

Personnel Employee Bulletin

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Preparing for your retirement: Computing your CSRS/FERS Annuity

If you are thinking about retirement, and wondering whether you will have enough income to live comfortably, the information below will help you decide when you can retire from the Federal Government.

If you are under the Civil Service Retirement System (CSRS): CSRS annuities may not exceed 80 percent of the employee's high-3 average pay. Normally, total service of 41 years 11 months (excluding unused sick leave credit) produces the maximum annuity.

If an employee continues working past the 41 years 11 months (excluding unused sick leave credit), their retirement contribution continues to be deducted. When they retire, the Office of Personnel Management (OPM) will apply the excess contributions plus 3 percent interest (compounded annually to the date of retirement) to any deposit due for civilian non-deduction service and/or redeposit due for civilian refunded service that ended on or after October 1, 1990. OPM then refunds any balance with the initial annuity payment. At that time, the retiree is advised by letter of the amount of additional annuity the excess deductions and interest would purchase. If the retiree returns the excess deductions and interest to OPM, this amount is treated as voluntary contributions and the annuity is recomputed accordingly. If the retiree owes a redeposit for civilian refunded service that ended before October 1, 1990, an actuarial reduction applies to the maximum annuity. However, if the retiree elects to purchase an additional annuity with the excess deductions, the redeposit has to be paid in full. One quick way to figure an annuity for CSRS employees is to take your total years of service, minus two and then multiply it by two. That figure will roughly estimate how much of your High-3 average salary you will receive upon retirement.

If you are under the Federal Employees Retirement System (FERS): FERS annuities are not subject to the 80 percent cap because FERS employees only receive roughly one percent of their high-3 for each year of creditable service they have upon retirement. If a FERS employee has ever resigned and taken a refund of their FERS contributions, they are barred from receiving retirement credit for that time toward retirement in the future. FERS employees do not have an option to make a redeposit for the service. Employees covered under FERS who have previously worked as a temporary employee prior to January 1, 1989 are eligible to make a deposit for the service to make it eligible for inclusion in their annuity computation. If the temporary service occurred on or after January 1, 1989, FERS employees do not have the option to make a deposit nor will they receive any credit for the service upon retirement.

For additional information, please contact your servicing DLA Human Resources Center, <http://www.hr.dla.mil/cntctus.htm>. The Personnel Employee Bulletin is published on the first Wednesday of each month.