



# CIVILIAN PERSONNEL FACT SHEET

## **COMPUTING RETIREMENT BENEFITS UNDER FERS**

There are times when service, which is creditable for retirement eligibility, is not creditable for computation purposes. Under FERS, service that is not creditable for computation purposes is generally not creditable for eligibility purposes either.

If the employee transferred to FERS and is eligible to have of his/her annuity computed under CSRS, the CSRS rules for crediting service apply to that portion of the annuity. This includes having sick leave credited at the lesser amount of:

- The sick leave balance as of the date of transfer to FERS; or
- The sick leave balance as of the date of retirement.

Unused sick leave is not creditable in the computation of the FERS basic annuity.

To estimate retirement benefits under FERS the following process is used:

1. Determine the high-3 average salary using the highest three years of basic pay during creditable FERS service. The basic annuity computation formula is as follows:

Average these amounts – (Salary 1 + Salary 2 + Salary 3) / 3

Multiply 1 percent\* of this amount by the total years and months of creditable FERS service.

\*(High 3- average x.01) x Yrs/Mos Service

\*For employees who are at least age 62 and have at least 20 years of service at time of separation, use 1.1 percent in the formula instead of 1 percent. (High –3 average x.011) x Yrs/Mos Service.

2. A retiree annuity supplement may be payable in addition to the basic annuity.\* This supplement approximates the Social Security benefit earned while employed by the Federal government. Employees who are age 62 or older at retirement are not eligible for a retiree annuity supplement. Employees who may be eligible for the supplement are those who retire:

435 MSS/DPCE  
Unit 3220 Box 365  
APO AE09094  
Ramstein AB Germany  
Web Page Address:: <http://www.ramstein.af.mil/435mss/cpo>

Building 2120  
Phone: 480-2196  
Fax: 480-7054

- After MRA with 30 years service.
- At age 60 with 20 years service.
- On involuntary retirement or voluntary early retirement. The supplement will begin at the applicable MRA until 62.

\* Employees who transfer from CSRS to FERS must have a least one full calendar year of FERS-covered service to qualify for this supplement.

If the retiree has earnings from wages or self-employment that exceed the Social Security annual exempt amount, the supplement will be reduced or stopped.

The annuity computed using the formula above is reduced in the following order when of these reductions is applicable:

1. Reduction for age when retiring under early deferred retirement or MRA + 10 provisions. The annuity
  - Of employees retiring under these provisions is reduced by five-twelfths of 1 percent for each full
  - Month the employee is under age 62 (5 percent per year). The annuity is not reduced if the employee
  - Completed 20 years of service and the annuity does not commence until he/she reaches age 60. An
  - Early deferred annuity is not reduced if the employee completed at least 30 years of service.
2. Reduction for survivor annuity. The annuity of married employee is fully reduced to provide a survivor annuity unless the employee and spouse both waive the annuity or elect one-half reduced annuity. A court may also require the employee to provide survivor benefits for a former spouse. The annuity is reduced by 10 percent if a fully reduced annuity is provided. If the one-half annuity is elected the employee's annuity will be reduced by 5 percent.
3. Reduction for Alternative Form of Annuity (AFA). Election of the AFA is available to FERS retirees with a life –threatening affliction or other critical medical condition. With the AFA the employee receives a reduced annuity plus a lump-sum payment of his or her retirement contributions. The reduction is based on the employee's lump-sum credit and age at retirement using the FERS Present Value Factor Chart in the OPM Operating Manual.