



# CIVILIAN PERSONNEL FACT SHEET

## ***OVERVIEW OF FEDERAL RETIREMENT SYSTEMS***

Prior to January 1, 1984, most permanent Federal employees were automatically covered under the CSRS, the older of the two systems. The need for a new retirement system began with public law 98-21, which required that Federal employees hired after December 31, 1983 be covered by Social Security. Employees hired during the interim period that followed (from January 1, 1984 to December 31, 1986) were covered under the CSRS and Social Security. The new FERS became effective January 1, 1987. Employees hired during the interim period who had less than 5 years creditable civilian service were automatically converted to FERS.

Generally, all permanent appropriated employees hired before January 1, 1984, who did not switch to FERS when given an open season opportunity to do so, are covered under CSRS. Employees under CSRS pay CSRS employee deductions. Unless they are CSRS offset, they are excluded from Social Security taxes. They may contribute up to 5 percent of pay to the Thrift Savings Plan but do not receive any government contribution.

Some individuals established rights in CSRS by accumulating more than 5 years of Federal service, leaving Federal service for at least 1 year and then returning. These employees have the option to transfer to FERS.

If they do not transfer, they are termed CSRS offset employees. Employees covered under CSRS Offset pay Social Security taxes and a reduced CSRS contribution. Employees previously covered by CSRS who leave Federal Service and return within 1 year are generally covered by CSRS upon reemployment but may elect to transfer to FERS.

The "5-year test" is used to determine if an employee being rehired or converted to a position with retirement coverage is automatically subject to FERS. The 5-year test is met if the employee had 5 years of creditable civilian service as of December 31, 1986, and has not had a break in service of more than 3 days ending after December 31, 1986. If the employee has had a break of more than 3 days ending after December 31, 1986, the 5-year test is met if the employee had any amount of past coverage under the CSRS and 5 years of creditable civilian service as of the break in service. The test does not apply to employees who were previously covered by FERS.

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

FERS is a three-tier retirement system consisting of Social Security, a basic annuity, and the Thrift Saving Plan. Employees first hired after December 31, 1983, or those rehired after December 31, 1983, who had less than 5 years of prior civilian service as of December 31, 1986, are automatically covered by FERS.

These employees pay Social Security taxes and FERS retirement. They receive an automatic 1 percent government contribution to a Thrift Savings Plan account, and can contribute up to 10 percent and may receive up to 4 percent matching government contributions. FERS employees who participate in the Thrift Savings Plan can receive retirement benefits similar to, or better than, those available under CSRS.