



Ann Vanderslice

Federal Benefits Made Simple® an E.A. Buck company



Telephone
W: 303.922.4304



ann@federalbenefitsmadesimple.com



1 Denver Federal Center
Building 45, Entrance E-9
Lakewood, CO 80225

Civil Service Retirement System “**CSRS**”

Retirement Contributions

Employees hired prior to 1/1/1984 contribute 7% of pay each pay period which goes directly to the Civil Service Retirement and Disability Fund.

CSRS Offset¹

Employees hired after 12/31/1983 are required to pay into Social Security. CSRS employees with a break in service of 1+ year with at least 5 years of prior CSRS employment who are rehired after 12/31/1983 are considered to be a CSRS Offset. They contribute 7% of pay which is divided:

- 6.2% to Social Security
- 0.8% to CSRS

Pension benefits are reduced at age 62 by portion of Social Security earned as a federal employee.

General Retirement Eligibility Guidelines

Age	Year's of Service
55	30
60	20
62	5

Best Dates to Retire 2021

- July 31, 2021
- August 28, 2021
- January 1, 2022

The last day of the month or the first three days of a month are always good

Buying Back Military Time for Creditable Service Toward Annuity

- Employee Under CSRS Prior to 10/1/1982
- Deposit Made = Credit for eligibility and annuity computation
- Deposit Not Made/ Not Eligible for Social Security = Credit for eligibility and annuity computation
- Deposit Not Made/ Eligible for Social Security at Age 62 = Credit for eligibility, no credit for annuity computation after age 62

¹ www.opm.gov/

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Buying Back Military Time for Credible Service - Cont'd

Employee Under CSRS On/ After 10/1/1982

Deposit Required - No deposit, no credit

Part-time Service

- Prior to 4/7/1986 - Counts 100% toward eligibility and annuity calculation + total sick leave hours at retirement.
- After 4/7/1986 - Counts 100% toward eligibility but annuity calculation is prorated + any leftover sick leave days from pre 4/7/1986.

Calculating Your CSRS Annuity

- 1.5% X 1st 5 years of service
- 1.75% X 2nd 5 years of service
- 2% X All additional years of service

Easy Calculation Formula

(Years of Service X 2) - 2 + .25% = Pension Formula

Example:

CSRS with 30 years of service at age 57 would receive 56.25% of their High 3 (e.g., \$100,000)

$\$100,000 \times .5625 = \$56,250/\text{year}$ gross before taxes, insurance and cost of survivor benefits.

Survivor Benefits

- Provides 0% - 55% of annuity at a cost of \$1- ~10%.
- First \$3,600 of survivor benefit costs 2.5% of annuity. Survivor benefit above that amount costs 10% of annuity.
- MUST keep at least minimal survivor benefit to allow spouse to continue federal health benefits if retiree passes away.

Example Cont'd:

Gross pension is \$56,250/year or \$4,687 /month. Full survivor cost of \$446 would be deducted from \$4,687 to cover a 55% benefit for surviving spouse. Surviving spouse would receive \$2,578/month (55% of the \$4,687 gross amount) if the retiree passes away first and could continue on FEHB as long as they were covered on the date of the retiree's death. If the spouse passes away first, the retiree no longer has to pay the \$446 for the survivor benefit.

Cost of Living

- Retirees receive the % Increase of Consumer Price Index for Urban and Clerical Wage Earners as measured monthly by the Department of Labor.
- Effective December 1/appears on January 1 annuity payment.
- Prorated if you retire in middle of year.

Voluntary Contribution Program - Contribution Limits

- Up to 10% of total federal earnings
- 2021 Interest Rate - 1.375%

TSP Contribution Limits 2021

- \$19,500 under age 50
- +\$6,500 catch-up contribution over age 50

This is a hypothetical example provided for illustrative purposes only; it does not represent a real life scenario, and should not be construed as advice designed to meet the particular needs of an individual's situation.

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