From the Benefits and Entitlements Service Team (BEST)

Planning for Retirement

This document contains information that will assist in planning and preparing for retirement. It is intended for Air Force-serviced appropriated fund civilian employees. **Note for CSRS Offset Employees:** Throughout this document, references to the "Civil Service Retirement System (CSRS)" and "CSRS employees" include CSRS-Offset employees.

Making the Decision

Often, the hardest decision is choosing a date. First, you must determine when you are eligible. Then you can establish a retirement date and ensure adequate time to prepare for your retirement.

Determining Eligibility

Determining when a civilian employee can retire is complicated -- not all service included in your service computation date for leave (SCD-Leave) is creditable towards retirement. Examples of service that may not be creditable for retirement include temporary civilian service where only FICA was withheld, nonappropriated fund (NAF) service, military service for which a deposit may be required, and civilian service for which a refund of retirement contributions was received. Retired military employees receive credit for campaign service in their SCD-Leave date for annual leave accrual purposes, but it is not creditable toward civilian retirement.

To qualify for a **Voluntary Optional (immediate, unreduced) retirement**, you must meet the age and service requirements in the following tables. For both CSRS and Federal Employees Retirement System (FERS) employees, at least 5 years of the total creditable service must be civilian service. CSRS employees must be subject to CSRS for 1 out of the last 2 years of service before the date of separation on which the retirement is based, and FERS employees must be covered by FERS on the day of separation.

FERS	
Age	**Years of Service**
62	5
60	20
Minimum Retirement Age	30
Minimum Retirement Age	10 (Reduced Benefit)

CSRS	
Age	**Years of Service**
62	5
60	20
55	30

FERS employees: Minimum Retirement Age (MRA) is based on the year you were born, as follows:

Year of Birth	Your MRA Is:
Before 1948	55
1948	55 and 2 months
1949	55 and 4 months
1950	55 and 6 months
1951	55 and 8 months
1952	55 and 10 months
1953 - 1964	56

Year of Birth	Your MRA Is:
1965	56 and 2 months
1966	56 and 4 months
1967	56 and 6 months
1968	56 and 8 months
1969	56 and 10 months
1970 and after	57

Firefighters (FF), Law Enforcement Officers (LEO), and Air Traffic Controllers (ATC) may retire **voluntarily** (with an unreduced annuity) under special retirement provisions if they meet the following age and service requirements:

Firefighters/Law Enforcement Officers:

- CSRS --- Age 50 with 20 years of FF and/or LEO civilian service.
- FERS --- Age 50 with 20 years FF and/or LEO civilian service, or any age with at least 25 years FF and/or LEO civilian service.

Air Traffic Controllers: Age 50 with 20 years ATC civilian service, or any age with at least 25 years ATC civilian service. Applies to both CSRS and FERS.

Discontinued Service Retirement (DSR) age and service requirements for both CSRS and FERS employees: age 50 with 20 years of creditable service, or any age with at least 25 years of service. For CSRS, the annuity is permanently reduced by 1/6 of one percent for each full month (two percent a year) under age 55. There is no reduction for FERS employees unless they have a CSRS component. In that case, the CSRS reduction will be applied to the CSRS component if applicable. DSR is available only to employees who are separated from employment involuntarily (not for cause).

Voluntary Early Retirement (VERA) age and service requirements for both CSRS and FERS: age 50 with 20 years of creditable service, or any age with at least 25 years of service. For CSRS, the annuity is reduced by 1/6 of one percent for each full month (two percent per year) under age 55. There is no reduction for FERS employees unless they have a CSRS component. In that case, the CSRS reduction will be applied to the CSRS component of the annuity if they are under age 55. VERA is available only if offered by your local/servicing personnel section due to reduction in force, restructuring, base closure, etc.

Disability Retirement Service Requirements
CSRS employees must have at least 5 years of creditable civilian service. FERS employees must have at least 18 months creditable civilian service. There is no age requirement for disability retirement. To be eligible for disability retirement, employees must be unable to perform the major duties of their assigned position due to medical condition. If you plan to apply for disability retirement, be sure to review the disability retirement information at https://gum.afpc.randolph.af.mil keyword search 5158.

Civilian Deposit and/or Redeposit

If you owe a deposit for temporary civilian service or a redeposit for service for which retirement contributions were refunded, BEST can compute an annuity estimate which will help you assess the benefits or drawbacks of making the deposit or redeposit, as well as provide you with the necessary paperwork to apply for the deposit/redeposit. If you are within six months of retirement, include the civilian deposit or redeposit paperwork with your retirement application. OPM will contact you and provide an opportunity to make the deposit or redeposit. For additional information review “Making Civilian Service Creditable at retirement” on the AFPC website at https://gum.afpc.randolph.af.mil, keyword search 5087.

Non-Foreign Area Retirement Equity Assurance (NAREA) Deposit

If you were working outside the contiguous 48 states, and are separating on an immediate retirement between 3 Jan 10 and 31 Dec 12, and received Cost of Living Allowances (COLAs) in lieu of locality adjustments, you may be eligible to elect to credit a portion of your COLA as basic pay for retirement.

The difference between COLA and locality pay is that COLA is not subject to Federal income or payroll taxes, and is not included in basic pay. Locality pay is taxed and is included in basic pay and the computation of the high-3 average salary.

To receive credit for retirement purposes, you must request to make a deposit, at retirement, to pay the difference in the COLA that may be credited as basic pay. Non-foreign areas that may elect to pay a deposit for retirement purposes include: Alaska, Hawaii, America Samoa, Puerto Rico, Northern Mariana Islands, Howland, Baker, and Jarvis Islands, Kingman Reef, Midway Atoll, Navassaa Island, Palmyra

Atoll, Guam, Virgin Islands, Wake Atoll, and all small Guano Islands. Additional information is available on the AFPC website at https://gum.afpc.randolph.af.mil, key word search 14037 or on the OPM website at http://www.opm.gov/oca/Cola/FAQsCOLAtoLocality.pdf.

Commencing Date of Annuity

Whether you are CSRS or FERS, please keep in mind that your "retirement effective date" is your last day as an active Federal employee.

If you retire voluntarily under CSRS, you can set your retirement effective date for the first, second, third or last day of the month and your annuity will begin to accrue the following day. If you retire any other day of the month, your annuity will not begin to accrue until the first day of the following month. For example, if your retirement effective date is April 3rd, your annuity will begin to accrue April 4th. If you retire on April 4th, your annuity will begin to accrue May 1st. If you retire on April 20th, your annuity will begin to accrue May 1st. It does not matter if your retirement effective date falls on a Saturday, Sunday, or a holiday.

Employees retiring voluntarily under FERS have different rules. Under FERS, the annuity begins to accrue the first day of the month after your retirement effective date. For example, if you retire on October 2nd, your annuity begins to accrue on November 1st. If you retire on May 15th, your annuity begins to accrue June 1st. The most advantageous retirement effective date for FERS is the last day of the month – your annuity will begin to accrue the next day.

If retiring under Discontinued Service Retirement (DSR) provisions due to involuntary separation (for reasons beyond your control), the annuity will begin to accrue the day after separation from employment if you are FERS. For CSRS, the annuity begins to accrue on the earlier of the day after separation from employment, or the day after pay ceases and the employee meets the age and service requirements for DSR.

If retiring under disability provisions, you can choose to have the annuity begin to accrue on the day after pay ceases and you meet the minimum service requirements, or the day after separation from employment. This applies to both CSRS and FERS.

Designation of Beneficiary Forms

If you previously completed beneficiary forms, now is a good time to take a look at who you have designated to receive your death benefits and complete new forms, if necessary, to ensure they reflect your wishes and contain the current addresses of your designated beneficiaries. All beneficiary forms on file at the time of retirement will continue to be valid after retirement (with the exception of Unpaid Compensation).

The forms may be obtained from the Office of Personnel Management (OPM) Designations of Beneficiary web page at www.opm.gov/insure/life/beneficiary/designate.asp.

- SF 2823, Designation of Beneficiary, Federal Employees' Group Life Insurance (FEGLI)
- SF 2808, Designation of Beneficiary (CSRS employees only)
- SF 3102, Designation of Beneficiary (FERS employees only)
- SF 1152, Designation of Beneficiary - Unpaid Compensation of Deceased Civilian Employee
- TSP-3**,** Thrift Savings Plan Designation of Beneficiary (available on TSP website at www.tsp.gov/forms/index.html)

Direct Deposit of Annuity Payments

Annuity payments must be directly deposited into your bank account via electronic funds transfer (EFT). When you retire, your current EFT/direct deposit information will flow from your payroll office to OPM, and your annuity payments will be deposited into the same bank account as your current salary. If you plan to change banks in conjunction with retirement, you should consider setting up the new account and changing your direct deposit information with payroll at least one month prior to retirement via the Defense Finance and Accounting Service (DFAS) "myPay" website (https://mypay.dfas.mil/mypay.aspx) or by submitting an SF 1199A (Direct Deposit Sign-Up Form) to your local payroll office.

If you have less than one month to retirement, we recommend you make **no** changes to your bank account until after you receive your Civil Service Annuity (CSA) number from OPM. At that time, you may mail SF 1199A to OPM to have your annuity payment deposited into a different account. OPM will also mail you a four-digit personal identification number (PIN) when they finalize your retirement. Once you have both your CSA number and PIN, you may make direct deposit changes electronically via the OPM Services Online website or the OPM automated phone system. Whether you change your direct deposit information manually or electronically, make sure you provide the correct bank routing number, and remember not to close the old account until you are sure your annuity payment is being deposited into the new account.

Both CSRS and FERS retirement applications now contain a section for direct deposit information. Fill out this section, but we recommend you follow the advice above and not change banks at the same time you retire or your annuity payments may be delayed.

Federal Employee Dental and Vision Insurance Program (FEDVIP)

If you are enrolled in FEDVIP, you may take it with you into retirement. There is no 5-year enrollment requirement as there is with FEHB. You will need to contact BENEFEDS no later than one week prior to your retirement effective date to advise that you are retiring. Call BENEFEDS at 1-877-888-3337, TTY 1-877-889-5680. This will speed up the process of having the premiums deducted from your retirement pay. In the meantime, if you receive a direct bill from BENEFEDS for premiums, be sure to mail the requested payment in order to avoid possible cancellation of your FEDVIP coverage.

If you are not enrolled in FEDVIP, you may enroll after retirement as an annuitant, during the annual Open Season.

Additional information is available on the OPM website at www.opm.gov/insure/dental/chooseindex.asp.

Federal Employees Health Benefits (FEHB)

You will be eligible to carry Federal Employees Health Benefits (FEHB) into retirement if you are (1) eligible to receive an immediate annuity, (2) are insured on the date of retirement (or covered as a family member under the FEHB program), and (3) have been covered for the 5 years of service immediately preceding retirement or since your first opportunity to enroll. If you were covered by CHAMPUS or TRICARE during the 5-year period immediately preceding retirement or since your first opportunity to enroll in an FEHB plan, you will be eligible to carry FEHB into retirement as long as you are enrolled in an FEHB plan **and** the effective date of enrollment is **before** your retirement effective date. If you meet these requirements, your health insurance coverage will automatically roll over into retirement without any additional forms to be completed on your part.

If you want to **cancel** health insurance at retirement, complete an SF 2809 (Health Benefits Election Form) canceling your coverage and send it to BEST with your retirement application package. Mark Part F on the SF 2809 indicating you wish to cancel your enrollment, and sign in Part H. Note: Canceling FEHB at retirement could cause you to lose entitlement to future FEHB coverage.

If you want to **suspend** your FEHB coverage during retirement so that you may use TRICARE, TRICARE For Life (enrollees over age 65 with Medicare parts A and B), or CHAMPVA coverage, contact OPM's Retirement Information Office (1-888-767-6738) after you receive your CSA number to request a suspension form (RI 79-9). Complete and return the form to OPM; be sure to include your CSA number. On the suspension form you'll specify the date you wish your FEHB enrollment suspended -- this should be the date immediately prior to the effective date of your coverage under TRICARE, TRICARE For Life, or CHAMPVA, which should **not** be prior to the effective date of your retirement. You will also have to provide evidence of your eligibility for TRICARE, TRICARE For Life, or CHAMPVA, a copy of your Uniformed Services Identification card, and if over age 65, a copy of your Medicare card showing enrollment in both Medicare Parts A and B (required for TRICARE For Life), and if enrolling in CHAMPVA, a copy of your CHAMPVA Authorization Card (A-card). If OPM receives the signed form and eligibility documentation within 31 days before to 31 days after the date you designate to suspend your FEHB coverage, they'll suspend your FEHB coverage on the designated date. Otherwise, they'll suspend your FEHB coverage at the end of the month in which they receive the form and eligibility documentation. The timing of FEHB suspension and coverage under TRICARE, TRICARE Form Life, or CHAMPVA can be tricky. We recommend you read OPM's Frequently Asked Questions on this subject, located at www.opm.gov/insure/health/faq/tricare.asp. If you elect to suspend your FEHB coverage, you are entitled to re-enroll in FEHB during an Open Season, or immediately if you are involuntarily disenrolled from the non-FEHB coverage.

As a Federal retiree, the cost of health insurance remains the same as if you were a current employee; i.e., the government pays approximately 2/3 of the total cost, and you pay approximately 1/3. However, your share of the premium will be deducted on a **monthly** basis instead of bi-weekly. You will have the same privileges as a current employee in making changes during Open Season and qualifying life events. OPM notifies retirees of Open Seasons. After retirement, Medicare is the primary payer when you reach age 65 and FEHB is secondary.

If your spouse is covered under your FEHB enrollment as a family member, he/she will be eligible to continue FEHB coverage after your death **only** if you elect to provide a survivor annuity at the time of retirement. However, if your spouse is also a Federal employee, he/she may pick up FEHB coverage within 60 days of loss of coverage due to your death. If your spouse is a Federal retiree who met the requirement of being covered under your enrollment for 5 years preceding his/her retirement or since first opportunity, he/she may pick up FEHB coverage under his/her own retirement within 60 days of loss of coverage due to your death.

Premium Conversion. Once you retire, you are no longer eligible for premium conversion, which is a provision of the law that allows your FEHB premium to be deducted from salary before-tax.

Exception: Section 845 of the Pension Protection Act of 2006 added a new Section 402(l) to the Internal Revenue Code, effective 1 Jan 07. If you are a "**public safety officer**," i.e., a law enforcement officer, firefighter, chaplain, or a member of a rescue squad or ambulance crew, this provision allows a limited premium conversion tax advantage after retirement. These retirees can exclude, from their gross income, distributions from eligible retirement plans that are directly used to pay qualified long term care insurance premiums or health insurance premiums. The annual maximum exclusion is $3,000. As a result, retired public safety officers whose CSRS or FERS annuity payments include a direct premium payment to a long term insurance carrier or a health insurance carrier may self-identify eligibility for, and self-report, the tax exclusion to the IRS. Refer to IRS Publication 721, "Tax Guide to U.S. Civil Service Retirement Benefits," at http://www.irs.gov/pub/irs-pdf/p721.pdf, for additional information on this limited tax advantage. You should also confer with a qualified tax advisor.

Federal Flexible Spending Account (FSAFEDS) Program

Enrollment in the FSA program terminates as of the date of your retirement. There are no extensions. You cannot carry your FSA account(s) with you into retirement. If you retire before the end of the Benefit Period, the balances in your Health Care FSA or Limited Expense (LEX) Health Care FSA, and Dependent Care FSA are treated differently, as follows:

<u>Health Care FSA or LEX Health Care FSA</u>: If there are funds left in your account, you may still submit for reimbursement any health care expenses incurred **prior** to the date of retirement. Claims for these expenses must be submitted by 30 Apr of the year following retirement. Unused funds in the account at the end of the Benefit Period are forfeited. On the other hand, if you have used the entire elected amount before it has been fully deducted from your salary, you are not responsible for the remaining allotments.

<u>Dependent Care FSA</u>: You can continue to use the remaining balance to pay for eligible dependent care expenses until the end of the Benefit Period or until your account balance is used up, whichever comes first. Claims must be submitted by 30 Apr of the year following retirement. Unused funds in the account at the end of the Benefit Period are forfeited.

Income Tax

OPM will automatically withhold Federal tax from your annuity at the rate you established as an employee. After your annuity is established and you receive your Civil Service Annuity (CSA) number and PIN from OPM, you may change the withholding rate electronically by accessing the OPM Services Online Website or calling the OPM automated phone system. Or, if you choose, you may fill out and mail a Form W-4P to OPM (be sure to write your CSA number on it).

If prior to retirement you know that you want to have Federal income tax withheld at a different rate than currently withheld from your salary, you may submit with your retirement application or, at least one month prior to your retirement effective date, a Form W-4 to your local civilian pay office, or change your withholding via the DFAS "myPay" website. Use the OPM Federal income tax calculator at www.opm.gov/retire to estimate the amount of Federal income tax to withhold. You'll need to know the approximate amount of your <u>gross</u> monthly annuity.

If you'll be receiving a large lump sum payment for annual leave when you retire, you should consider its effect on your tax liability. Taxes are applied to lump sum payments in the year in which you receive the money. For example, an employee retiring September 30th could incur a larger tax burden by collecting almost a full year's salary plus a large lump sum payment for unused annual leave plus retirement pay. IRS Publication 721, which may be obtained free of charge by calling 1-800-Tax-Form (829-3676) or online at www.irs.gov/publications/index.html, explains how your annuity is taxed.

OPM does **not** automatically withhold **State income tax**. However, OPM has agreements with some states to allow the voluntary withholding of State income taxes from annuity payments. OPM currently has tax withholding agreements with Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Idaho, Indiana, Iowa, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Utah, Vermont, Virginia, Washington D.C., West Virginia, and Wisconsin. To view for yourself, go to www.opm.gov/retire/annuity/tax/taxlist.asp. If your state participates in the voluntary withholding program, you may use OPM Services Online to have state taxes withheld from your annuity payment (after receipt of your CSA and PIN numbers), or call the OPM automated phone system. If your state does not participate in the voluntary withholding program, you will need to contact your state for information regarding taxation of your annuity. You may be able to submit the state equivalent of Form W-4P to set up state tax withholding.

Life Insurance

You will be eligible to carry Federal Employees Group Life Insurance (FEGLI) into retirement if you are (1) eligible to receive an immediate annuity, (2) insured on the date of retirement, and (3) have been covered for the five years of service immediately preceding retirement or since your first opportunity to enroll. The eligibility requirements apply to both Basic and Optional insurance.

When you submit your retirement application, you will need to determine how much of your current life insurance coverage you want to take into retirement. You must continue Basic life insurance in order to keep any of your Optional insurance. You cannot elect more coverage than you already have. You will also need to determine how much insurance you wish to retain after you are age 65 and retired. There are three levels of coverage for Basic: 75% reduction, 50% reduction, and no reduction. If you elect to continue Optional coverage, you will be able to choose from two levels of coverage for your Option B and Option C. There is no choice for Option A - it will reduce automatically once you are retired and age 65, and then is free. Before making these important decisions, be sure to review the FEGLI Handbook and/or the FEGLI Program Booklet (FE 76-21) for additional details on continuing life insurance coverage into retirement. Links to both publications are on the OPM Life Insurance web page at www.opm.gov/insure/life.

If you have life insurance coverage when you retire, you will need to complete SF 2818 (Continuation of Life Insurance Coverage as an Annuitant or Compensationer) to document your decisions and include with your retirement application package.

Long Term Care Insurance

Why Long Term Care (LTC) insurance? With this type of coverage you can have peace of mind, knowing you have benefits to help maintain your financial and personal independence if one day you are unable to care for yourself. Before retiring, you, your spouse, domestic partner, or your children may want to consider applying for LTC insurance. As a current employee, your parents, stepparents, and parents-in-law are also eligible to apply for coverage. After retirement, your parents are no longer eligible family members. Also, if you die after retirement your surviving spouse may apply for LTC insurance only if he/she is receiving a survivor annuity or who have received a basic employee death benefit. You and your eligible family members will be subject to full underwriting which consists of numerous health-related questions and may also include a review of your medical records and/or a personal interview. Apply now for LTC while you are healthy. For more information on the LTC insurance program, go to the OPM Long Term Care website at www.opm.gov/insure/ltc, or the LTCFEDS website at www.ltcfeds.com.

If you are enrolled in LTC insurance, your coverage will automatically continue into retirement as long as you continue to pay the premiums. If you are currently paying LTC insurance premiums by payroll deduction, you must arrange to pay premiums another way - either by deductions from your annuity, through automatic bank debit, or direct bill. Deduction of LTC premiums will **not** automatically transfer to the retirement system. You must contact LTC Partners at 1-800-LTC-FEDS (1-800-582-3337, option #3) (TTY 1-800-843-3557) to let them know when you are retiring and make these arrangements. If you choose to have premiums deducted from your retirement annuity, LTC Partners will work with OPM to set up the deduction. The premium cannot be deducted while you are in receipt of interim retirement pay, so LTC Partners will bill you directly during that time. Once OPM finalizes your annuity payments, LTC Partners will start deducting premiums from your annuity. While receiving interim retirement pay, it is important for you to promptly pay the direct bills received from LTC Partners in order to avoid cancellation of your coverage.

If you are a "public safety officer,", i.e., a law enforcement officer, firefighter, chaplain, or a member of a rescue squad or ambulance crew, Section 845 of the Pension Protection Act of 2006 added Section 402(l) to the Internal Revenue Code, effective 1 Jan 07. This provision allows a limited premium conversion tax advantage for certain annuitants who are retired public safety officers. They can exclude, from their gross income, distributions from eligible retirement plans that are directly used to pay qualified long term care insurance premiums or health insurance premiums. The annual maximum exclusion is $3,000. As a result, retired public safety officers whose CSRS or FERS annuity payments include a direct premium payment to a long term insurance carrier or a health insurance carrier may self-identify eligibility for, and self-report, the tax exclusion to the IRS. Refer to IRS Publication 721, "Tax Guide to U.S. Civil Service Retirement Benefits," at http://www.irs.gov/pub/irs-pdf/p721.pdf, for additional information on this limited tax advantage. You should also confer with a qualified tax advisor.

Lump Sum Payment for Annual Leave

If you retire before the end of the leave year, you will receive a lump sum payment for all accrued annual leave. If you retire after the end of the leave year, the lump sum payment is limited to the amount carried over (a maximum of 240 hours for most employees), plus any leave you earn in the new leave year. The leave year begins with the first full pay period in January. Accumulated leave exceeding the maximum of allowable leave balance will be forfeited at the beginning of each leave year. For example, the 2012 leave year ends on 31 Dec 11. If you retire on or before 31 Dec 11 you'll receive pay for your entire balance of annual leave. If you retire after 31 Dec 11, the lump sum payment will be based on your annual leave balance after it has been reduced for any hours over the maximum carry-over amount. To view the leave year ending dates through 2020 visit the OPM website at http://www.opm.gov/oca/leave/HTML/Leaveyeardates.asp to aid in determining your retirement date.

Military Deposit

If you have honorable military service performed after 1956 and are **CSRS**, the following rules apply to you:

- If first covered by CSRS prior to 1 Oct 82, you will receive full credit for your active duty service without a military deposit. However, if you choose not to pay the deposit and will be eligible for Social Security at age 62, then at age 62 OPM will exclude credit for the military service and recompute your annuity downward (even if you don't apply for Social Security).
- If first covered by CSRS after 30 Sep 82, a deposit **is** necessary to receive credit for your military service for both retirement eligibility and annuity computation.

If you have honorable military service performed after 1956 and are **FERS**, a deposit **is** necessary to receive credit.

Deposits for military service after 1956 have to be paid in full to your payroll office prior to retirement, or at the latest, by the time OPM completes final adjudication of your application for retirement if a military deposit account was established prior to retirement. If you are retired military, the military service used toward your military retirement is not creditable toward civilian retirement unless you waive your military retirement pay and make a deposit for the service. **Exception**: If you are receiving military retired pay that was awarded due to a service connected disability incurred in combat with the enemy; or an instrumentality of war incurred in the line of duty during a period of war; or under the provisions of 10 U.S.C. granting retired pay to members of a reserve component of the United States. This applies to both CSRS and FERS employees.

Permanent Address
When you retire, your current address information will flow from payroll to OPM. This is the address currently in the payroll system, and where you receive your Leave and Earnings Statements and W-2 forms (if they are mailed to you). OPM will send your retirement information, including your Civil Service Annuity (CSA) number and PIN, to this address. If you plan to move when you retire and already know your new address, we suggest you change your address with payroll at least one month prior to retirement via the DFAS "myPay" website (https://mypay.dfas.mil/mypay.aspx) or via your local civilian payroll customer service representative. If you aren't sure of your new address, you might consider obtaining a post office box or using the address of a trusted relative or friend. Whatever option you choose, we recommend that you not move or change your mailing address until after you receive your CSA number and PIN from OPM. The Post Office will not forward any correspondence from OPM. If OPM is unable to contact you, it will delay the processing of your retirement annuity.

Retirement Counseling
If you are within one year of retirement, you need to contact a BEST benefits counselor to obtain individual retirement counseling and receive information about the retirement process. Employees located in the United States can reach a benefits counselor by calling toll-free 1-800-525-0102. If located in a foreign area, you'll first dial a toll-free AT&T Direct Access Number for the country you are in, then 800-525-0102. When the phone system answers, press 2 for civilian employees, then 2 for BEST benefits and entitlements, and follow the prompts. When you reach the benefits and entitlements main menu, press 2 for retirement, then zero to transfer to a counselor. AT&T Direct Access Numbers can be obtained on the web at http://www.usa.att.com/traveler/index.jsp.

Hearing impaired employees with access to Telephone Device for the Deaf (TDD) equipment may contact a BEST benefits counselor by calling our toll-free TDD number: 1-800-382-0893, or commercial 565-2276 within San Antonio, Texas (area code 210).

You should also review OPM's brochure "Thinking About Retirement" (RI 83-11). It can be found on the OPM Web site at www.opm.gov/retire/pubs/pamphlets/index.asp, under Other Retirement Publications.

Retirement Estimate
We recommend you obtain a retirement annuity estimate at least one year before your planned retirement date. This will assist in making some key retirement decisions and help you plan more effectively for retirement. You may obtain an annuity estimate(s) by using the Employee Benefits Information System (EBIS) web application or the BEST automated phone system. However, the annuity calculations under both systems contain certain assumptions that may make the annuity estimates inaccurate for some employees. If you have non-appropriated fund (NAF) service, part-time service, civilian temporary service, civilian service for which you took a refund of your retirement contributions, or post-1956 military service for which you have not made a deposit, you will need to contact a BEST benefits counselor to obtain an annuity estimate.

Within EBIS you may obtain estimates by clicking on the "My Benefits" icon or the "Calculators" icon. "My Benefits" provides an estimate that assumes you have no outstanding deposits, redeposits, or military service deposits. It also uses an assumed high-3 average salary, based on a fixed percentage of 97 percent your annual basic pay regardless of the month you elect to retire. However, if you'd like to specify your retirement effective date, high-3 average salary, amount of sick leave (where applicable), Federal income tax rate, amount of survivor benefit for your spouse, and health and life insurance information, then click the "Calculators" icon and select the "Advanced Retirement Estimate." A calculator is also available for estimating your high-3 average salary.

If you use the BEST automated phone system and select the real-time/on-line annuity estimate option, the system will use your current salary as your high-3 average salary **unless** you input a different figure.

If you don't wish to calculate the high-3 average salary yourself, this may help you arrive at an assumed high-3 average salary: If your projected retirement date is 3 years or more from January 1 of the current year, you can use your current salary, including locality pay as your high-3 salary. If your projected retirement date is less than 3 years from January 1 of the current year, a percentage of your current salary should be used. We suggest using 94 percent of your current annual salary if your retirement date is within 3 - 5 months; 95 percent if within 6 - 9 months; 96 percent if within 9 - 12 months, 97 percent if within 12 - 20 months; 98 percent if within 21 - 29 months, and 99 percent if within 30 - 35 months. This recommendation is based upon an assumption that the only pay increases during the last three years were annual pay adjustments. If you were promoted, or if you received some other type of salary increase within the last three years, you should reduce the percentage you use.

Firefighters, law enforcement officers, air traffic controllers, retired military employees combining their service, and employees who transferred to FERS will need to use the EBIS web application to obtain an estimate. Do not use the BEST phone automated system.

If you receive a retirement estimate from EBIS or the BEST phone system and you are within one year of retirement, we recommend that you discuss the estimate with a benefits counselor. To speak with a benefits counselor, call 1-800-525-0102. Press 2 for civilian employees, then 2 for BEST benefits and entitlements, and follow the prompts. After entering your SSN and BEST PIN and verifying your current phone number, the system will voice the benefits main menu. Listen carefully. Press 2 for retirement, then press zero to transfer to a counselor. Retirement counselors are available Monday through Friday, 0730-1630 Central Time.

For CSRS Offset employees. Your retirement is computed the same as for employees under full CSRS. If you retire before age 62, you'll receive the full CSRS annuity. However, if you become eligible for a Social Security benefit at age 62, OPM will reduce (offset) your CSRS benefit by an amount equal to the Social Security benefit based on your CSRS Offset years of service. If you retire after age 62, the CSRS annuity reduction will be made when you retire. The thing to remember is that you'll still receive nearly the same amount but it will come from two sources, CSRS and Social Security.

For additional information on retirement estimates, please review the information available on the BEST website at https://gum.afpc.randolph.af.mil, keyword search 13028.

Retirement Application Process

After you have received retirement counseling and have decided on a date to retire, the next step is to complete your retirement application package.

Retirement applications are accepted and processed whenever received; however, because of the large number of retirement applications received and processed each month, you should submit your retirement package to BEST at least 90 days before the effective date. (Exception: Air Reserve Technicians (ART) reaching high year tenure (HYT), mandatory separation date (MSD), or those being separated due to non-dual status (NDST) who wish to retire under discontinued service retirement (DSR) provisions should wait to submit their retirement application package after receipt of both the Notice of Proposed Separation and the Notice of Decision to Separate.)

To complete your retirement application, you will access the Employee Benefits Information System (EBIS) eRetirement module. eRetirement is a web-based application located in EBIS that will aid you through completing and printing your retirement application. eRetirement auto populates many fields and ensures required fields are completed prior to allowing the applicant to move to the next section of the retirement application. In order to complete the retirement application via eRetirement, you must be within 360 days of retirement eligibility before the system will allow a retirement application to be completed. You may access the eRetirement module within EBIS either through the Air Force Portal or through AFPC Secure. Detailed instructions on how to access EBIS may be found on the AFPC website at https://gum.afpc.randolph.af.mil, keyword search 4872.

- For optional retirements, eRetirement will provide you a listing of all forms needed for retirement. However, if you do not have access to EBIS eRetirement, you can obtain a list of retirement forms, including the application, SF 1199A, SF 2818, W-4P and others, at http://gum.afpc.randolph.af.mil, keyword search 5093. Links to the forms are included.

- For disability retirements, the information and retirement forms are listed at https://gum.afpc.randolph.af.mil, keyword search 5098.

After completing the retirement forms and attaching all necessary documentation, make a copy for your personal records and mail the **original** package, with original signatures, to BEST at this address: AFPC/DPIRB, 550 C Street West Ste 57, Randolph AFB TX 78150-4759. When the retirement package arrives, we'll send you a letter confirming receipt. After thoroughly reviewing your personnel records and the retirement package, we'll send you another letter confirming your eligibility to retire and notifying you of any missing or incomplete documents, if applicable. We will also provide an annuity estimate and a copy of your Certified Summary of Federal Service. Upon completion of our portion of the retirement processing, we will forward your retirement package to your servicing DFAS payroll office approximately 14 days prior to your retirement date. After your retirement effective date, we will send you a congratulatory letter advising your retirement package has been forwarded to DFAS, along with the employee copy of the retirement SF 50 (Notification of Personnel Action). DFAS will complete their portion and forward your retirement package to OPM within 30 days of your retirement date.

Upon receipt of your retirement application, OPM will send you a Civil Service Annuity (CSA) retirement identification number, beginning with the letters "CSA." You must reference this number when writing or calling OPM about your retirement application. Also, once you have received your CSA number, OPM becomes your personnel office. This means that you will address all future questions regarding your retirement, health insurance, and life insurance to OPM. Responsibility for processing and final approval of your application for retirement rests with OPM.

When OPM finalizes your retirement, they will send you a four-digit personal identification number (PIN) which you'll need to access your retirement account via their Services Online website, https://www.servicesonline.opm.gov, or their automated phone system (1-888-767-6738, TDD 800-878-5707).

Retiree Payment Schedule / Interim Pay

After clearly establishing your entitlement to an annuity, OPM will authorize recurring interim annuity payments to provide you with income until the processing of your retirement is finalized. Interim payments generally equal approximately 60 to 80 percent of the regular monthly annuity payment, but can be less if you owe a redeposit for refunded service or you have service for which you have not paid a deposit. If BEST receives your retirement package 30 or more calendar days prior to your retirement effective date, you can expect to begin receiving interim annuity payments approximately 6 to 8 weeks after the effective date of your retirement, provided the application package is fully complete and your service time is easily verifiable.

Although only Federal income tax is withheld from interim pay, your health and life insurance coverage will continue (if eligible). On finalizing your retirement, OPM will provide you an annuity statement and other informational materials concerning your retirement benefits. You'll receive a full annuity payment and any retroactive amounts not paid during the interim pay cycle. Health and life insurance premiums for the period on interim pay will also be deducted from this payment, as well as other appropriate deductions.

Sick Leave Credit

Employees receive credit for their sick leave balance in the computation of the annuity. The unused sick leave is converted to months/years of service and added to your total service for annuity computation purposes. For conversion examples and a sick leave chart, click this link: http://gum.afpc.randolph.af.mil, keyword search 5901.

FERS employees, who retire on an immediate annuity between 28 Oct 09 and 31 Dec 13, will receive credit for 50 percent of their unused sick leave. FERS employees who retire on an immediate annuity on or after 1 Jan 14 will receive credit for all of their unused sick leave. However, FERS employees who have a CSRS component, only sick leave not included in the CSRS portion of the annuity will be available for computation of the FERS portion of the annuity.

Re-credit of Sick Leave for FERS if Reemployed in Federal Service

The National Defense Authorization Act for FY 2010 amended 5 U.S.C. 8415 to allow employees covered by FERS, who retire on an immediate annuity between 28 Oct 2009 and 31 Dec 2013, to receive credit for 50 percent of their unused sick leave towards their total creditable service for annuity computation purposes. If an employee returns to Federal service as a reemployed annuitant they may be re-credited the unused sick leave that was not used in computation of the FERS annuity. Employees' retiring on or after 1 Jan 2014 will receive credit for 100 percent of their sick leave, therefore, no sick leave will remain for re-credit should the retirees later return to Federal service.

Social Security Benefits

If you will be eligible to receive Social Security benefits based on your spouse's Social Security earnings, it is important to remember that some or all of your Social Security spousal benefit may be offset if you have a Government pension from work not covered by Social Security -- this is called the Government Pension Offset (GPO). The GPO does not apply if you were automatically covered by FERS or CSRS Offset, or you elected to transfer to FERS during the 1987 FERS Open Season. However, if you elected to transfer to FERS upon rehire or during the 1998 FERS Open Season, you must be covered by FERS for at least 5 years to avoid the GPO.

A different formula is applied if you receive a Federal pension and are eligible for Social Security benefits based on your own earnings. This reduced benefit is called the Windfall Elimination Provision (WEP). Additionally, if you are a CSRS Offset employee, your annuity will be reduced (offset) when you become eligible for Social Security. The offset is applied when the basic requirements for Social Security are met (usually at age 62), even if you do not apply for Social Security.

If you are eligible for Social Security benefits, or if your annuity will be affected by Social Security benefits, you should submit a Request for Social Security Statement (Form SSA-7004) to your local Social Security Office, submit it online, or mail it to the Social Security Administration (SSA) address on the form. The SSA will provide you a free statement of information on eligibility for Social Security benefits and estimates of benefits you may be eligible for now and in the future. You may also obtain forms and other information about your Social Security benefits or the effect thereof, by calling 1-800-SSA-1213, or visiting the Social Security Administration Web site at www.ssa.gov.

Survivor Benefits

An important part of retirement planning is considering the benefits you would like to provide for your spouse if you die after retiring. You can elect to leave your spouse a full, partial, insurable interest, combination current/former spouse survivor annuity, or no survivor annuity. If you are CSRS or CSRS Offset, a full survivor annuity is 55% of your full annuity base. If you are FERS, a full survivor annuity is 50% of your full annuity base. Additionally, you should consider the effect of any court order upon your annuity. If you have self and family health insurance coverage as a retiree, your surviving spouse may keep the health insurance coverage **only** if you elect to provide a survivor annuity at retirement. Spouse consent is required on all less-than-full and no survivor benefit elections.

Thrift Savings Plan (TSP) Withdrawal

If your vested TSP account balance is less than $200 when you retire, your account will automatically be paid directly to you in a single payment. Otherwise, there is no requirement to withdraw your TSP account immediately after retirement -- unless you are already 70½ years of age. You should begin to familiarize yourself with the various TSP withdrawal options at least six months to one year before retirement. Some of the options available after retirement include:

- Leave your money in your TSP account.
- Make a one-time partial withdrawal in a single payment, leaving the remainder in the account to be withdrawn later.
- Make a full withdrawal by any one, or any combination, of the following methods, any combination of which is called a "mixed withdrawal":
    - A single payment of entire account.
    - A series of monthly payments
    - A life annuity (there are several types)

Payments to you can be deposited directly into your checking or savings account by means of electronic funds transfer (EFT). You may be able to have the TSP transfer all or part of any single payment or, in some cases, a series of monthly payments, to a traditional IRA, eligible employer plan or Roth IRA. You must pay tax on the amount you transfer to a Roth IRA.

When you are ready to withdraw your TSP account, you'll need to notify the TSP. You can request either a partial or a full withdrawal through the TSP website (www.tsp.gov), under Account Access, or you can use paper forms. To request a partial withdrawal, use Form TSP-77 (Request for Partial Withdrawal When Separated); to make a full withdrawal, complete Form TSP-70 (Request for Full Withdrawal).

If you use the TSP website (Account Access) to request your withdrawal, you may not be able to fully complete the request online. For example, married FERS participants cannot complete a request for a partial withdrawal because they need their spouse's consent for the withdrawal. If you request a full withdrawal and your account balance is more than $3,500, your spouse must waive his or her right to the prescribed annuity. Also, you will not be able to complete a request for a transfer to a traditional IRA, eligible employer plan or Roth IRA because it requires certification from your financial institution or plan. However, in these types of situations, you can use the TSP website to print out your partially completed form, obtain any necessary signatures, information, or documentation, and mail or fax the form to TSP.

Do not submit requests for withdrawal to BEST or your local civilian personnel section. Only the TSP Service office can process a withdrawal request. After you leave Federal service, the TSP Service Office will be your primary contact for information about your TSP account and your withdrawal.

Don't wait until you are ready to retire to check out your withdrawal options. Start now by carefully reading the TSP booklet "Withdrawing Your TSP Account After Leaving Federal Service." It's available on the TSP website at www.tsp.gov/forms/tspbk02.pdf. It's important to study this booklet before making any withdrawal decisions in order to avoid tax penalties for early withdrawal, etc. You may even want to obtain the assistance of your tax accountant. See the tax notices "Important Tax Information About Payments From Your TSP Account" (www.tsp.gov/forms/octax92-32.pdf), and "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions" (www.tsp.gov/forms/oc97-17.pdf).

As mentioned above, there is no requirement to withdraw your TSP account until age 70½. However, if you plan to withdraw funds immediately after retirement, you (and your spouse, if applicable) should sign and mail the applicable forms to the TSP Service Office no earlier than 30 days **after** the effective date of your retirement. If signed, dated, and mailed before your retirement information is received by TSP, TSP will not accept them.