivor annuity?***

Until the end of the month before the one in which the widow or widower dies or remarries before age 55. Remarriage after age 55 does not terminate the widow or widower's annuity. For remarriages occurring after January 1, 1995, if the widow/widower remarries before age 55, and was married at least 30 years to the individual on whose service the survivor annuity is based, the survivor annuity will not be terminated.

98 ***How long will each child continue to receive the survivor's annuity?***

Until the unmarried child reaches age 18; or an unmarried child who is over 18 but is incapable of self-support because of a physical or mental disability which began prior to age 18 either becomes self-supporting, marries or recovers from the disability; or an unmarried child who is a student between ages 18 and 22 ceases to be a full-time student.

99 ***If a child lost their annuity because of marriage, can the benefit be restored if the marriage terminates?***

Yes. The annuity and health insurance coverage can resume upon the end of the child's marriage and can continue until age 22 for children who are not married and enrolled as students on a full-time basis. If a child is unmarried and incapable of self-support because of disability which began before age 18, benefits can continue for life.

100 ***Are survivor annuities paid directly to the child/children?***

Not usually. A child's annuity is generally paid to the surviving parent or legal guardian. However, an adult student may be paid directly upon request.

Survivor Predeceases Annuitant / Annuitant Marries Or Remarries

101 ***What happens when the civil service annuitant's spouse predeceases the annuitant?***

The annuitant can have his/her annuity restored to full-life rate. Members can call the NALC Retirement Department for assistance with the necessary OPM notification and procedures. If there are no dependent children, health benefits coverage can be changed to a self only plan. The beneficiaries for life insurance may need to be changed. Another change which the annuitant may make is a change in federal income tax withholding.

102 ***What happens if the civil service annuitant marries or remarries after retirement?***

If the annuitant marries or remarries and wants to cover his/her new spouse for a civil service annuity, he/she must notify, within 2 years of the marriage, the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, and furnish his/her CSA (claim) number, Social Security number, date of birth, and a copy of the marriage certificate.

The retiree must pay a deposit equal to the difference between the amount of annuity actually paid and the amount of annuity that would have been paid if the survivor election had been in effect continuously since date of retirement or date the reduction terminated, whichever is applicable. This deposit, which includes interest, is paid by a permanent actuarial reduction that, in most cases, is less than 5% of the retiree's annuity.

103 ***What is meant by a refund?***

A refund is the return to an employee of money to his/her credit in the retirement fund.

104 ***Under what conditions is a refund payable?***

It is payable when an employee is separated from government service and the separation takes place at least 31 days before the beginning date of any annuity for which he/she may be eligible.

105 ***May an employee who is eligible to retire on an immediate annuity choose to receive a refund rather than an annuity?***

No.

106 ***May a former employee who is eligible for deferred retirement be paid a refund?***

Yes. If a refund application is filed with the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017 at least 31 days before annuity payments are scheduled to begin.

107 ***If an employee who is eligible for deferred retirement is paid a refund, may a redeposit of the refund be made later so that the employee may receive an annuity at age 62?***

No. But if reemployed under CSRS, the employee could acquire a new retirement right and make the redeposit of the refund in order to receive full credit for service covered by the refund.

108 ***If an employee is separated before reaching eligibility for retirement, may the money be left in the retirement fund?***

Yes. The employee does not have to apply for a refund.

109 ***Is there any advantage to leaving money in the retirement fund?***

If the employee has 5 or more years of civilian service, he/she could receive a deferred annuity at age 62 by leaving the money in the retirement fund. In dollars received, the annuity can potentially be more valuable than the refund.

110 ***If a refund is not paid at the time of separation, may it be paid in the future?***

Yes. Anytime prior to 31 days before the beginning date of any annuity for which the employee is eligible.

111 ***What happens to money left in the retirement fund if death occurs?***

The money will be refunded as a lump sum death benefit.

112 ***May the employing agency's retirement contribution be refunded?***

No. The agency's contributions are deposited to the retirement fund in general and are not credited to any individual employee.

113 ***How is application for refund made?***

Application must be filed on Standard Form 2802.

How CSRS Benefits Are Paid / Can Benefits Be Attached

114 ***How are benefits paid?***

Payments authorized by the Office of Personnel Management are issued by the Treasury Department and payable on the first business day of the month after the month or other period for which the annuity has accrued.

115 ***May annuity checks be negotiated under Power of Attorney?***

No.

116 ***May annuity, refunds, or lump sum death payments be attached in order to settle a judgment or other indebtedness?***

Such payments generally are not subject to attachment, levy, garnishment or other legal process; however, such payments are subject to legal process to enforce child support, alimony, or separate maintenance obligation or community property settlement in connection with divorce, annulment or legal separation of an annuitant.

117 ***Does this bar apply to indebtedness due to the United States?***

No. This is one exception to the rule, and annuity payments may be used to settle a claim which the government may have against an individual.

118 ***May an employee voluntarily assign his/her retirement deductions as security for a loan or other purpose?***

No.

119 ***May an employee borrow from the retirement fund?***

No.

Federal Income Taxes

120 ***Are annuity payments subject to federal income taxes?***

Yes. Under rules set forth and administered by the Internal Revenue Service.

121 ***May an annuitant have federal income taxes withheld from annuity payments?***

Yes. Annuitants may contact the Office of Personnel Management (OPM) to start, stop or make changes to tax withholdings. Call OPM at 888-767-6738.

122 ***May an annuitant choose not to have income tax withheld from annuity payments?***

Yes. The tax withholding is entirely voluntary.

Politics / Jury Duty / Declination of Annuity

123 ***May an annuitant engage in politics?***

Yes. An annuitant is not an employee and, therefore, is not governed by the political activity restriction applying to employees.

124 ***If an annuitant serves on a jury, will his/her annuity be affected?***

No.

125 ***May a person decline to accept all or part of the civil service annuity they are entitled to receive?***

Yes, if there is a personal reason for such action.

126 ***How is this done?***

By signing a waiver and filing it with the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017.

FORMS USED UNDER CSRS

127 ***What forms are used for filing application under CSRS?***

• Standard Form 2800—Death Benefits;
• Standard Form 2801—Immediate Retirement;
• Standard Form 3112A—Applicant's Statement of Disability
3112B— Supervisor's Statement
3112C—Physician's Statement
3112D—Agency Certification of Reassignment and Accommodation Efforts
3112E—Disability Retirement Application Checklist

Note: The SF 3112A, 3112B, 3112C, 3112D and 3112E should be completed for Disability Retirement, in addition to the SF 2801, Application for Immediate Retirement.

• OPM Form 1496—Deferred Retirement;
• Standard Form 2802—Refund of Retirement Deductions;
• Standard Form 2803—Deposit or Redeposit to cover previous service;
• Standard Form 2804—Voluntary contributions;
• Standard Form 2808—Designation of beneficiary for accrued annuity due (payable in a lump sum);
• Form FE-6—Claim for Death Benefits (Life insurance).

128 ***Where may these forms be secured?***

The personnel office of the employing agency or from the U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017.

129 ***What recourse does an applicant have if his/her claim is denied?***

The applicant may exercise reconsideration rights provided by the Office of Personnel Management. In most cases following an adverse final decision by OPM, the applicant will then have appeal rights to the Merit Systems Protection Board.

130 ***May an individual receive a civil service annuity and Social Security benefits at the same time?***

Yes, if qualified for both benefits.

131 *What is Social Security's Windfall Elimination Provision (WEP)?*

The Windfall Elimination Provision was enacted in 1983 as part of major amendments to the Social Security Act designed to shore up the financing of the Social Security program. It reduces the Social Security benefit of most retirees who have earned Social Security through employment covered by Social Security and also receive a pension based on other employment that was not covered by Social Security, such as work under the Civil Service Retirement System (CSRS).

The reduction is determined by modifying one portion of the total Social Security calculation as explained below.

Social Security first determines an individual's Average Indexed Monthly Earnings (AIME). This is a dollar amount reflecting average monthly earnings over the individual's work–life, with each period indexed for inflation. This dollar amount is divided into three tiers, called "bend points" by Social Security. In 2018, the first tier is the portion of the AIME up to $895; the second tier is the portion of the AIME from $895 to $5,397; and the third tier is the amount above $5,397. (These tiers, or "bend points", may change each year with inflation). Social Security multiplies the first tier by 90%, the second tier by 32% and the third tier by 15%, and then adds the resulting amounts, for the final monthly benefit amount (called the Primary Insurance Amount – PIA) payable at an individual's Normal Retirement Age (between 65 and 67, depending on year of birth).

The WEP reduces the calculation of the first tier (the first $895 of the AIME) to 40% instead of the normal 90%. Thus, a CSRS retiree's entitlement to a Social Security benefit can be reduced as much as $448 a month (in 2018) due to the WEP. This equals an annual reduction of $5,376.

Here is an example showing how the WEP can affect a CSRS retiree with an Average Indexed Monthly Earnings of $1,200:

Regular Social Security Calculation	
90% x $895	= $ 805.50
32% x $305	= $ 97.60
15% x n/a	= $ 0.
$1,200	$ 903.10

Social Security Calculation with WEP	
40% x $895	= $ 358.00
32% x $305	= $ 97.60
15% x n/a	= $ 0.
$1,200	$ 455.60

However, CSRS retirees who have more than 20 years of substantial earnings under Social Security in addition to their Postal Service work, may mitigate, or even eliminate, the WEP reduction. Here is an explanation of how this works:

Social Security establishes the "substantial" earnings amount for each year. It goes up with inflation each year. If a CSRS retiree has 21 years of substantial earnings under Social Security, the normal WEP reduction (from 90% to 40% of the first tier of the AIME) is mitigated to 45% of the first tier of the AIME. If the CSRS retiree has 22 years of substantial earnings, the WEP reduction is mitigated to 50% of the first tier of the AIME. If there are 23 years of substantial earnings, the WEP reduction will be to 55% of the first tier of the AIME. And so on, calculated at 5% each year, until there are 30 years of substantial earnings, at which point 90% is reached and there is no WEP reduction.

Here are the Social Security substantial earnings amounts for each year beginning 1951:

Year	Substantial Earnings
1937-54	$ 900
1955-58	$ 1,050
1959-65	$ 1,200
1966-67	$ 1,650
1968-71	$ 1,950
1972	$ 2,250
1973	$ 2,700
1974	$ 3,300
1975	$ 3,525
1976	$ 3,825
1977	$ 4,125
1978	$ 4,425
1979	$ 4,725
1980	$ 5,100
1981	$ 5,550
1982	$ 6,075
1983	$ 6,675
1984	$ 7,050
1985	$ 7,425
1986	$ 7,875
1987	$ 8,175
1988	$ 8,400
1989	$ 8,925
1990	$ 9,525
1991	$ 9,900
1992	$ 10,350
1993	$ 10,725
1994	$ 11,250
1995	$ 11,325
1996	$ 11,625
1997	$ 12,150
1998	$ 12,675
1999	$ 13,425
2000	$ 14,175
2001	$ 14,925
2002	$ 15,750
2003	$ 16,125
2004	$ 16,275
2005	$ 16,725
2006	$ 17,475
2007	$ 18,150
2008	$ 18,975
2009-2011	$ 19,800
2012	$ 20,475
2013	$ 21,075
2014	$ 21,750
2015-2016	$ 22,050
2017	$ 23,625
2018	$ 23,850

Years of Substantial Earning	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent

Individuals can determine how many years of "substantial earnings" they have by accessing their own Social Security account online at: https://ssa.gov/myaccount/

132 ***What does 40 credits entitle you to under Social Security?***

You are entitled to be enrolled in Medicare and draw a Social Security monthly benefit, subject to the windfall elimination provision.

133 ***Are the Windfall Elimination Provision and the Pension Offset one and the same?***

No.

134 ***What is the Government Pension Offset?***

If you worked for federal, state or local government and were not covered by Social Security when your employment ended, two-thirds of your pension benefits from that employment will be offset against any Social Security benefit for which you are eligible as a spouse, widow, or widower. You can receive only the amount of Social Security benefit that exceeds two-thirds of your government pension. This frequently eliminates Social Security benefits altogether.

135 ***What is the Thrift Savings Plan (TSP)?***

It is a retirement savings plan similar to an Individual Retirement Account (IRA) or a private sector 401(k) plan. The money employees contribute to the TSP is tax-deferred in most cases. This means that they don't have to pay taxes on it until it is withdrawn during retirement. However, the TSP offers a so-called Roth option for TSP contributions (named after the Senator who sponsored this option into law).

This option allows employees to make taxable contributions to TSP and to withdraw the money tax-free when they retire. This option generally only makes sense to a small group of employees who expect their income and taxes to be much higher during their retirement years than their working years. *Example:* uniformed soldiers in the Armed Forces.

136 ***Who can participate in the Thrift Savings Plan?***

All postal and other federal employees may participate. However, the rules are different for CSRS and FERS employees. In general, the thrift plan is more valuable to FERS employees.

137 ***Do employees have to participate in the Thrift Savings Plan?***

No.

138 ***How important is it for CSRS employees to participate in the Thrift Savings Plan?***

While the TSP is a major component of the three tier FERS retirement package, CSRS employees can use the TSP as a way to save extra money for the future and get a tax break today. CSRS employees do not receive agency matching or automatic contributions that FERS employees receive. However, the TSP investment options, withdrawal and tax information are the same for both CSRS and FERS employees.

139 ***What factors influence how much an employee can expect to save and earn through the TSP?***

The main factors are how much the employee earns in basic pay, how much he or she contributes, how many years he or she contributes and the rate of return earned by TSP investments.

140 ***If an employee already has an IRA, can he or she still participate in the TSP?***

Yes.

141 ***Can a TSP participant roll his or her IRA into the Thrift Savings Plan?***

Yes. Active or separated employees can roll over (transfer) money from a qualified retirement plan or a traditional IRA into their existing TSP account. However, separated employees cannot roll over money into their TSP account if they have already made a full withdrawal of their account or are receiving monthly payments.

142 ***Do employees who transfer their TSP accounts into IRAs upon separation from government service pay taxes on their TSP savings?***

No. TSP transfers to IRAs are not taxed until they are taken out of the IRAs.

143 ***What are the tax advantages of contributing to the TSP?***

Contributions to the TSP (non-Roth) are not subject to federal and most state income taxes in the year they are made, nor is the interest earned by an employees' TSP accounts. TSP funds are taxed only after they are withdrawn, usually at the time of retirement when the marginal tax rates facing most taxpayers are lower. Contributions to the Roth "balances" in TSP accounts are subject to taxes.

144 ***How are funds withdrawn from the TSP taxed?***

It depends on the method of withdrawal:

• Lump-sum and equal payment distributions of TSP funds are treated like ordinary income and taxed in the year(s) they are received.

• Annuities purchased by the Thrift Investment Board with an employee's TSP account are taxed in the year(s) annuity payments are received.

• TSP savings transferred to an IRA or other eligible plan are not taxed until they are withdrawn from the IRA or plan.

145 ***When is there an early withdrawal penalty tax?***

The IRS imposes a 10 percent early withdrawal tax on amounts received from the TSP if the employee separates or retires before the year in which they reach age 55 and withdraw their account in a single payment or a series of monthly payments. In this case, the employee would be subject to the penalty tax on all amounts received before age 59 1/2 (including financial hardship in-service withdrawals).

However, the penalty tax does not apply to a series of monthly payments based on life expectancy, nor is it imposed on annuity payments, payments made because of death, or payments made to participants who retire on disability.

Employee Contributions To The TSP

146 ***How do employees make contributions to the Thrift Savings Plan?***

Contributions can only be made through payroll deductions. Thus, participants must be in a pay status (i.e., receiving a paycheck from the government / Postal Service) to make contributions.

147 ***How much can employees put into the Thrift Savings Plan?***

Beginning in 2006 there were no longer any percentage limits on employees contributions to the TSP. TSP contributions will be limited only by the restrictions imposed by the Internal Revenue Code.

The IRS annual elective deferral limit for 2018 is $18,500.

148 ***What are "catch-up" contributions?***

"Catch-up contributions" are supplemental tax-deferred employee contributions, which are in addition to regular TSP contributions. The amount of supplemental contributions one may contribute is $6,000. These contributions can be made by participants age 50 or older who would like to make contributions above the maximum $18,500 amount they could otherwise make to the TSP.

Because catch-up contributions are supplemental, they do not count against either the regular TSP contribution (percentage) limits or the IRS elective deferral limit. However, the combination of regular and catch-up TSP contributions cannot exceed the total IRS contribution limit for the year.

TSP INVESTMENT OPTIONS

149 ***How are contributions to the TSP invested?***

TSP savings are invested in five different investment funds, the G, C, F, S and I Funds. Participants may choose how to allocate their payroll contributions and fund balances among these five funds on their own, or they may allow the Federal Thrift Investment Board to automatically manage their investments among the five funds by selecting the Lifecycle Fund or L Fund option. Each investment option is described below:

• **Government Securities Investment (G) Fund.** Contributions to the G Fund are invested in special short-term U.S. Treasury securities. Treasury securities, which are essentially loans to the Federal Government, are the safest investments available to TSP participants.

• **Common Stock Index Investment (C) Fund.** Fund contributions are invested in a representative sample (or index) of all stocks listed on the major domestic stock exchanges. Stocks are certificates of ownership in a company which may appreciate in value over time and frequently pay periodic, variable payments called dividends.

• **Fixed Income Index Investment (F) Fund.** Contributions directed to the F Fund are invested in a representative sample of U.S. government and corporate bonds. Bonds are debt securities, with maturities of between 10 and 30 years, that usually pay a fixed interest rate or coupon. Bonds may be traded and frequently rise and fall in value in response to changes in the economy and, to a lesser extent, corporate performance, interest rates and the fortunes of companies which issue them.

• **Small Capitalization Stock Index Investment (S) Fund.** Contributions to the S Fund are invested in the stocks of smaller companies (i.e., those not included in the S&P 500), shares that often offer higher returns but at much greater risk than the large company stocks of the C Fund.

• **International Stock Index Investment (I) Fund.** Retirement savings invested in the I Fund are used to purchase shares in companies active outside the United States—shares that are subject to currency risk as well as the market and credit risk associated with the C Fund's domestic shares.

• **Lifecycle (L) Fund.** The L Funds are "lifecycle funds" that are invested according to a professionally determined mix of stocks, bonds, and securities. There are five L Fund options, each offering a different combination of investments in the five basic TSP funds (G, C, F, S and I). The precise combination is determined by how many years participants are from withdrawing their TSP funds. Over time, the mix of investments in the L Funds become more conservative—more bonds and fewer stocks—as participants get older.

150 *Can an employee lose money investing in the TSP?*

Yes, it is possible, though all investments carry risk. Investing in the G Fund is considered less risky, even in the short-term. Other funds do involve some risk, with a potential for higher rates of return.

151 *Who manages the TSP's investment funds?*

The Federal Retirement Thrift Investment Board manages the G Fund and the L Funds. The assets of the F, C, S, and I Funds are managed by outside investment firms.

152 ***What is a TSP interfund transfer?***

An interfund transfer is the movement of past TSP contributions from one investment fund to another (e.g., from the G Fund to the F Fund). TSP participants may make two interfund transfers per month. However, participants may transfer Funds into the "safe" G Fund at any time, even if they have already made two interfund transfers during the same calendar month.

153 ***Are there restrictions on what contributions and earnings an employee may transfer?***

There are generally no restrictions on Interfund transfers within traditional (tax-deferred) TSP accounts. However, participants with fund balances in both traditional and Roth investments cannot transfer funds between such segregated funds. Roth-option TSP funds can only be transferred to other Roth-option TSP funds and the same is true for traditional TSP funds.

154 ***How do TSP participants request interfund transfers?***

The TSP Web site, www.tsp.gov and the ThriftLine, 877-968-3778 are the most efficient ways. Participants can also submit an interfund transfer request on Form TSP-50, Investment Allocation, and mail it to the TSP Service Office.

155 ***When will my interfund transfer be effective?***

If you request an interfund transfer on the Web site or the ThriftLine before 12:00 noon, eastern time, your request will ordinarily be processed and posted to your account at the close of business on that day. Requests made after 12:00 noon, eastern time, will ordinarily be processed and posted to your account at the close of business on the following business day. If you use Form TSP-50, your request will generally be processed and posted to your account within five business days of the day it is received by the TSP.

156 ***Can a TSP participant withdraw the money in his or her TSP account while still employed by the Postal Service or other government agency?***

Yes, employees who are facing hardship situations or who reach age 59½ and want to make account withdrawals for any reason may now do so.

In-service withdrawals before age 59½ will be subject to the 10 percent early withdrawal penalty tax (which does not apply to those making age-based withdrawals). Both forms of withdrawals will be taxable income in the year in which payment is made, and may be subject to the mandatory 20 percent federal income tax withholding unless rolled over into an IRA.

157 ***Can a TSP participant who separates from the USPS or other federal agency leave his or her savings in the TSP?***

Yes. After leaving the service, the entire account balance can be left in the TSP until April 1 of the calendar year after the participant reaches age 70½, or in which the participant retires if working beyond that age. If you do not withdraw (or begin withdrawing) your account balance by the required deadline, your account balance will be forfeited to the TSP. You can reclaim your account; however you will not receive earnings on your account from the time the account was forfeited.

158 ***May an employee continue to make contributions to the TSP after separating from the Postal Service or other federal agency?***

No. Although they will continue to receive TSP participant statements and continue to have the right to shift their savings among the TSP's investment funds, separated employees may not make additional contributions to the TSP. Their accounts will continue to accrue earnings as long as their savings remain in the TSP.

159 ***What are the basic TSP withdrawal options?***

• Transfer his or her vested account balance to an Individual Retirement Account (IRA) or other eligible retirement plan; or

• Receive his or her account balance in a lump-sum payment; or

• Receive his or her account balance in substantially equal payments over a fixed period of time or in a fixed amount until the account is depleted; or

• Receive a life annuity based on the amount in his or her account.

The TSP Modernization Act of 2017, a law signed by the president on 11/17/2017, provides TSP participants with more flexible withdrawal options. It eliminates the prohibition on multiple postseparation withdrawals and multiple age-based withdrawals while still working.

The law gives the Federal Retirement Thrift Investment Board up to two years to make the regulatory and operational changes necessary to enact the changes in the law.

In the meantime, all of the old withdrawal and other provisions will continue to apply.

160 ***May an employee who qualifies for FERS or CSRS disability benefits withdraw his or her TSP savings?***

Yes. He or she has the same withdrawal options as those described in the answer to question 159.

161 ***If an employee chooses to withdraw his or her funds from the TSP by means of a life annuity, how many different types of annuities are available?***

The TSP offers different types of annuities, which fall into three major categories:

• *Single Life* annuities, payable as long as the participant lives. Variations within this type of annuity include those with cost-of-living adjustments, cash refund options and features which guarantee the distribution of the participant's TSP account balances within 10 years.

• *Joint Life with Spouse* annuities, payable as long as the participant and his or her spouse lives. Variations within this type of annuity include those with cost-of-living adjustments, cash refund options and varying levels of survivor annuities.

• *Joint Life with Other Survivor* annuities, payable as long as the participant and a named person with an insurable interest lives.

Variations within this type of annuity include those with cash refund options and varying levels of survivor annuities.

Additional information is available in a booklet entitled "Summary of the Thrift Savings Plan," January 2018 edition available online at www.tsp.gov or by calling the NALC Retirement Department.

162 ***How does an employee apply to withdraw his or her savings from the TSP?***

Upon separation, the Postal Service (or other federal agency) is required to furnish the employee a TSP Withdrawal Package with the required forms.

163 ***Can an employee borrow from his or her TSP account?***

Yes, there are two types of loans—a general purpose loan and a loan for the purchase of your primary residence. You can apply for a general purpose loan with a repayment period of 1 to 5 years, or you can apply for a residential loan with a repayment period of 1 to 15 years. No documentation is required for a general purpose loan, but you must submit documentation (such as a contract for the purchase of your residence) to support the amount you are requesting for a residential loan. Information about the TSP loans is provided by a booklet entitled "Loans" which is available online at www.tsp.gov.

164 ***How much can an employee borrow from his or her TSP account?***

Loan amounts are limited to the value of the employee's own contributions though not all employees may be able to borrow the maximum, given their salary and ability to repay loans on a timely basis. The minimum loan amount is $1,000. Participants may have one outstanding loan for general purposes and one residential loan at a time.

165 ***What are the terms of TSP loans?***

Prepayment in full is permitted by certified check, money order or cashier's check. Otherwise, employees repay loans against their accounts through payroll deductions and must pay interest. The term of the loan is set in the application and the rate of interest charged is the rate of return earned by the G Fund during the month in which the loan application is received by the TSP Service Office. Employees who separate from government service must repay their loans in full in order to process any withdrawal request.

166 ***What rights do spouses of participants have with regard to the TSP?***

Spouses have certain rights when participants apply to borrow from their accounts or withdraw funds from the TSP. The spouses of TSP *participants covered by CSRS* will be notified when participants apply for a TSP loan or apply to withdraw from their TSP accounts.

167 ***What rights do former spouses of participants have with regard to the TSP?***

• TSP participants may not make any decision with regard to their accounts which conflict with an applicable court order, decree, or court-approved agreement obtained by their former spouses.

• TSP accounts may be used to enforce TSP participants' legal obligations to provide alimony and/ or child support payments.

• The former spouses of TSP participants must be notified when participants who leave federal service prior to becoming eligible for retirement benefits transfer their TSP accounts to an IRA or other pension plan.

168 ***Who gets an employee's TSP funds if he or she should die before receiving any TSP payments?***

The person identified by the employee as the beneficiary of his or her account on Form TSP-3, the Designation of Beneficiary form. If no beneficiary is named, the account will be distributed according to the standard order of precedence.

169 ***Who gets an employee's TSP annuity if he or she should die after retirement?***

In the event of death after the TSP office receives a completed annuity request, benefits will be provided in accordance with the former employee's annuity selection.

170 ***May an employee keep the basic coverage of Federal Employees' Group Life Insurance after retirement?***

Yes. The employee must have been enrolled in the basic coverage for the 5 years immediately preceding retirement or the full period or periods of service during which the basic life insurance was available to the employee, if less than 5 years. On and after December 9, 1980 those who retire must make a written election as to the amount of their post-retirement basic life insurance coverage they want to retain after age 65, on a form obtained at the employing office.

171 ***What is the cost of basic life insurance?***

As an active employee, the USPS pays for basic life insurance. When the employee retires he/she must pay for basic life insurance coverage until age 65 at the monthly rate of $0.325 per thousand dollars of coverage. At that time there are no further payments and the basic coverage begins to reduce by 2% per month until it reaches 25% of the face value, payable upon the retiree's death.

172 ***What other options are available for continuing basic life insurance coverage?***

There are 3 choices a retiree may make:

• A retiree may elect to continue under the old system whereby a reduction of 2% per month in the basic life insurance policy value begins at age 65 and declines to 25% of the basic value —no cost to retirees who retired before January 1, 1990.

Those who retired after December 31, 1989 and are under age 65 pay for the basic life insurance until they reach 65.

• They may also elect to have the amount only reduce by 1% per month at age 65 to no less than 50% of the basic policy value—

THE EXTRA PREMIUM FOR THIS LESSER REDUCTION COVERAGE IS $0.71 PER MONTH FOR EACH $1,000 OF BASIC INSURANCE PAYABLE FROM THE COMMENCING DATE OF ANNUITY UNTIL DEATH.

• Thirdly, they may elect that the amount of basic insurance will not reduce after age 65.

THE EXTRA PREMIUM REQUIRED FOR NO REDUCTION IN BASIC INSURANCE COVERAGE IS $2.13 PER MONTH FOR EACH $1,000 OF BASIC INSURANCE PAYABLE

FROM THE COMMENCING DATE OF ANNUITY UNTIL DEATH.

If a retiree decides to cancel the increased post-retirement coverage, the amount of basic coverage would be reduced to 25% of face value.

173 *May an employee keep the standard optional life insurance after retirement?*

Yes. You may also retain your coverage if you are eligible to continue the basic insurance and if, in addition, you have also had the standard optional coverage in force for not less than the full period or periods of service during which the coverage was available to you or the 5 years of service immediately preceding your retirement. YOU MUST PAY FOR THIS INSURANCE UNTIL YOU REACH AGE 65 at which time the coverage will reduce by 2% per month until it reaches 25% of the face value ($2,500).

174 *May an employee keep the additional optional or family optional life insurance after retirement?*

Yes. This coverage may be retained if you are eligible to continue the basic insurance and if, in addition, you have also had the life insurance in force for not less than the full period or periods of service during which it was available to you or the 5 years of service immediately preceding your retirement. YOU MUST PAY FOR THIS INSURANCE UNTIL YOU REACH AGE 65 at which time the coverage will reduce by 2% per month for 50 months, at which time the coverage ceases. Employees separating for retirement on or after April 24, 1999 can elect to continue these coverages on an unreduced basis by paying premiums past age 65.

175 *What are living benefits?*

Effective July 25, 1995, you may elect to receive a lump-sum payment (living benefits) if you are terminally ill and have a documented medical prognosis that your life expectancy is 9 months or less. The form for electing living benefits (FE-8) is only available from the Office of Federal Employees' Group Life Insurance (800-633-4542).

176 *May an employee keep his/her health benefits coverage after retirement?*

Yes. If retiring on an immediate annuity and if you have been continuously enrolled under the program (or covered as a family member) since the first opportunity to enroll, or for the 5 years of service immediately preceding retirement.

177 ***If a retiree cancels the Federal Employees Health Benefit Program coverage, can he/she reenroll at a later date?***

No. Once a retiree cancels health coverage under the FEHBP, it can never be reinstated. However, former military members eligible for TRICARE and CHAMPVA coverage can suspend the FEHBP coverage and later return to the FEHBP if TRICARE or CHAMPVA coverage is terminated.

178 ***If an employee dies, may his/her survivors continue health benefits coverage?***

If there is a survivor annuity payable and if the survivor has been covered as a dependent on your FEHBP while you were living, the coverage will continue and the premium will be deducted from the civil service survivor annuity.

What an Annuitant Should Do In the Event of Divorce/Death of Spouse

179 ***What should the annuitant do if the person chosen as a survivor annuitant predeceases him/her or the marriage is terminated by divorce or annulment?***

Write to: U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, requesting the annuity be restored to the full life rate. Be sure to sign the letter and give your CSA (claim) number. If there are no other eligible dependents you may request to change the health coverage to self only.

In addition you may want to file Designation of Beneficiary forms: SF 2823 and SF 2808 regarding life insurance and lump sum benefits which may be payable on the death of the annuitant. A copy of the death certificate or divorce/annulment decree should be sent, whichever applies.

180 ***What should an annuitant do if a family member dies who is covered by his/her family optional life insurance?***

Write to: U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017, requesting **FE-6 DEP** to claim death benefits. Be sure to give your full name, CSA (claim) number, Social Security number, and date of birth. Send a copy of the death certificate when you return the completed FE-6 DEP to OPM.

181 ***How does an annuitant set up or change direct deposit of their annuity?***

To set up or change direct deposit visit www.serviceson-line.opm.gov or call OPM. To do by mail, use form RI 38-128, which can be obtained from OPM or by calling the NALC Retirement Department.

CAUTION: Annuitants who change financial institutions, should not close their old accounts until their first annuity payment arrives at the new bank—this may be 30–60 days after they notify OPM. This will avoid any problem wth a missing payment.

182 ***What if an annuity payment is missing?***

Report Missing Payment at www.servicesonline.opm.gov/RSR/MissingPayment or call the OPM.

183 ***How are NALC union dues withheld from my annuity checks?***

By completing Form 1189 through your local NALC branch, who in turn will forward it to NALC Headquarters in Washington, D.C.

184 ***How long after retirement will it take for my NALC union dues withholdings to begin?***

This varies from person to person. However, once the U. S. Office of Personnel Management completes final action on your annuity claim, there will be a retroactive amount withheld for dues and the next month it will adjust to the monthly amount of withholding for dues.

185 ***Do I have any accidental death benefits through the NALC?***

Yes. The Mutual Benefit Association, NALC, 100 Indiana Avenue, NW, Washington, D.C. 20001 covers retired members of the NALC for $5,000 in case of accidental death.

186 ***Do local branches of the NALC have any death benefits?***

There are some local branches of the NALC who have a death benefit payable in the death of its members—the survivor should contact the local NALC branch upon the retiree or employee's death.

187 ***What general address should retirees use to correspond with the U. S. Office of Personnel Management?***

U.S. Office of Personnel Management, Retirement Operations Center, Boyers, Pennsylvania 16017.

188 ***Where can I get general information from OPM, TSP, or NALC via the Internet?***

http://www.opm.gov/retire

http://www.tsp.gov

http://www.nalc.org

189 ***I am a participant of the Thrift Savings Plan(TSP) and would like to contact them for information regarding my account. How can I do so?***

Thrift Savings Plan
Service Center
National Finance Center
P.O. Box 385021
Birmingham, AL
35238

Thriftline
1-TSP-YOU-FRST
877-968-3778
Monday – Friday
7:00am – 9:00pm
(Eastern Standard Time)

NOTES:

NOTES:

National Association of Letter Carriers, AFL-CIO

National Association of Letter Carriers
100 Indiana Avenue, N.W.
Washington, D.C. 20001-2144

National Association of Letter Carriers
100 Indiana Ave. NW
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www.nalc.org 202-393-4695

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