

Planning for Retirement

We at the Army Benefits Center – Civilian (ABC-C) understand that retirement is a very important topic and the information contained in this document should not negate your need to contact us with your questions. It is in your best interest to familiarize yourself with this information. It is your retirement and an educated workforce is a better prepared workforce.

Estimate:

One of the most important steps in planning for your retirement will be to request an estimate. If you are within 5 years of retirement eligibility, you may request an estimate from the ABC-C. You can request one estimate per year. This estimate will serve as a valuable tool in your retirement planning process. You will be able to determine if all of your service is in your Official Personnel Folder (OPF), if all your service is creditable for retirement, or if you need to make deposits for periods of service. You will also be able to see how reductions and deductions will impact your annuity. Future salary increases and leave accruals will not be projected. We will only use the balance that shows in payroll at the time we work your estimate.

Once you request your estimate, the ABC-C will request your OPF from your servicing Civilian Personnel Operations Center (CPOC). Upon receipt of your OPF, your estimate will be worked in a first-in, first-out manner. The estimate can be requested via the Interactive Voice Response System (IVRS) by calling 1-877-276-9287 or TDD at 1-877-276-9833 and speaking to a counselor. The counselor will ask you for your desired date of retirement as well as a few other questions regarding your service history.

This is ONLY an estimate; the Office of Personnel Management (OPM) is the final adjudicator of your annuity. This estimate does not obligate you to retire nor does it serve as your retirement application.

An estimate is also available via the Employee Benefits Information System (EBIS) website at <https://www.ebis.army.mil>. To determine general eligibility requirements, we recommend you visit the “Eligibility Requirement” section applicable to your retirement plan on the ABC-C website at <https://www.abc.army.mil>.

IMPORTANT NOTE: Please keep in mind that the EBIS estimate utilizes your LEAVE Service Computation Date (SCD). This SCD appears on your Leave and Earnings Statement (LES) as well as your SF-50 Notification of Personnel Action (NPA). This SCD may include service that is NOT creditable for retirement purposes. It is important that you understand this when accessing this estimate. If you have complicated service (part-time, intermittent, refunded service or temporary service, Tennessee Valley Authority, Non-Appropriated Fund, Foreign

Service) we strongly recommend that you contact the ABC-C for your estimate rather than utilize the EBIS calculator as the estimate will not be accurate.

Also, if you are a CSRS employee with unpaid deposit or redeposit service, the EBIS estimate will not show any applicable reductions to your annuity. Once you have received an estimate from the ABC-C however, you will be able to manipulate the EBIS estimate by changing your salary, SCD, or using the appropriate deposit/redeposit reductions to the EBIS calculation.

Commencement Date of Annuity:

Civil Service Retirement System (CSRS): If you retire voluntarily, you may select the first, second, third or the last date of the month as your retirement date. With these dates your annuity begins to accrue the following day, to be paid 6 to 8 weeks after your retirement date. If you retire voluntarily on any other date, you will not begin to accrue an annuity until the following month.

Federal Employees Retirement System (FERS): If you retire voluntarily on the last date of a month, your annuity will begin to accrue the first day of the following month, to be paid 6 to 8 weeks after your retirement date. If you retire voluntarily on any other date, your annuity will not begin to accrue until the following month.

NOTE: The date you put on your retirement application for “Date of Final Separation” is the day you retire, your last working date as a Federal employee.

Civilian Deposit/Redeposit Service:

If you owe a deposit for temporary (FICA) civilian service or a redeposit for service for which retirement contributions were refunded and you have not paid that deposit at retirement:

CSRS: If you have unpaid **deposit** service **prior to 10-01-1982**, OPM will NOT notify you or give you an opportunity to make the payment before adjudication. You must contact OPM upon receipt of your Civil Service Annuity (CSA) number to let them know you want to make that payment. If not paid, you will have a permanent reduction to your annuity.

If you have unpaid **deposit** service **on/after 10-01-1982**, OPM will give you the opportunity to pay the contributions and will tell you what difference it makes to your monthly benefit.

If you have an unpaid **redeposit** performed **prior to 03-01-1991**, OPM will not notify you of the opportunity to pay for this service. You must contact OPM upon receipt of your CSA number to let them know you want to make that payment. If not paid, you will have a permanent reduction to your annuity.

If you have an unpaid **redeposit** performed **on/after 03-01-1991**, OPM will give you the opportunity to make this payment and will tell you what difference it makes to your monthly benefit.

Incomplete (partially paid) **redeposits** for service performed **prior to 03-01-1991** are not refunded. The amount still owed for the redeposit will be used to calculate the actuarial reduction. You can complete the redeposit after retirement but it must be complete before the final adjudication of your retirement claim.

Incomplete redeposit for service performed **on/after 03-01-1991** is refunded by OPM.

FERS: You will be given the opportunity to pay for temporary service prior to 01-01-1989. A deposit cannot be made for temporary service after 01-01-1989.

If you have an unpaid **redeposit**, OPM will give you the opportunity to make this payment and will tell you what difference it makes to your monthly benefit.

For both CSRS and FERS: If you are within 6 months of retirement and have not made a deposit or redeposit and want to, OPM asks that you complete the appropriate application for deposit/redeposit for your retirement plan and submit it **WITH** your retirement application. Do not send it directly to OPM separate from your retirement.

Records:

Make sure that all documentation to support relevant periods of service is included with your retirement application. This includes all DD214s for military service and statements of deposit payments for both military and civilian service.

NOTE: "Prior service" on a DD214 does not provide credit for that service. You must have DD214s showing actual dates for all service performed to receive credit for that service. Military deposit must be paid in full prior retirement.

Permanent Address:

The address in payroll (which shows on your LES) will flow to OPM. If this address is not correct, you should change your address prior to your retirement utilizing myPay at <https://mypay.dfas.mil/mypay.aspx>. If your mailing address changes after separation, you can update your address on their website at <https://www.serviceline.opm.gov> once you have received your CSA number and PIN from OPM. You will not receive your PIN until after adjudication of your retirement.

Direct Deposit:

When you retire, your current EFT/direct deposit information will flow from your payroll office to OPM and your annuity payments will be deposited into the same bank account as your current salary.

If you plan to change banks with your retirement, we recommend you make the change at least a month prior to your retirement by using the myPay website at <https://mypay.dfas.mil/mypay.aspx>.

If you plan on changing your bank information and have less than a month to retirement, make **no** changes to your bank account. After you have received your CSA number from OPM you can submit a new direct deposit form (SF 1199A) to their office.

If you wait until after you have received your CSA number and PIN from OPM, you can change your direct deposit information on their website at <https://www.serviceline.opm.gov>. Please note that all allotments currently coming out of your pay will cease upon retirement.

Health Insurance:

You must be enrolled in a Federal Employees Health Benefits (FEHB) plan to be eligible to carry FEHB into retirement. This means your FEHB plan must be in effect prior to, and you must be covered on, your retirement date.

If you are eligible to receive an immediate annuity and are insured on the date of retirement (either as a family member under an FEHB program or covered under your own) and have been continuously covered for the 5 years preceding retirement, or since the date you were first eligible to enroll, you may continue your FEHB into retirement. If any portion of your 5 years of FEHB coverage was as a family member or you were covered under TRICARE or CHAMPUS, you must provide proof of that coverage with your retirement. This proof can be a copy of an SF 2809 showing you listed as a dependent or information from TRICARE showing your coverage dates. So long as you meet eligibility requirements, FEHB will continue automatically. There is no form to complete for retirement.

To cancel your FEHB plan at retirement, you must complete an SF 2809 cancelling the coverage and submit it along with your retirement application. Make sure that you mark Block F on the SF 2809 and sign in Block H.

If you wish to suspend your FEHB coverage to use TRICARE For Life or CHAMPVA coverage, include an SF 2809 with your retirement application, marking the "suspension" block (Part G). OPM will send you a suspension form (RI 79-9) to complete. You will indicate on the form the date you wish your FEHB enrollment to be suspended; this date cannot be prior to your retirement date. You will be required to provide proof of your eligibility under TRICARE or CHAMPVA (Uniformed Services ID Card, Medicare care showing enrollment in Parts A & B or a copy of your CHAMPVA Authorization Card). If OPM receives

your suspension information within 31 days before to 31 days after the date you elect to suspend the FEHB coverage, it will be suspended on the date you selected. If it is received in their office outside of that timeframe, OPM will suspend your FEHB coverage at the end of the month in which they receive the form and eligibility documentation. It is a very good idea that you read OPM's Frequently Asked Questions on this subject at <http://www.opm.gov/insure/health/qa/index.asp>.

FEHB premiums for federal retirees are the same as an active employee, paying only the employee portion of the premium; however, you pay premiums on a monthly basis rather than biweekly. You are subject to the same regular Open Seasons as a retiree that you were as an active employee. OPM will notify you of Open Seasons for FEHB.

When you reach age 65 as a retiree, Medicare becomes the primary payer and FEHB becomes the secondary payer.

If your spouse is covered under your FEHB enrollment as a family member, he/she will be eligible to continue FEHB coverage after your death ONLY if you elected to provide a survivor annuity at the time of retirement. If you did not provide a survivor annuity, your spouse will no longer have health insurance upon your death. However, if your spouse is also a Federal employee, your spouse can pick up FEHB within 60 days of the loss of coverage due to your death. This is the case if your spouse is a Federal retiree as well. If your spouse met the 5 years of coverage requirement based on coverage under your FEHB plan, he/she can enroll in FEHB based on the loss of coverage due to your death.

Life Insurance:

You are eligible to continue Federal Employees Group Life Insurance (FEGLI) into retirement if you retire on an immediate annuity, are insured on the date of retirement and have been continuously covered for the five years preceding retirement or since your first opportunity to enroll. This eligibility requirement extends to each of the options (A, B & C) available under the FEGLI plan to include the number of multiples for these options (B & C). You will complete an SF 2818 as part of your retirement application indicating what level of FEGLI you wish to carry into retirement.

You are strongly encouraged to visit the FEGLI calculator on OPM's website at <http://www.opm.gov/calculator/worksheet.asp>. The calculator is an invaluable tool that will help you see how your FEGLI premiums will change over time. It will also allow you to determine the amount of the insurance coverage you will have as well. It is very important that you look at the reason you are leaving this benefit: do you have a mortgage to pay, car loans, college tuition? If so, you would want to provide a greater benefit. If you are only looking to cover funerary expenses, you might not need to carry as much FEGLI as you had while an

active employee. The FEGLI calculator will help you to make these decisions by providing you with direct benefit/cost comparisons.

You must continue Basic life insurance in order to continue any Optional coverage. You cannot elect more coverage at retirement than you currently have. If you elect to waive your FEGLI at retirement, you will not be able to pick up the coverage at a later date.

There are three levels of coverage for Basic: 75% reduction, 50% reduction and no reduction. Remember, if you wish to continue any of the Optional coverage, you must continue your Basic. Option A will automatically reduce once you are retired and at age 65 there is no longer a cost. There are two levels of coverage for Options B and C: full reduction or no reduction.

Federal Employee Dental and Vision Insurance Program (FEDVIP):

If you are enrolled in the Federal Employee Dental and Vision Insurance Program (FEDVIP), you may take it with you in retirement; there is no 5-year enrollment requirement. You will need to contact BENEFEDS one week prior to your retirement date to inform them of your retirement. These premiums can be withheld from your retirement; however you will receive a direct bill from BENEFEDS for premiums until your retirement claim has been adjudicated. It is important that you mail your premiums in a timely manner in order to avoid possible cancellation of this benefit. The number for BENEFEDS is 1-877-888-3337 or TTY 1-877-889-5680. For more information on this program, please visit their website at <https://www.benefeds.com>.

Long Term Care Insurance (LTCI):

If you are enrolled in Long Term Care Insurance (LTCI), your coverage will automatically continue into retirement as long as you continue to pay the premiums. Deductions for LTCI do not automatically transfer to the retirement system. If you currently pay premiums through direct deposit and you opt for deduction from your annuity, LTC will work with OPM to set up the deduction. This can only be done with adjudication of your annuity. Prior to adjudication, you will be direct billed by LTC Partners. It is your responsibility to contact LTC Partners and let them know of your upcoming retirement and make these payment arrangements. It is important that you mail your premiums in a timely manner in order to avoid possible cancellation of this benefit. If you currently mail your premiums directly, you do not need to make any changes; retirement will not have a bearing on this arrangement.

If you are not enrolled in LTCI at retirement, you can apply for this benefit after retirement. The number for LTC is 1-800-582-3337. You can find out more information on their website at <http://www.ltcfeds.com>.

Flexible Spending Account (FSA):

If you are participating in the Flexible Spending Account (FSA), it is important that you understand that you will no longer be eligible to continue this benefit. Your HCFSA or LEX HCFSA will terminate as of the date of your retirement. There are no extensions. Any health care expenses incurred prior to the date of separation will still be reimbursable but those incurred after the date of separation are not. If you used your entire elected amount before FSAFEDS has deducted it from your account, you will not be responsible for the remaining payments. You can continue to use the remaining balance in your DCFSA to pay for eligible dependent care expenses until the end of the benefit period or until your account balance is used up, whichever comes first. For more information on FSA, you can contact them at 1-866-643-2245 or visit their website at <http://www.fsafeds.com>.

Income Tax:

If you do not submit a W-4P to OPM, OPM will automatically withhold Federal tax from your annuity at the rate of married with three exemptions. Once you have received your CSA number and PIN, you may change the withholding information on the OPM website at <https://www.serviceline.opm.gov> or you may fill out and mail a W-4P to OPM. If you choose to mail the withholding form to OPM, please ensure you have referenced your CSA number on this form.

State Tax:

OPM does not automatically withhold state income tax. There are some states that OPM has agreements with that allow for voluntary withholding of state tax. However, you cannot elect to do so until after your claim has been adjudicated. You can do this on the OPM website once you have received your CSA number and PIN from OPM (see income tax info above for link). If you wish to submit a hardcopy state withholding form, please ensure that you have referenced your CSA number on this form. You may access the list of states with which OPM has an agreement on the OPM website at <http://www.opm.gov/retire/html/library/taxlist.asp>.

Annual Leave:

If you retire before the end of the leave year, you will receive a lump sum payment for all accrued annual leave. If you retire after the end of the leave year, you will receive a lump sum payment only for the amount carried over and any accrued in the new year. The maximum number of hours to be carried over in a leave year is 240. Please note that leave can only be earned during complete pay periods. If you do not complete a full pay period of work prior to retirement, you will not add any leave to your balance for that pay period.

Sick Leave:

CSRS employees receive credit in the computation of their annuity for their sick leave balance. The unused sick leave is converted to years, months and days and then added to the total service for annuity computation purposes. For CSRS employees who elected to convert to FERS and have a CSRS component, sick

leave is added to the CSRS portion of the annuity and the lesser amount is used of the balance at the time of transfer to FERS, or the balance at retirement. FERS employees will receive credit for 50 percent of their unused sick leave. For retirements effective on or after January 1, 2014, FERS employee will receive 100 percent of the unused sick leave in their retirement computation.

Retiree Interim Pay/Payment Schedule:

Once your entitlement to an annuity has been established, OPM will authorize recurring interim payments to provide you with income until the processing of your retirement is final. Interim payments are generally 60 to 70 percent of your regular monthly annuity payment. This interim payment can be less depending on your service history: if there is refunded service that has not been paid or temporary service for which a deposit has not been paid. You can expect to receive your interim annuity payments 6 to 8 weeks after the effective date of your retirement. This timeframe is based on the timely submission of your complete retirement application. If your application is submitted late or is found to be incomplete, you can expect a delay in your annuity payments. Once OPM has adjudicated your claim, you will receive a statement of benefits which lists your entitlements as well as OPM contact information. You will be assigned a CSA number with your interim payment. A PIN will be sent to you with your adjudicated claim.

Cost-Of-Living Adjustment (COLA):

CSRS: The initial COLA is prorated by using the following formula:

$$\frac{\text{COLA Rate}}{12} \times \text{number of full months on annuity roll} = \text{Prorated COLA}$$

FERS: Generally the initial COLA is effective on December 1 **after attaining age 62** or after the annuity begins, whichever is later.

For FERS annuitants who are not eligible to receive a COLA during the first year (or more) on the annuity roll, the initial COLA you receive (after becoming eligible) is the full COLA without proration.

For FERS annuitants who retire under special retirement rules (Firefighters, Air Traffic Controllers, Law Enforcement Officers) the initial COLA is effective on December 1 after the annuity begins.

For FERS retirees with a CSRS component, you will receive a COLA on the CSRS component according to CSRS rules. The FERS portion of the benefit is governed by the FERS rules.

Note for FERS annuitants: The Annuity Supplement is not subject to COLA.

Thrift Savings Plan (TSP):

If you are enrolled in the Thrift Savings Plan (TSP), you will be mailed a withdrawal package after you have separated. The separation information is created when your retirement action is processed; it flows to the payroll office who notifies TSP that you have separated. This process can take 2 to 4 weeks. You are not eligible to make a withdrawal of your TSP monies until you have been separated for at least 30 days. You can leave your TSP monies in your account after retirement unless you are aged 70 ½ at which time you will be required to withdraw.

There are several options available after retirement to TSP participants, it is a good idea to visit the TSP website and become familiar with the materials. TSP also has a retirement calculator that you can utilize to help you make your decision. Their website is <http://www.tsp.gov>.

Social Security:

If you are eligible for Social Security benefits, or if your annuity will be affected by Social Security benefits, you should contact your local Social Security Office to obtain a Request for Earnings and Benefit Estimate Statement. This information is free. Contact the Social Security Office at 1-800-772-1213. You can also calculate an estimated benefit or get more information regarding benefits available from their website at <http://www.ssa.gov>.