



DEPARTMENT OF DEFENSE
DCPAS
Defense Civilian Personnel Advisory Service

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EMPLOYEES WHO ARE REEMPLOYED ANNUITANTS

Employee Guide
January 2016

1.0 ABOUT YOUR FEDERAL EMPLOYMENT

Welcome back to the Federal workforce! Once you retire from the Federal Government and subsequently become reemployed by the Federal Government, you are in a different category as an employee. If your annuity continues during reemployment, you are considered to be a reemployed annuitant. Each reemployed annuitant has different service histories, different benefit elections, and opportunities. It is vital that you understand all of your entitlements. This guide is dedicated to providing you with easy to understand information about your retirement and benefits as a reemployed annuitant.

Section 9902 of title 5 United States Code (U.S.C.), as enacted by Section 1101 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2004 (November 24, 2003), changed the procedures for reemployed annuitants who are rehired by the Department of Defense (DoD). Under this act, reemployed annuitants within DoD are not considered employees for purposes of title 5 U.S.C., Chapters 83 (Civil Service Retirement System (CSRS)) or 84 (Federal Employees Retirement System (FERS)). Consequently, there are now two categories of reemployed annuitants in DoD: 1) those rehired before November 24, 2003, and 2) those rehired after November 23, 2003. Let us look at the two categories separately.

2.0 REHIRED BY DOD BEFORE NOVEMBER 24, 2003

ABOUT YOUR RETIREMENT

Under CSRS, if you retired on an optional (meeting age and service with no reduction) or a voluntary early retirement authority (VERA), your annuity will continue during reemployment; therefore, you are a reemployed annuitant. Also, if you retired on a discontinued service retirement (DSR) and are reemployed on a temporary or term appointment, your annuity will continue. Since your annuity continues, your salary will be offset by the amount of your annuity.

In some cases, depending on the type of retirement, your reemployment will cause your annuity to stop and you will no longer be considered an annuitant. Your annuity would stop if:

- You retired on a DSR and you were rehired on a permanent appointment;
- You retired on a disability retirement and the Office of Personnel Management (OPM) finds that you are recovered or restored to earning capacity before reemployment;
- You retired on a disability retirement and are reemployed, and later OPM finds you recovered or restored, or you request to be found recovered or restored. In this case, your annuity will continue until OPM makes the finding. At that time, your annuity will stop and your pay is no longer offset; or
- You retired on a special disability retirement awarded because you were medically disqualified for continuing membership in the National Guard (National Guard Technician).

When your annuity stops you are not considered a reemployed annuitant. You are then subject to the same rules as any other employee – you are eligible for retirement, health insurance and life insurance, the Thrift Savings Plan, Flexible Spending Accounts, and Long Term Care Insurance. Upon separation, your CSRS annuity may be reinstated if you have not earned a new eligibility for either an immediate or deferred CSRS annuity based on the new separation.

Under **FERS**, with few exceptions, once retired and reemployed by the Federal government, your annuity will continue and your salary will be offset by the amount of your annuity.

However, if the following circumstances apply to you, your annuity will terminate:

You retired on a disability retirement and OPM finds that you are recovered or restored to earning capacity before reemployment, or once the finding is made, if after reemployment; or

You retired on a special disability retirement awarded because you were medically disqualified for continuing membership in the National Guard (National Guard Technician).

ABOUT THE OFFSET OF SALARY

If your annuity continues, your salary will be offset by the amount of your annuity. The formula for computing the annuity offset for each pay period is as follows:

$$\frac{\text{Gross Monthly Annuity}^* \times 12}{2087 \text{ hours (\# of hours in a work year)}} = \text{Hourly Rate of Annuity}$$

$$\text{Hourly Rate of Annuity} \times \text{Hours of Basic Pay Per Pay Period} = \text{Amount of offset for the pay period}$$

*Gross monthly annuity is the amount of your basic annuity after age deduction, unpaid deposit deduction, and survivor deduction.

If you work part-time, the amount of the offset is prorated by the number of hours worked. For example: If you work 20 hours a week, and your gross monthly annuity is \$850; using the formula, your hourly rate is \$4.89. Since you work 40 hours per pay period, your salary offset would be \$195.60 (\$4.89 x 40).

As a reemployed annuitant, your employing office must immediately notify OPM of your employment. You must notify your employing office when there is an adjustment in your annuity, normally every January when the cost of living adjustments are posted.

ABOUT YOUR APPOINTMENT

Basically there are only two categories of appointments. Temporary (appointments with time limitations or not to exceed dates) and those without time limitations. There are many types of appointments within each of the categories, such as excepted, indefinite, term, career, career conditional, etc., that have been established to meet the needs of the agency. For our purposes, we will look at the categories.

- Temporary Appointments.** On your Standard Form (SF) 50, Notification of Personnel Action, in block 5B, if it states Temporary Appt (NTE date), it means that you are in an appointment not to exceed (NTE) one year. Because of this type of appointment, your annuity will continue and all of your benefits will remain with OPM—regardless of the type of retirement. However, regardless of the appointment, if you retired under CSRS, you may elect to contribute to the CSRS retirement system (you cannot elect FERS since a temporary appointment is excluded from FERS coverage). If you do not elect to contribute to the retirement system, block 30 of your SF 50 should show a -4|| which means no retirement coverage and as a CSRS annuitant, you are

exempt from Social Security. If you retired as a CSRS Offset employee, you will pay Social Security, and your retirement code would be a –2|| reflecting that you will pay the Social Security wage tax of 6.20 percent. If you are employed under a –term|| appointment, and you have a break in service of four or more days, you may elect FERS; otherwise, the same rules apply as above. If the appointment is a term, your health and life insurance will be processed as stated in the following health and life insurance sections.

If you retired under FERS, you will continue to contribute to FERS and Social Security, regardless of the appointment (unless intermittent). Your SF 50 will reflect –K|| to show FERS coverage. If the appointment is a term, your health and life insurance will be processed as stated in the following health and life insurance sections.

Permanent Appointments. This means there is no specified time limitation on your appointment. If you retired under CSRS and had a break in service (over 3 days), you have the opportunity to elect FERS. If you do not elect FERS, you will not pay

- Permanent Appointments. This means there is no specified time limitation on your appointment. If you retired under CSRS and had a break in service (over 3 days), you have the opportunity to elect FERS. If you do not elect FERS, you will not pay retirement contributions unless you elect to contribute to the CSRS retirement system. If you do not elect to contribute to CSRS or do not elect FERS, you are exempt from paying retirement and Social Security and block 30 of your SF 50 should show a –4||. (If you are CSRS Offset, then you would pay Social Security and block 30 of your SF 50 should show a –2||.) CSRS reemployed annuitants who elect CSRS retirement coverage will pay into the retirement fund (SF 50 should show –1|| for CSRS and –C|| for CSRS Offset). If you decide to start retirement contributions at a later date, the contributions can only be made on a prospective basis. You will have an opportunity to make a deposit for the period when you were not contributing. Since this deposit will include interest payable by law it is a good idea for you to consider how long you plan to work and consider starting your contributions early. If you separate and are not eligible for an additional retirement benefit based on the additional service, you can request a refund of your contributions.

If you retired under FERS, you will continue to contribute to FERS and Social Security, regardless of the appointment (unless intermittent). Your SF 50 will reflect –K|| to show FERS coverage.

Since you are on an appointment that confers benefits, there are decisions that you must make within the first few weeks of employment.

ABOUT THE THRIFT SAVINGS PLAN (TSP)

As a reemployed annuitant, if you were eligible to participate in TSP before your retirement, you are immediately eligible upon reemployment. The only exceptions are those annuitants with salary offset waivers and FERS annuitants under intermittent work schedules. If you are reemployed within 30 days of your separation, you will continue to contribute at the rate you were contributing when you separated.

To participate in TSP, you must submit a Form TSP-1, Election Form, to your employing office indicating how much you want to contribute. Your annual TSP contribution amount cannot be greater than the IRS elective deferral limit for that given year (for 2011 the limit is \$16,500).

You should also complete a Form TSP-50, Investment Allocation, to designate how you want your contributions distributed among the various funds. Forward the TSP-50 directly to the TSP Service Office. The address is provided on the form. Currently, there are six funds to select from: the –G| Fund (most secure, government securities); the –C| Fund (high risk, Standard & Poor’s (S & P) stock fund); the –F| Fund (high risk, bond fund); the –S| Fund (high risk, Wilshire 4500 stock fund); the –I| Fund (high risk, Europe, Australasia, Far East (EAFE) stock fund); and the –L| Funds (Lifecycle Funds, provide professionally diversified portfolios based on various time horizons using the G, F, C, S, and I funds). You may elect to place your monies in any of the funds. The elected percentage must total 100 percent. Your contribution amount is based on your basic pay before the salary offset.

If you elect FERS, the Government will establish an account for you at the same time the FERS election becomes effective. The Government contributes 1 percent to your account, plus will match your contributions up to 4 percent (dollar for dollar for the first 3 percent, ½ percent for the next 2 percent) for a total of 5 percent.

If you are a TSP participant and you are reemployed, you may not make a withdrawal from your TSP account until you once again separate from Government service. Any TSP monthly payments will stop upon your rehire; however, if you purchased an annuity with your TSP money, those payments will continue despite your rehire.

ABOUT FUTURE BENEFITS

Reemployment may increase your retirement and death benefits. If you work on a full-time, continuous basis for at least one year, (or part-time equivalent) you may be entitled to a supplemental annuity. A supplemental means that an annuity will be added to your present annuity. If you work for at least five years (or part-time equivalent) you may elect a redetermined annuity. A redetermined annuity is one that is recalculated and takes the place of your current annuity. Intermittent service cannot be used in establishing eligibility for a supplemental or redetermined annuity; however, it can be used in the computation of a redetermined annuity, if applicable. A new retirement application must be submitted at the time of your separation if you qualify for a supplemental or redetermined annuity computation. Your separation action will be either a resignation or termination (if your appointment ends).

3.0 REHIRED BY DOD AFTER NOVEMBER 23, 2003

ABOUT YOUR RETIREMENT

As stated earlier, a reemployed annuitant is a person who is currently receiving a CSRS or FERS annuity and at the same time is reemployed in the Federal Service. For **DoD** purposes, this now includes CSRS annuitants who retired under the discontinued service retirement provisions and are rehired on a permanent appointment including those National Guard Technicians who retired under a special disability retirement because they lost their military membership because of a disability and are rehired. Your annuity will continue, **but** under the provisions of NDAA for FY 2004 (November 24, 2003), your salary will not be offset. You will not have any retirement contribution election, but will automatically be covered by social security only (block 30 on SF 50 should show –2 – FICA).

You are not a reemployed annuitant if:

- You retired on a disability retirement and OPM finds you recovered or restored to earning capacity and stops the annuity before your reemployment. If you are rehired prior to restoration or recovery, you are a reemployed annuitant at that point. Then, if OPM later finds you recovered or restored to earning capacity, your annuity will stop and you are no longer a reemployed annuitant; or
- You retired on a disability retirement and are receiving Office of Worker's Compensation Program benefits in lieu of an annuity from OPM. (An employee can elect at any time to revert to the annuity from OPM. At that time, the employee will be a reemployed annuitant.) Note: You would not be considered a reemployed annuitant for DoD purposes, but you would for OPM purposes.
- Under the NDAA for FY 2004, a reemployed annuitant must now meet the following criteria to be hired within DoD:
 - To fill a hard-to-fill position as evidenced by historically high turnover, a severe shortage of candidates or other significant recruiting difficulty;
 - To fill a critical position to accomplish the organization's mission;
 - To complete a specific project or initiative;
 - You have unique skills or specialized skills or unusual qualifications not generally available; or
 - To mentor less experienced employees and/or provide continuity during organization transitions for not more than 2087 hours.

THERE IS NO OFFSET OF SALARY

Under the provisions of NDAA for FY 2004, your salary will not be offset.

ABOUT YOUR APPOINTMENT

Regardless of the type of appointment, whether temporary or permanent, you will automatically be covered by social security only. You will not have a retirement contribution election opportunity.

ABOUT THE THRIFT SAVINGS PLAN (TSP)

A reemployed annuitant in this category (rehired after November 23, 2003) is not eligible to participate in the TSP.

ABOUT FUTURE BENEFITS

Reemployment will not increase your retirement or death benefits. A reemployed annuitant in this category is not eligible to earn any service credit towards a supplemental or redetermined annuity.

4.0 FOR ALL REEMPLOYED ANNUITANTS (REGARDLESS OF THE DATE OF HIRE)

ABOUT THE FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB) PROGRAM

If a reemployed annuitant who is enrolled in FEHB as a retiree is reemployed in a FEHB-eligible position, you may elect that your health benefits be transferred from OPM to your employing

agency. Your FEHB premiums may be withheld from your salary rather than your annuity so that you can take advantage of the program known as Premium Conversion (PC). Through this program your FEHB premiums will be withheld from your salary **before** your salary is taxed. This results in an increase in your take-home pay. However, participation in PC limits your ability to cancel your FEHB coverage or make a change from Self and Family to Self Only. Under PC you can only make these changes during an open season or due to a qualifying life event. If you wish to waive participation in PC, you must do so within 60 calendar days from the date you became eligible for PC (in this case, the date of your rehire) or during an open season. If you choose to waive participation in PC, your FEHB will be transferred back to OPM and your FEHB premiums will be deducted from your annuity on an after-tax basis.

If you did not have FEHB coverage as a retiree, you may enroll within 60 calendar days of your rehire **if the appointment to which you are rehired is not excluded from FEHB coverage**. If the appointment is excluded from FEHB coverage, your health insurance status will not change.

ABOUT THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FEGLI) PROGRAM

If you are rehired to an appointment that is not eligible for FEGLI coverage, your life insurance will be administered by OPM and FEGLI premiums will be withheld from your annuity.

If you are rehired to a FEGLI-eligible appointment:

- Basic, Option A, and/or Option C are suspended as an annuitant. As an employee, you will automatically acquire the Basic life insurance and any Option A and/or Option C coverage you had as a retiree. If you were not eligible to carry Basic, Option A or Option C into retirement because you did not meet the requirement, you will automatically acquire the coverage you had upon the date of retirement. If you are reemployed within 180 days of separating from your previous position, any existing waiver or declination stands. If the break was 180 days or more, you have 31 days to make additional elections by submitting a SF 2817, Life Insurance Election Form, to your employing office. You **MUST** understand that if you submit a SF 2817 form waiving Basic, Option A and/or Option C as an employee, you are also automatically waiving that coverage as an annuitant. You will not be eligible to get the coverage back once you separate from your reemployed annuitant position. (Important note: If you submit a SF 2817 form waiving Basic as an employee, you have automatically waived that coverage as an annuitant, which means you have waived all life insurance coverage.)
- Option B is handled differently from the other options. You can choose whether to keep Option B as an annuitant (if you have option B as an annuitant) or have it as an employee. If you wish to keep it as an annuitant, you do not have to take any action. If you want to carry your Option B as an employee (rather than as an annuitant), you have 31 days from the date of reemployment to elect it by submitting a SF 2817 form to your employing office. If you **did not have Option B as a retiree** and your break in service was 180 days or more, you may elect this coverage as a reemployed annuitant by submitting the SF2817 within 31 days. If you have fewer than 5 multiples of Option B as an annuitant and elect to have it as an employee, you can increase the number of multiples, unless your break in service was less than 180 days. Be sure you sign for **all** of the coverage you want, not just the Option B coverage. If your break in service was less than 180 days, any existing waiver or declination stands.

If you die during the period of reemployment, your survivor will receive the higher of your employee elected coverage or your coverage as an annuitant (except for Option B; that would be paid out based on your choice of retaining as a retiree or electing as an employee). Remember, if you waive Basic, Option A, or Option C as an employee, you have also waived that coverage as an annuitant.

Once you separate from the reemployed annuitant position, your employing office will review your life insurance. If you were rehired prior to November 24, 2003, you may keep the insurance you acquired during reemployment, only if the necessary FEGLI requirements are met and you are eligible for a supplemental or redetermined annuity. If you were rehired after November 23, 2003, life insurance newly acquired as a reemployed annuitant cannot continue upon your separation.

5.0 ABOUT YOUR FLEXIBLE SPENDING ACCOUNTS (FSA)

You are eligible for a Health Care Flexible Spending Account (HCFSA) if you occupy a position that conveys FEHB coverage. You do not have to be enrolled in FEHB, but you must be in a position that conveys FEHB coverage.

All Federal employees of executive branch agencies may participate in the Dependent Care Flexible Spending Account (DCFSA) immediately upon their entry on duty, except certain intermittent employees whose appointment is six months or less. The requirement for a DCFSA is that you have eligible dependents to claim against the DCFSA.

If you are reemployed within 60 days after separation but before the end of the same tax calendar year, the previous election will be reinstated and you will have access to your account. You will not be able to change your allotment and you will be required to make up missed allotments. There is an exception: if you have a qualifying status change (QSC) within the 60 days, you can modify the election. (Examples of QSC's are:

1) change in legal marital status, 2) change in the number of tax dependents, 3) change in the cost of dependent care cost, etc..) If you return in another Plan Year, you can make a new election. You cannot enroll on or after October 01 of any Plan Year. This applies to both FSAs.

The enrollment period for newly hired reemployed annuitants is 60 days from the date of hire but no later than October 01 of the Plan Year. A plan year runs from January 01 to December 31. If you are hired on or after October 01, you are eligible to elect a FSA during the FSA open season. The FSA open season enrollments apply to the upcoming Plan Year. There is no form for you to complete with the employing office. You must enroll online on the FSAFEDS website, www.fsafeds.com. You do not need to enroll in both FSAs. You can elect one or both if you meet the necessary requirements. Contact your employing office for information pertaining to FSAs and the time period in which you need to apply.

6.0 ABOUT YOUR LONG TERM CARE (LTC)

As an annuitant, you are always eligible to enroll in Long Term Care (LTC) with the full underwriting application. If you are reemployed in a position that conveys FEHB eligibility and had a break in service of at least 180 days, you have 60 days upon your rehire to apply for LTC using the abbreviated underwriting application. You do not complete a form with your employing

office. You can download an application from the LTC website at www.ltcfeds.com. You can also call 1-800-LTC-FEDS (1-800-582-3337) for an application.

ABOUT YOUR LEAVE

If you retired under CSRS, your sick leave was used to determine your length of service for annuity computation purposes; therefore, it cannot be recredited to your account. If you retired under FERS and you return on or after December 02, 1994, unless the sick leave was forfeited upon reemployment in the Federal government before December 02, 1994, your sick leave balance will be recredited to you without regard to the date of separation.

If you had a break in service, your annual leave was paid out in a lump sum. If you return to work before the leave period is expired, you will be required to refund the unexpired portion and that amount will be recredited to your annual leave account.

Your Service Computation Date (SCD) for leave accrual purposes is reflected in block 31 on your SF 50. This date is constructed to include all of your prior creditable service. Your length of service determines which leave accrual category you are in. As a reemployed annuitant, you will accrue leave at the same rate as other employees.

ABOUT RESOURCES

All withholdings from your wages are shown on your leave and earnings statement. You should continually review deductions, leave balances, tax issues, etc. If you believe there is an error in the amount of withholdings, it is your responsibility to contact either your employing office or your payroll representative, as appropriate. There are many resources to learn more about your Federal reemployment. Your employing office will have pamphlets on the various programs for your use. In addition, the following web sites provide pamphlets and other information.

- www.tsp.gov
- www.opm.gov
- www.ssa.gov
- www.irs.gov
- www.fsafeds.com
- www.ltcfeds.com