

# Personnel Employee Bulletin

April 16, 2008

## ***Benefits Information Related to Retirement***

### **Federal Employees Health Benefits Program (FEHBP) Coverage in Retirement**

To be sure you can continue your valuable FEHBP coverage into retirement, it's important to know the program's rules regarding retirees.

#### **The Basics**

According to the Office of Personnel Management (OPM), when you retire, you are eligible to continue health benefits coverage if you meet the following requirements:

- You will retire under a [qualifying retirement system](#) for federal employees.
- You will receive a retirement benefit that will begin within the month after you leave, or you are eligible for a reduced "Minimum Retirement Age +10 years service" retirement under the Federal Employees Retirement System (FERS), but you choose to postpone receiving the benefit to avoid some or all of the reduction. (In this case, your health insurance can be reinstated when you begin receiving this annuity.)
- You have been continuously enrolled (or covered as a family member) in any FEHBP plan for the five years of service immediately before the date your annuity starts, or for the full period of service since your first opportunity to enroll, if less than five years.

Note that you aren't required to have been the one paying for FEHBP coverage continuously. You simply must have been covered by an FEHBP enrollment. This includes time as a family member under another person's FEHBP enrollment or time under the Uniformed Services Health Benefits Program (also known as TRICARE or CHAMPUS), as long as you were covered under an FEHBP enrollment at the time of your retirement. (You must enroll in FEHBP within 60 days after you lose coverage under the Uniformed Services Health Benefits Program for that time to be considered as part of continuous FEHBP coverage.)

Coverage under Medicare does not count in determining continuous coverage, nor does service as a nonappropriated fund employee.

Employees who leave federal service, then return later and reinstate their FEHBP coverage, do not necessarily need to be re-employed for five years in order to carry the coverage into retirement. Coverage in their prior appointment counts toward having five years of continuous service as long as they re-enroll within 60 days of being rehired.

## **Deposit Service**

There are three types of deposits/re-deposits a Federal civil service employee should be aware of:

### **Deposit for non-deduction service**

Non-deduction service is Federal civilian service that is potentially creditable for retirement, but for which no retirement deductions were withheld from salary (by retirement deductions, we refer to the 7 percent Civil Service Retirement System (CSRS) retirement contribution or the 0.8 percent FERS retirement contribution that is typically withheld from a Federal employee's salary). Non-deduction service includes intermittent service and service earned under temporary or indefinite appointments.

Exception: Non-deduction service performed on or after January 1, 1989, is not creditable under FERS for any purpose. This service will be deducted from the service computation for retirement purposes. If the non-deduction service was performed on or before December 31, 1988 and is being used for FERS credit, then the deposit must be paid for the service to be creditable for any retirement purpose.

### **Impact of Non-deduction service for which no deposit has been paid:**

CSRS Retirement Example:

Dates of non-deduction service: January 1, 1980, through December 31, 1980

Amount of Deposit: 7 percent (retirement contribution rate in 1980) X \$10,000 (Salary for the period above) = \$700

Interest on deposit: 3 percent compounded annually: \$750  
(Interest accrued at 3% until October 1, 1985, and then switched to a variable rate each year)

Total unpaid deposit \$1,450

Retirement reduction: \$145 per year (10 percent of unpaid deposit)

### **Redeposit of refunded CSRS Contributions**

A redeposit of refunded CSRS Contributions is a repayment of CSRS retirement deductions that have been previously refunded to the employee.

No credit will be allowed in the computation of the annuity unless the total amount owed is paid before your retirement annuity is adjudicated by OPM, unless the refunded service ended before October 1, 1990, or you are eligible to receive the Alternative Form of Annuity.

If you have received a refund that covers a period of service that ended before October 1, 1990, including employment covered by another Federal retirement system, you will not have to pay the redeposit to receive credit for that service when you retire. Instead, full credit for the

refunded service will be allowed in computing your annuity, but the annuity will be actuarially reduced based on your age and the amount of redeposit, including interest, you owe at the time you retire. You may elect to pay the redeposit in full if you prefer, and avoid the actuarial reduction.

FERS employees are not permitted to repay refunded FERS deductions.

### **Post-Military service credit deposit**

Military salaries after 1956 were subject to Social Security tax withholding. Pre-1957 military salaries were exempt from Social Security taxes. Generally, pre-57 military service is creditable under CSRS and FERS, but post-56 service can be credited only when a payment is made to the retirement fund. Under CSRS, a deposit is not necessary if the individual is not eligible for Social Security benefits at age 62 (or at retirement, if later than 62). Under FERS, a military service deposit must be made to be creditable for retirement purposes.

For additional information visit our website at:

<http://www.hr.dla.mil/downloads/retirement/MilitaryServiceDepositInformationSheet.pdf>.

For instructions on how to make a military deposit go to

<http://www.hr.dla.mil/downloads/retirement/HowToMakeMilitaryDeposit.pdf>

For information on how to receive a calculation of monies owed or how to make a deposit or redeposit, contact your employee benefits specialist at <http://www.hr.dla.mil/cntctus.htm>.

For additional information, please contact your servicing DLA Human Resources Center,  
<http://www.hr.dla.mil/cntctus.htm>.

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