Objectives

• Review types of retirement options
• Define eligibility requirements for MRA+10
• Identify the differences between Deferred and Postponed retirement
• Highlight the monetary impacts of Postponing retirement benefits
General Retirement Eligibility

- Must be covered by a retirement system
- Must meet the age and service requirements
- 5 years creditable civilian service (not FERS disability)
Retirement Options

6 General Types of Retirement:

- Voluntary/Optional
- Deferred
- Postponed
- Disability
- Voluntary Early Retirement Authority (VERA)
- Discontinued Service Retirement (DSR)
### General Age and Service Requirements (Optional)

<table>
<thead>
<tr>
<th>Minimum Age</th>
<th>Minimum Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSRS</td>
<td>FERS</td>
</tr>
<tr>
<td>55</td>
<td>MRA*</td>
</tr>
<tr>
<td>60</td>
<td>60*</td>
</tr>
<tr>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>----</td>
<td>MRA +</td>
</tr>
</tbody>
</table>

*FERS Annuity Supplement until age 62*
Minimum Retirement Age

<table>
<thead>
<tr>
<th>If you were born</th>
<th>Your MRA is</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1948</td>
<td>55</td>
</tr>
<tr>
<td>In 1948</td>
<td>55 and 2 months</td>
</tr>
<tr>
<td>In 1949</td>
<td>55 and 4 months</td>
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<tr>
<td>In 1950</td>
<td>55 and 6 months</td>
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<tr>
<td>In 1951</td>
<td>55 and 8 months</td>
</tr>
<tr>
<td>In 1952</td>
<td>55 and 10 months</td>
</tr>
<tr>
<td>In 1953-1964</td>
<td>56</td>
</tr>
<tr>
<td>In 1965</td>
<td>56 and 2 months</td>
</tr>
<tr>
<td>In 1966</td>
<td>56 and 4 months</td>
</tr>
<tr>
<td>In 1967</td>
<td>56 and 6 months</td>
</tr>
<tr>
<td>In 1968</td>
<td>56 and 8 months</td>
</tr>
<tr>
<td>In 1969</td>
<td>56 and 10 months</td>
</tr>
<tr>
<td>In 1970 and after</td>
<td>57</td>
</tr>
</tbody>
</table>
Scenario

FERS employee – age 59 with 29 years of civilian service

What type of retirement would this employee utilize?
FERS annuity

• The Standard Annuity Computation Formula:

  • High-3 \times \text{Years and Months} \times 1\% = \text{Annual Annuity}

*Age 62 with 20 years of service receive 1.1%

Ex. $78,000 \times 20 \text{ years} \times 1\% = $15,600
Retaining Benefits

One of the most important aspects of earning a Federal pension is retaining benefits held as an employee

- 5 Year rule for Health and Life insurance
- Life insurance reductions election made at retirement
- No 5 year rule for FEDVIP
- FLTCI payments must be kept current
IMMEDIATE MRA + 10

- Annuity is payable upon separation
- Health and life insurance continue
- Voluntary retirement available to FERS employees only
- Age reduction of 5% per year under age 62 (permanent reduction)
- Utilize the SF 3107
- No FERS annuity supplement
FERS annuity supplement

Payable to FERS employees retiring on an immediate voluntary retirement that **is not reduced** for age if the employee has completed at least one calendar year of FERS service and is **under** age 62.

Note: Calendar year is January 1\textsuperscript{st} through December 31\textsuperscript{st}
5% Annuity reduction

- The FERS MRA+10 annuity will be reduced 5% for each year the employee retires before the age of 62.

- The exact formula specified in the CSRS and FERS handbook states the FERS annuity will be reduced 5/12 of 1% for each FULL month the employee retirees before age 62.

Ex. DoD employee retires on an MRA+10 at age 57, 5 years before reaching the age of 62. With a 5% reduction for each year, the reduction would be 25%.
MRA +10

- Annuity is payable at a later date determined by employee (RI92-19)

- Health and life insurance are suspended until annuity commences

- Reduces or eliminates age reduction

- No COLA until age 62
Deferred VS. Postponed

**DEFERRED**
- **MUST** have 5 years of service at separation
- NO FEHB or FEGLI

**POSTPONED**
- **MUST** meet age (MRA) and service requirements (10 years) at separation
- Annuity is delayed or postponed
- FEHB and FEGLI reinstated when annuity commences
Similarities of Deferred and Postponed

- Survivor Elections
- RI92-19
- No FERS annuity Supplement
- Annuity is delayed or postponed
- Filing through OPM
- COLA’s start at 62
Scenario

Sam is 59 years old with 20 years of FERS Federal service, and is currently covered under FEHB and FEGLI. Sam was recently offered a job in the private sector and is inquiring with your office as to his possible options for filing a retirement application and retaining benefits. The new position offers health and life insurance, but at a considerable increase in premiums.

What are all the options available to Sam?
Immediate Retirement

**Employing Office**
- Certification of Summary
- Retirement Application
- Agency Checklist

**DFAS (Agency Accounting)**
- Process final paycheck and lump sum payments
- Prepare Indiv Ret Rec (IRR)
- Forward retirement package to OPM

**OPM**
- Confirm Retirement Eligibility
- Send Acknowledgement & Interim Payments
- Obtain any missing doc
- Complete Final Adjudication
Administrative Responsibilities

If an employee is eligible for an MRA + 10 retirement, but is not filing for it at separation, the agency must:

• Complete the employee's Individual Retirement Record (SF 3100).
• Send the completed SF 3100 to OPM SF 2810, Notice of Change in Health Benefits Enrollment SF 2821, Agency Certification of Insurance Status; and SF 2819, Notice of Conversion Privilege (see section 42A4.1-1, paragraph F)

If the employee transferred to FERS and is eligible for a CSRS annuity component, the agency must also send any Standard Form 2806 in its possession. When sending the SF 3100 to OPM, attach all SF 3102's (FERS Designation of Beneficiary).
When OPM receives an application for MRA + 10 benefits, it processes it with the earliest commencing date unless there is a note from the employee attached to the application about postponing the benefit.

Upon request, OPM will send an Application for Deferred or Postponed Retirement (RI 92-19) to an individual who did not apply for an immediate MRA + 10 retirement at separation.
Cost Comparison

Example
Any Questions?