



FAQs

ANNUITY – INITIAL PAYMENT

Q I am planning to retire in the next few months. Will my retirement application actually take more than 100 days to be processed by OPM? If it does, what payment will I receive while my application is being processed? If there is a delay in getting an annuity payment, how will my health insurance (FEHB) premiums be paid and are there any problems with continuous coverage?

A Your initial annuity payments are known as interim payments. You may be in interim status for several months once you retire. Those payments represent roughly 80% of your annuity as estimated by your agency. During that time, OPM will not deduct premiums for your health benefits (FEHB). However, the insurance remains totally in effect with no break in coverage. When your annuity is finalized by OPM, you will begin to receive your full annuity amount. OPM will reconcile the amount owed to you against what you owed for your FEHB premiums while you were in interim status. If you owe OPM more than the 20% that was held back, that amount will be deducted from your first regular annuity payment. If OPM owes you money, that amount will be added to your first regular annuity payment.

DISABILITY – SHORT TERM

Q Why don't federal employees have short term disability insurance coverage?

A Your sick leave is considered to be equal to short term disability insurance because you can accumulate and carry forward the balance throughout your federal career. As an added feature, your unused sick leave balance is also credited in the computation of your annuity when you retire.



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DIVORCE

Q My former spouse has a court order for a percentage of my CSRS annuity, based on a formula. Are deductions for taxes, etc. taken out of my monthly annuity before the former spouse payment is deducted or after the former spouse payment is deducted? Also, who is responsible to notify my former spouse that I am retired and she will begin to receive monthly payments?

A Information on the Office of Personnel Management's website at <http://www.opm.gov/retirement-services/retirement-faqs/post-retirement/?cid=634f6c2c-1120-4873-bc3f-51fd85f3d5fd> indicates that you are taxed on your gross annuity according to your most current W4-P tax marital status election on file. You can change your election anytime at www.servicesonline.opm.gov or by email to retire@opm.gov. The 1099R you will receive at the end of the year will reflect a reduction in your gross annuity **after** your retirement application is finalized based on the amount of apportionment that you pay your former spouse. There will be a footnote on the 1099R stating the amount of the apportionment paid to your former spouse for the year. Because your annuity is subject to a court ordered apportionment, OPM does not calculate the taxable portion of your annuity. The 1099R will show **'Unknown'** in the 2.b 'Taxable Amount' box. You may wish to speak with a representative at the Internal Revenue Service or a tax advisor to help you calculate the tax-free portion of the calculation. Current tax tables for this year are available in Internal Revenue Publication 15 which may be found at www.irs.gov. You may also call the IRS toll free for tax advice at: 1-800-829-1040 (agent). Your former spouse must report the amount of apportionment he/she receives as taxable income and is required to pay taxes on these funds. Apportionment monies cannot be used as alimony deductions on a tax return. Please note it is your responsibility to make sure enough federal income tax is withheld from your annuity and to check the amount of tax withheld early in the year to be sure you are paying the correct amount. The CSRS Application for Immediate Retirement (SF-2801) Section E, Marital Information, requires that you indicate if there is an existing court order awarding a portion of your annuity to a former spouse. You must provide a certified copy of that court order with your annuity application. OPM will notify your former spouse when they are to begin receiving a monthly benefit.



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FEHB – FAMILY COVERAGE INTO RETIREMENT

Q My spouse is a federal retiree who has always carried our family FEHB coverage. Because both of us will receive an annuity, he did not elect survivor benefits and neither will I when I retire. If my husband should die, would I be able to convert our FEHB family coverage to my name and continue the enrollment? I have been covered under his FEHB enrollment plan for 25+ years continuously. I am afraid to retire without confirmation.

A In order for an employee to carry FEHB into retirement, they must be covered under their own enrollment, or as a family member under another FEHB enrollment, for the five years of service immediately preceding retirement OR since their first opportunity to enroll. Applying that to your situation, it means all the years you have been covered under your spouse's FEHB enrollment count toward meeting the "5 year rule." You have an established right to an FEHB enrollment in retirement, regardless of whether or not you receive a surviving spouse annuity should your spouse predecease you. Because YOUR agency does not receive documentation of your spouse's FEHB enrollment, you should provide copies of your spouse's Health Benefit Election forms showing you as an eligible family member, to the benefits office. You should do that as soon as possible because it will facilitate the preparation of the agency portion of your retirement application. The agency must document your entitlement to FEHB in retirement. OPM will have that on file for future use when/if you are no longer covered under your spouse's enrollment, and wish to have your own enrollment. The OPM website at <http://www.opm.gov/healthcare-insurance/healthcare/reference-materials/reference/annuitants-and-compensationers/> has additional information related to FEHB and the requirements to continue coverage in retirement.

FERCCA

Q I recently began planning for retirement and think that I may have been placed in the wrong retirement system many years ago. How do I go about getting my situation reviewed and what can be done to correct this mistake?

A Which retirement plan you belong in depends upon the type of appointment you have and your work history. The rules can be complicated. That's why some employees are in the wrong plan. If you have not worked for the Federal Government continuously since 1983, or you have had changes in appointment types and retirement plans, then you may want to ask your agency's Human Resources office to review your retirement coverage to ensure that it is correct. Your agency has all of your employment records and can verify whether your retirement coverage is correct. Your HR office is empowered to make retirement coverage determinations, and where errors are found, apply the appropriate rules and procedures to correct them.

MEDICARE

Q I am a federal employee and my 65th birthday is in a few months. I do not plan to retire in the immediate future. I have a Self and Family FEHB enrollment. Do I need to enroll in Medicare Part A and/or Part B when I turn 65, or can I wait until I retire? A colleague in similar circumstances enrolled in Part A shortly before turning 65 but has not yet enrolled in Part B. If I do not enroll in Part B now, what should I do later? I don't want to incur a late enrollment penalty!

A When you're first eligible for Medicare, you have a seven month Initial Enrollment Period to sign up for Part A and/or Part B. That Initial Enrollment Period begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65. If you do not sign up during your Initial Enrollment Period, you may sign up during a Special Enrollment Period (SEP) because you're covered under a group health plan (FEHB) based on your current employment. This SEP enrollment opportunity exists when you or your spouse are working and covered by a group health plan through the employer or union based on that work. You also have an 8-month Special Enrollment Period to sign up for Part A and/or Part B that starts the month after your employment ends or the group health plan insurance based on current employment ends, whichever happens first. Usually, you don't pay a late enrollment penalty for Part B if you sign up during a Special Enrollment Period. If you don't enroll for Part A and/or Part B during either your initial enrollment period OR your Special Enrollment Period, you can sign up during the General Enrollment Period from January 1 to March 1 each year and the coverage will begin in July. You may have to pay a higher premium for late enrollment in Part B. Part A enrollment will not cost you anything because you have paid Medicare payroll taxes throughout your federal career. It may be in your interest to sign up for Part A once you are eligible. There is a premium for Part B, and that is based upon your income. You can find complete information related to Medicare eligibility and Part B premium costs on the Medicare website at: <http://medicare.gov/eligibilitypremiumcalc/>.

PAYROLL RECORDS

Q I have changed payroll offices multiple times in my career, so the total CSRS contributions shown on my Leave and Earnings Statement are only those made through my current payroll office. Does OPM have a history of all my contributions to review when I retire, or do I have to do something on my end?

A Employee retirement contributions are recorded on Individual Retirement Records (IRRs) that are prepared and maintained by payroll offices for each employee who is covered by CSRS or FERS. IRRs are automatically sent to OPM when an employee separates from federal service, transfers between agencies, or when there is a change in payroll providers for an agency. OPM retrieves and uses all of the IRRs on file for an employee when it adjudicates a retirement application. An employee is not required to take any action regarding the history of his or her retirement contributions.



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SOCIAL SECURITY – WHEN TO FILE AND BENEFIT CALCULATION

Q I am a FERS employee, planning to retire at age 60 or 62. I do NOT plan to take my Social Security benefit until my full retirement age (67) or at age 70. My Social Security statement indicates what my benefit would be at 62 or 67. How can I calculate what my Social Security benefit would be if I waited until age 70 to start collecting?

A Because you have options as to when to apply for Social Security benefits, it is important that you make an informed decision that best fits your personal circumstances. You can find helpful information on the Social Security website at www.socialsecurity.gov/planners/. At www.socialsecurity.gov/mystatement, you can create an account and get your Social Security statement that includes benefit estimates based on your actual earnings record. You can use the Retirement Estimator at www.socialsecurity.gov/retire2/estimator.htm to estimate what your benefit amounts might be at different ages. This is especially helpful if you expect your earnings level to change in the years after you retire from federal service.

SURVIVOR ANNUITY

Q I am completing the CSRS Application for Immediate Retirement (SF2801) and have a question regarding the Spouse's Consent to Survivor Election. I want my spouse to be able to retain health coverage but not receive a surviving spouse annuity, so I've checked block "b" in Part 1. Is this correct? I don't want my CSRS benefit to be reduced.

A It is not possible for your surviving spouse to continue coverage in the Federal Employee Health Benefit (FEHB) Program when you die as an annuitant UNLESS they are covered by yourself and family enrollment at the time of your death AND they are to receive some monthly survivor annuity. See the SF2801 instructions regarding Section F, Annuity Election, for complete information on surviving spouse annuity elections and the costs (reduction) to your annuity to provide that future benefit for your surviving spouse. The premium cost of your surviving spouse's FEHB coverage would be deducted from the monthly survivor annuity payment.



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SURVIVOR AND REGULAR ANNUITY

Q I am a FERS employee. My husband, a retired CSRS employee, died last year. Because he had elected a surviving spouse annuity for me, I receive a monthly survivor benefit. I will be retiring later this year or next year. How will my FERS annuity be affected by the fact that I already receive a survivor benefit under CSRS? Am I entitled to the full amount of each benefit?

A You may receive a survivor annuity and a separate benefit that is based on your own service. Monthly payments to a surviving spouse generally continue for life unless the spouse remarries before age 55. However, if you were married for at least 30 years prior to the death of your spouse, you could continue receiving benefits even if you remarried before age 55. If, after age 55, you marry a Federal employee and you are again widowed, you may be eligible to receive annuities based on the service of both of your spouses.



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TSP BENEFICIARIES

Q What happens to the money in my TSP account when I die?

A If you have filed a designation of beneficiary form (TSP-3) with the Thrift Savings Plan, the named beneficiary will receive the money in your account. If you do not designate a beneficiary, the money will be distributed following the order of precedence required by the law: 1. To your spouse; 2. If none, to your child or children equally, and to descendants of deceased children by representation; 3. If none, to your parents equally or to the surviving parent; 4. If none, to the executor or administrator of your estate; or 5. If none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death. It is important to know that a will or a separation agreement or a court order or a prenuptial agreement or a property settlement agreement will NOT override the designation made by a Form TSP-3 or the order of precedence. When you die, if your spouse is entitled to a share of your account (\$200 or more) and your spouse is a Federal employee/retiree your TSP balance can transferred to his or her TSP account. If your spouse is not a Federal employee the TSP will establish a Beneficiary Participant Account (BPA) in his or her name. The TSP will maintain this account and the entire share will be invested in the Government Securities Investment (G) Fund until your spouse makes a different investment choice or chooses to withdraw the money. The BPA is not identical to a regular TSP participant account. The required minimum distribution date is based on the deceased participant's date of birth, not that of the spouse beneficiary. As a TSP participant, it is in your best interest to read the TSP booklets on death benefits (tspbk31) and beneficiary participant accounts (tspbk33) found on the TSP website (www.tsp.gov). These booklets provide detailed information about how your account will be handled in the event of your death, as well as helpful information related to the taxation of account funds.

In summary, be aware that there may be serious tax law complexities and distribution restrictions if your surviving spouse is not a federal employee and elects to establish to establish a "BPA" with the TSP funds that are being inherited.



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TSP WITHDRAWALS

Q I am a FERS employee planning to retire at my minimum retirement age (MRA) of 56 with 31 years of service. After I retire I would like to take a lump sum of about half of my TSP account balance and leave the remainder in the TSP. Is it possible to do this?

A You have two options for withdrawing your TSP account after you leave Federal service: take a partial withdrawal or a full withdrawal. A partial withdrawal allows you to make a one-time-only withdrawal and leave the rest of your money in the TSP until a later date. You can make a partial withdrawal as long as: 1) you have not made a prior partial withdrawal or have one that is currently pending; 2) you did not make an age-based in service withdrawal while you were still employed by the Federal Government, and 3) you request \$1,000 or more from your account. You can find complete information in the TSP publication: *Withdrawing Your TSP Account After Leaving Federal Service*, on the TSP website at: <https://www.tsp.gov/PDF/formspubs/tspbk02.pdf>.