

# Optional CSRS Reemployed Annuitant: General Summary

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## Salary

As a reemployed annuitant, your salary is offset by your Civil Service Retirement System (CSRS) annuity payment. To compute salary, use the following formula:

- a. Gross monthly annuity x 12 months = annual annuity
- b. Annual annuity ÷ 2087 hours = hourly annuity
- c. Hourly pay of rehired grade/step – hourly annuity = hourly salary rate payable

Example: Gross monthly annuity = \$1,000  
Hourly pay of rehired grade/step = \$20

- a.  $\$1,000 \times 12 = \$12,000$
- b.  $\$12,000 \div 2087 = \$5.75$
- c.  $\$20 - \$5.75 = \$14.25$

Salary upon reemployment would be \$14.25 per hour

In limited situations, the Office of Personnel Management allows reemployed annuitants to be hired without this annuity offset. In these situations no additional retirement benefit can be earned.

## Leave

Reemployed annuitants earn leave in the same manner as other employees. Leave accruals are based on all Federal service. Employees on intermittent work schedules are ineligible for leave accruals.

### Payment of Lump Sum Annual Leave at Retirement

1. Reemployment immediately after retirement:
  - d. May not be paid in lump sum;
  - e. Balance continues into reemployment;
  - f. **Exception:** Reemployment is on an intermittent work schedule.
2. Reemployment after break in service:
  - g. Lump sum paid if break is at least or equal to the amount of time represented by the balance of leave that has passed (e.g., 240 hours = 1 month & 12 day break);
  - h. **Exception:** Reemployment is on an intermittent work schedule.

### Sick Leave at Retirement

Leave is transferred to the U.S. Office of Personnel Management (OPM) for retirement credit. Begin with a zero balance upon reemployment.

## Retirement

### Coverage:

Retirement coverage after reemployment = NONE

- If the appointment is other than Intermittent, you have the option to elect CSRS deductions.
- If the appointment is permanent and you had a break in Federal service of more than 3 days, you also have the option to elect FERS coverage.
- If the appointment is not subject to the annuity offset (See item 1 above) then no retirement coverage is provided or extra benefit earned.

### Supplemental Annuity

Reemployed annuitants are not automatically subject to retirement deductions. If reemployment is expected to last at least 1 year on a continuous full-time or part-time (equivalent to at least 1 year of full-time service) basis, you may be eligible for a supplemental annuity if a deposit is made to the CSRS. Service on an intermittent basis does NOT qualify for a supplemental annuity. You may elect to either make a lump sum payment to CSRS before separating from service or you may elect to have CSRS withheld from pay. If retirement deductions are elected, withholding will be 7% of your unreduced salary.

#### Supplemental Annuity Computation (computed as follows):

Average unreduced salary over the entire period of reemployment x yrs of reemployment svc x 2%\*

Example: Average salary = \$25,000  
Years of reemployment = 1.5

$\$25,000 \times 1.5 \times 2\% = \$750$  per annum

\*NOTE: 2% is based on 10 or more years of total service at first retirement. If retired with 5 – 10 years of total service, percentage used in calculation is 1.75%.

Supplemental annuities are paid in addition to the regular annuity after the period of reemployment ends. Survivor benefits may also be provided if previously elected under regular retirement. The cost of survivor benefits is 10% of the base annuity.

### Re-determined Annuity

If the final reemployment period consists of at least 5 years of continuous full-time or part-time (equivalent to at least 5 years of full-time employment) service, you may elect a special computation, or re-determined annuity, if a deposit is made to the CSRS. By this election, you will receive, in lieu of the existing annuity plus the supplemental

benefits, an annuity recomputed based on your entire service. This re-computation is calculated as if you were retiring for the first time.

The election of the supplemental annuity or re-determined annuity is made at final separation from reemployment.

A reemployed annuitant who separates from reemployment without title to either a supplemental annuity or a re-determined annuity is entitled to a refund of all retirement deductions withheld during reemployment.

### **Thrift Savings Plan**

As a reemployed annuitant, you are eligible to participate in the Thrift Savings Plan (TSP) and you may contribute up to the current IRS annual limit of \$16,500 (2009). Also, for annuitants age 50+, you may add a "catch-up" amount up to \$5,500 (2009) towards your annual TSP contribution. If your appointment is not subject to the annuity offset (See item 1 above) then you can not contribute to the TSP.

### **FERS Transfer Option**

If you are reemployed under a permanent appointment with at least a 4-day break, you have 6-months to elect a transfer to the Federal Employees' Retirement System (FERS). FERS is a 3-tiered retirement system that consists of Social Security, FERS Basic Benefit Plan, and the TSP. The transfer will be effective the beginning of the first pay period after the election form is received in the Benefits & Payroll Liaison Branch. (See *Additional Information for Reemployed Annuitant Electing to Transfer to FERS – Page 8.*) If your appointment is not subject to the annuity offset (waiver approved) then you can not transfer to FERS.

### **Social Security (OASDI)**

As a CSRS reemployed annuitant, you are not eligible for Social Security deductions unless your last Federal appointment was subject to Social Security deductions (i.e. CSRS-Offset). If you elect to transfer to FERS, Social Security deductions will be withheld. Current withholding is 6.2% of your reduced salary up to the maximum taxable rate. (In 2009, the maximum taxable rate is \$106,800.)

### **Medicare**

All reemployed annuitants must be taxed for Medicare. The current rate is 1.45% of the reduced salary.

### **Federal Employees' Health Benefits (FEHB) Program**

If you are covered under FEHB through the retirement system, OPM will continue to withhold premiums from your annuity check. OPM will also continue to serve as your

health insurance contact. If you are eligible for Medicare, it will remain your primary coverage.

If your appointment is permanent, or for a period of more than 1 year, you may also elect to have the coverage returned to the Agency and take advantage of pre-tax premiums. If you are eligible for Medicare, bringing the coverage to the Agency will make Medicare secondary coverage to your Federal plan. If you do not have coverage under the FEHB program, you may enroll within 60 days of your reappointment, provided your appointment is for more than 1 year and you are not on an intermittent work schedule. In order to qualify to continue this coverage into subsequent retirement, you must be enrolled in the FEHB for at least 5 years.

### **Federal Employees' Dental & Vision Insurance Program (FEDVIP)**

If you are covered under the dental and vision benefits program through the retirement system, OPM will continue to withhold premiums from your annuity check. BENEFEDS will continue to serve as your insurance contact.

If your appointment is permanent, or for a period of more than 1 year, you may also elect to have the coverage returned to the Agency and take advantage of pre-tax premiums. If you do not have coverage under the FEDVIP program, you may enroll within 60 days of your reappointment, provided your appointment is for more than 1 year and you are not on an intermittent work schedule. As a participant in FEDVIP, you will be eligible to continue this coverage into your subsequent retirement.

### **Federal Employees' Flexible Spending Account (FSA) Program**

As a reemployed annuitant, if your appointment is permanent, or for a period of more than 1 year, you are eligible to open a Flexible Spending Account within 60 days of your new appointment or during the annual FSA Open Season. This program is designed to pay for eligible out-of-pocket health care and dependent care expenses with pre-tax dollars.

3. Health Care FSA – Your contributions will terminate on the date of your separation, but any expenses incurred before that will still be reimbursed.
4. Dependent Care FSA – Your contributions will terminate on the date of your separation, but you may continue to be reimbursed for expenses until the end of the benefit period or until your account balance is exhausted; whichever is sooner.

### **Federal Employees' Group Life Insurance (FGLI) Program**

#### **Reemployment Coverage:**

1. Appointment NTE 1 year or less and more than a 3-day break in service:
  - a. OPM continues appropriate premium withholdings from annuity;
  - b. No deductions from pay during reemployment.

2. Appointment NTE 1 year or less and less than a 4-day break in service; OR Appointment NTE more than 1 year; OR Permanent Appointment:
  - a. OPM will suspend Basic Life, Option A (Standard), and Option C (Family) coverage in retirement;
  - b. OPM will suspend all premium deductions from annuity;
  - c. The Agency will reinstate coverage and deduct appropriate premiums from pay;
  - d. Coverage and premiums are based on unreduced salary;
  - e. Reacquired life insurance includes full insurance coverage, including applicable double indemnity and dismemberment benefits.
  - f. Option B (Additional):

If you continued Option B (Additional) in retirement, you will be given an opportunity within 31 days of reemployment to elect 1 of 2 forms of coverage:

    - i. Continue annuitant coverage through OPM; OR
    - ii. Suspend annuitant coverage, reacquire coverage as an employee.
  - g. If it has been more than 6 months since your last appointment, the Agency will reinstate your previous FEGLI coverage and give you an option to increase or decrease that coverage.
    - i. If you elect less coverage than the coverage you carried through retirement, the suspended coverage will also decrease;
    - ii. If you elect more coverage than the suspended coverage, you must carry the increased insurance for at least 5 years prior to subsequent retirement in order to continue the increased coverage into retirement.

## **Waiver**

A declination or waiver of FEGLI filed by a reemployed annuitant applies not only to the insurance as an employee, but also to the insurance as an annuitant.

## **Death during Reemployment**

If a covered individual dies during reemployment, the suspended basic life insurance is automatically reinstated upon death. After reemployment ends, only the basic and any optional life insurance which is actually in effect is payable in the event of death.

## **Value of Insurance upon Separation from Reemployment**

Upon separation from reemployment, life insurance acquired during reemployment may be retained only if you have completed at least 1 year of continuous full-time service or continuous employment on a part-time basis equivalent to at least 1 year of full-time service which qualified you for supplemental annuity, or otherwise, acquire a new retirement eligibility.

# Additional Information for Reemployed Annuitants: Electing to Transfer to FERS

## Social Security (OASDI)

If you elect to transfer to FERS, Social Security deductions will be withheld. Current withholding is 6.2% of your reduced salary up to the maximum taxable rate. (In 2009, the maximum taxable rate is \$106,800.)

## FERS Basic Benefit Plan

If you elect to transfer to FERS, your CSRS annuity benefit will continue and your salary will be offset by your annuity as usual. However, at separation, you must apply for retirement benefits under the FERS Basic Benefit Plan provisions. Your annuity will be increased to reflect the FERS Basic Benefit Plan component provided you were reemployed for at least 1 year on a continuous full-time or part-time (equivalent to at least 1 year of full-time service) basis. A deposit equivalent to 0.8% of your unreduced salary will be withheld from your pay.

Your benefit under the FERS Basic Benefit Plan depends on the length of your reemployment and date of transfer.

2. If reemployment service totals at least 1 year of creditable FERS service, your benefit includes:
  - a. Current CSRS benefit; PLUS
  - b. FERS component.

FERS Formula:

Average unreduced salary during reemployment x Years/months of FERS service x 1%

3. If reemployment service totals at least 1 year of creditable CSRS service prior to transfer, and you elect the CSRS supplemental annuity, your benefit includes:
  - a. Current CSRS benefit; PLUS
  - b. CSRS supplemental benefit (as computed above except average salary based on rehire date through date of transfer); PLUS
  - c. FERS component.
4. If reemployment service totals at least 5 years of creditable CSRS service, and you elect the special computation (re-determined annuity), your benefit includes:
  - a. CSRS component using average hi-3 salary based on service before transfer; PLUS
  - b. FERS component.

## **Thrift Savings Plan (TSP)**

Upon transferring to FERS, you will automatically begin receiving the Agency 1% contribution. Additionally, contingent and depending upon your voluntary contribution, the government will match the first 3% of your contribution (dollar-for-dollar) and the next 2% of your contribution (fifty cents per dollar).