FOR YOUR INFORMATION - RETIREES

COMPLETING THE "NAME" INFORMATION: When you complete your retirement application, it is important that use your "official" name that is used on your payroll/personnel records. Ensure that you include any suffixes, i.e., Sr., Jr., III, etc. Ensure that all documents to support relevant periods of service (DD 214's, receipts for deposit and redeposit payments, are included with your application. In addition, if you have previous periods of service recorded under other names, ensure those names are recorded in the appropriate block on your retirement application.

PERMANENT ADDRESS: The address that the DFAS Charleston payroll office uses to send your Leave and Earnings Statement (LES) to will be forwarded onto OPM. OPM will send your retirement information to this address. In addition, any money due you will be forwarded to this address also (VSIP, final paycheck, etc.). If this address is not correct, or you plan on moving before you receive any correspondence, you should notify DFAS ***before*** you separate.

DIRECT DEPOSIT: Your current direct deposit information will be forwarded onto OPM. Your annuity payments will be deposited into the same account that your salary was deposited. However, allotments (i.e., bonds) are not part of the transmission and will be discontinued.

FINAL PAYCHECK: DFAS will forward your final paycheck within 1 to 2 pay periods after you separate. If you owe any monies to your agency or the U.S. Federal Government (i.e., advanced annual/sick leave, travel payments, etc.), these debts may be withheld from your final salary, lump-sum annual leave, separation incentive, award payment and/or retirement funds, in that order.

ANNUAL LEAVE: You will receive a lump-sum payment for your annual leave, which includes your regular carryover balance from the previous year, if any; plus any accrued and unused annual leave during the current leave year; plus any restored annual leave that is maintained in a separate account. If you separate before the last scheduled workday of a pay period, you ***will not*** earn any type of leave for that final pay period. Taxes are applied to lump-sum payments in the year in which you receive the money. Example: An employee retiring September 30 could incur a larger tax burden by collecting almost a full year's salary plus a large lump-sum payment for unused annual leave. Your lump sum payment is subject to withholdings for Social Security (if applicable), Medicare, Federal, and State income. A check for your annual leave minus tax deductions will be distributed in the same manner as your last paycheck from your agency (generally by direct deposit).

SICK LEAVE: Under CSRS, employees who retire on an immediate annuity, unused sick leave is credited in computing the amount of the retiree (or survivor) annuity. Unused sick leave is not used in determining the High-3 average salary and does not count in establishing length of service to determine retirement eligibility. Hours of unused sick leave are converted to years, months and days of additional service based on a 2,087-hour work year. For example, 40 hours of unused sick leave equal 7 days of service credit. FERS employees ***do not*** receive credit for unused sick leave. ***However***, if you transferred to FERS and have a CSRS component to your FERS annuity, you may receive credit for the ***lesser*** of the amount of sick leave at the date of transfer to FERS or the date of retirement. The amount credited is applied to the CSRS component.

VSIP (BUYOUT): If you are approved to receive a Voluntary Separation Incentive Payment (VSIP), the money will be sent to you by direct deposit to the same account your salary was sent.

The VSIP is subject to Federal, state and local income taxes, as applicable. The social security (Old Age Survivors and Disability Insurance (OASDI)) tax and/or the Medicare (hospital insurance) tax are withheld for the employee in the same manner as required prior to the employee's separation. The social security tax is subject to an annual wage base limit. There is no annual wage based limit for the Medicare tax – all covered wages are subject to the Medicare tax. Federal income tax will be withheld at the supplemental wage withholding rate (***currently 27 percent***), when applicable. Otherwise, tax withholding will be based on the employee's marital status and the number of withholding allowances claimed on the W-4 form. For a detailed discussion of the withholding rate rules, see IRS Publication 15, Section 7 (supplemental wages).

The VSIP is subject to garnishment for indebtedness. If you owe any monies to your agency or the U.S. Federal Government (i.e., advanced annual or sick leave, travel payments, etc.), these debts may be withheld from your final salary, lump-sum annual leave, VSIP, award payments and/or retirement funds, in that order.

INCOME TAX ON ANNUITIES: OPM will automatically withhold Federal Income Tax from your annuity at the rate you established as an employee. After your annuity is established, your Federal tax status continues. Contact your local IRS office, 1-800-829-3676 for Publications 721 and 575, which explains how your Federal annuity will be taxed. OPM does not automatically withhold state income tax. OPM has agreements with some states to allow state income tax withholding from Federal annuities. You can contact OPM directly if you wish to have state tax withheld from your annuity.

COMMENCEMENT DATE OF ANNUITY: For CSRS, a voluntary/optional (includes early-out) annuity commences on the day after separation if the date of separation is the last day of the month, 1st, 2nd, or 3rd, of the following month. If you separate on the 4th day, your annuity will not commence until the 1st day of the month following the one in which you separated. For FERS, a voluntary/optional (includes early-out) annuity commences on the day after separation if the date of separation is the last day of the month. If you separate on any other day, your annuity will not commence until the 1st day of the month following the one in which you separated. A discontinued service annuity commences on the earlier of the day after separation or the day after pay ceases and the employee meets the age and service requirements. A disability annuity commences on the day after separation, or the day after the employee's pay status terminates and he or she meets the length of service requirement and other disability criteria.

ANNUITY PAYMENT AND STATEMENTS: You will receive your first annuity payment within 20 to 30 days ***after*** OPM receives your retirement application package. This payment and those that occur during the adjudication process of your retirement application will be approximately 85% of the gross annuity amount. During this period, these "interim/special" payments will not include any health or life insurance premiums. The interim payment schedule will continue until all records have been verified by OPM. At that time, you will receive a full annuity payment and retroactive annuity amounts that were not paid during the interim pay cycle, *minus* FEHB and FEGLI premiums, and any other appropriate deductions. You will receive a "Benefits Booklet" that fully explains your retirement annuity and benefits. In addition during the "interim/special" payment cycle, OPM will forward to you a monthly-itemized statement similar to a LES. Once the final adjudication process is complete, you will receive a notice of what your regularly monthly annuity is and when it will begin. At that point, you will not receive a monthly statement any longer. Your only record of payments will be from your financial institution the following month on your bank statement. You may want to call and check to see if payment has been deposited until you are comfortable in knowing the amount you receive. You will only receive a statement when there is a change in the amount of your annuity. This generally occurs at the beginning of the year when the Cost of Living Allowance, cost of health insurance, etc., takes effect. Please make sure you always keep your annual statements for reference throughout the year.

COLA (COST OF LIVING ALLOWANCE): ***CSRS*** retiree annuities are adjusted for inflation in accordance with a formula based on the Consumer Price Index (CPI). If inflation, as measured by the CPI increases by 3 percent in one year, all CSRS retirees will receive a COLA in the amount of 3 percent. The COLA increases all disability, non-disability and survivor annuities. Normally, COLA's take effect December 1 of the year you retire and are payable in the January 1 annuity check. The amount of a retiree's ***first*** COLA is prorated. The proration is based on the number of months the retiree is on the annuity roll prior to the effective date (December 1) of the COLA. A month counts for proration purposes as long as the annuity commences in that month. A COLA is applied to the gross monthly annuity after the following reductions have been made but before withholdings are made for taxes and health and life insurance: (1) reduction for early retirement; (2) reduction for pre 10-1-82 civilian deposit service; (3) reduction for a survivor annuity; (4) reduction for pre 10-1-90 civilian redeposit service and; (5) reduction for the alternative annuity. ***FERS*** retiree annuities are adjusted for inflation in accordance with a formula based on the CPI. If inflation, as measured by the CPI increases up to 2 percent in one year, annuitants will receive a COLA equal to the CPI increase. If the CPI increases between 2 and 3 percent, the annual COLA will be 2 percent. If the CPI increases is 3 percent or higher, the annual COLA will be the increase in the CPI minus 1 percent. The benefits that will be adjusted by the COLA formula are those for: (1) employees retiring at age 62 or older; (2) employees retiring on disability at any age;

(3) survivor annuitants (except children) and; (4) employees retiring under the special group provisions at any age. Regular employees retiring under FERS who are under age 62 will not receive a COLA until they attain age 62, at which time their annuities will be adjusted. Normally, COLA's take effect December 1 and are payable in the January 1 annuity check. The amount of an annuitant's ***first*** COLA is prorated. The proration is based on the number of months the retiree is on the annuity roll prior to the effective date (December 1) of the COLA. However, for FERS annuitants who are not eligible to receive a COLA during their first year (or more) on the annuity roll, the initial COLA they receive (after becoming eligible) is the full COLA without proration. The COLA increase is applied to the gross monthly annuity payable after the following reductions (when applicable) have been made: (a) reduction for early retirement (MRA plus 10); (b) reduction for survivor annuity and; (c) reduction for alternative annuity. However, the COLA is applied before withholdings are made for tax and for health and life insurance premiums.

LIFE INSURANCE: An employee retiring on an immediate annuity (an annuity payable within 30 days of separation from service) is eligible to continue basic life insurance and the various types of optional insurance (not accidental death and dismemberment coverage) after retirement if he or she has been covered under FEGLI since the first opportunity to enroll or for the 5 years of service immediately preceding retirement. No provision of the law permits a waiver of these rules in any circumstance.

HEALTH INSURANCE: An employee is eligible to continue group health benefits coverage as a retiree if he or she retires on an immediate annuity (an annuity payable within 30 days of separation from service) and has been enrolled or covered as a family member in the FEHB program since his or her first opportunity to enroll or for at least 5 years of service immediately preceding retirement. Coverage under the Uniformed Services Health Benefits Program - TRICARE (formerly called CHAMPUS) can be used to meet the 5-year requirement; however, the employee ***must*** be enrolled in the FEHB at the time of retirement. Employees may use accrued annual leave to extend service to meet the 5-year rule. Accrued annual leave includes all accumulated and accrued annual leave, restored annual leave and annual leave donated under the Voluntary Leave Bank and Leave Transfer Programs. OPM has the authority to waive the 5-year rule. In exercising its waiver authority, OPM will grant waivers to qualifying employees who retire and receive a buyout during agency-specific statutory buyout periods. During these periods, OPM also will grant waivers to employees who take an early voluntary or discontinued service retirement (whether or not the buyout is paid).

FLEXIBLE SPENDING ACCOUNTS (FSA): Only expenses incurred while you are actively contributing to the Health Care FSA as an employee are reimbursable. Annuitants cannot participate in FSAs. You can continue to use the remaining balance in your Dependant Care FSA to pay for eligible dependent care expenses until the end of the Plan Year or until your account balance is used up, whichever comes first.

LONG TERM CARE INSURANCE (LTCI): If you are enrolled in LTCI and paying your premiums by payroll deduction, you should submit a **Billing Change Form** to Long Term Care Partners (LTCP) as soon as possible. With this form you can request direct billing or automatic bank withdrawal, at least until your retirement is finalized. The Billing Change Form is available online at http://www.ltcfeds.com/about/resource_library/documents/Billing_Change.pdf or by calling LTCP at 1-800-LTC-FEDS (1-800-582-3337). If you want the premiums to be deducted from your annuity, you'll need to complete another Billing Change Form once you are in a "Regular Annuity Payment Status." You will have to provide your ***Annuity Office Identifier (24900002*****)** and your ***Civil Service Annuity (CSA) number***.

THRIFT SAVINGS PLAN (TSP): If you ever participated in the TSP, you are eligible to withdraw your account when you separate from service for 31 or more full calendar days. You will be given a Withdraw Package which includes the TSP withdraw forms, the booklet *"Withdrawing Your TSP Account After Leaving Federal Service"*, and a copy of the notice *"Important Tax Information About Payments from Your TSP Account"*. The TSP provides three basic ways to withdraw your account: (1) in a single payment; (2) in a series of monthly payments; (3) purchase a life annuity. In addition you can have TSP transfer all or part of a single payment or in some cases a series of monthly payments to an IRA or other eligible retirement plan. If your vested account balance is $3,500 or less and you do not submit a withdraw request, the TSP will pay your account balance to you automatically in a single payment. All of the money from your TSP account will be taxed as ordinary income for Federal tax purposes in the year (or years) that you receive it. The way you withdraw your account determines when you must pay the income tax. Because some withdraw methods defer your receipt of the money from your account, your tax liability is also deferred. There is a ***mandatory 20 percent Federal income tax withholding*** on certain payments that you receive directly. In addition to the ordinary income tax, the IRS imposes a ***10 percent early withdraw penalty tax*** on amounts that you receive from the TSP *if you separate or retire before the year in which you reach age 55 and withdraw your account in a single payment or series of monthly payments for all amounts you receive before age 591/2*. 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. State and local laws vary in the treatment of TSP withdrawals. You should consult your state or local tax authority concerning taxation of your TSP withdrawal. If you do not want to withdraw your account when you leave Federal service, you can leave your entire account balance in the TSP. However, you must withdraw your entire balance in a single payment or begin receiving monthly payments from the TSP or from an annuity by April 1 of the year following the year you turn age 701/2 (or following the year you separate if you are already over age 701/2 when you leave Federal service). If you do not make a withdrawal election by the required deadline, your TSP account ***must be*** paid to you in the form of an annuity, as required by law. In addition, there is a *"required minimum distribution"* and it applies only to participants who have separated from Federal service. The IRS requires that you receive a certain portion of your account balance beginning with the year in which you become age 701/2. This portion is based on life expectancy.

BENEFICIARY FORMS: There are four separate beneficiary forms for your Federal benefits: lump-sum retirement contributions (CSRS = SF 2808 and FERS = SF 3102); unpaid compensation (SF 1152); life insurance (FEGLI = SF 2823) and; TSP (TSP 3). If you have filed any of these forms, they are valid at retirement. Make sure all forms are up-to-date with the current name and address of your designated beneficiaries.

CSA NUMBER: After OPM receives your retirement application package; they will send you an acknowledgement letter and assign you a ***CSA*** number. This is how you will be known at OPM. Make sure you record this number in an accessible location and advise other family members of the number in the event they would have to contact OPM on your behalf. Whenever you call or write OPM, you will need your CSA number.

CONTACTING OPM: Once you receive your Civil Service Annuitant (CSA) number, you may contact OPM by calling their Retirement Information Office toll-free at: 1-888-767-6738, or for customers within the Washington, DC calling area, (202) 606-0500. Hearing and speech impaired customers may call TDD, 1-800-878-5707. When you call, you can use the automated phone system, which is available 24 hours a day, seven days a week. You will need a Personal Identification Number (PIN) to use the automated system so you will need to call OPM and request a PIN. You may also call and speak to a Customer Service Specialist who is available from 7:30 a.m. to 7:45 p.m., Monday through Friday, Eastern Standard Time. The best time to reach OPM is in the middle or end of the week early in the day.