

2.3 What If I Exceed the Biweekly GS Pay Cap?

If you are on the GS pay scale and are hitting the biweekly pay cap, only the pay received up to the pay cap counts toward your High-3 calculation. Understanding how the pay cap is administered is tricky, and it's a two-step process. First, you must understand the annual pay of all GS employees can't exceed that of Level IV of the **Executive Schedule (EX-IV)**. That is an overall cap, but not the true "salary cap" test. GS employees may earn basic pay and premium pay that does not exceed the *greater* of the GS15-10 salary *for their locality*, or the EX-V salary. The 2024 EX-V salary cap is \$180,000 and the 2024 EX-IV rate is \$191,900. Notice I am referring to *both* the EX-IV and EX-V pay levels in the examples below. OPM's explanation of the biweekly pay cap can be found [here](#)⁸. Be sure to read Chris Barfield's article on the biweekly pay cap, "[The Biweekly Pay Cap](#)."⁹

If we examine the 2024 Washington, DC, OPM salary tables, we can see that GS15-10 pay is \$191,900, far above the EX-V rate, but limited to the EX-IV rate. When you look at the actual cap for Washington, DC, it is \$191,256. Why is that the case and not \$191,900?

OPM takes the \$191,900 and divides that amount by 2,087, which represents the number of hours in OPM's work year. That results in an hourly rate of \$91.95. There are 80 hours in a pay period, so $80 \times \$91.95 = \$7,356$. There are 26 pay periods in a year, so $26 \times \$7,356 = \$191,256$. Although I am explaining this in annualized terms, remember this is a biweekly cap. If your earnings exceed \$7,356 in one pay period in 2024, you are "capped" for that pay period. If you find yourself as a salary-capped employee, when you retire, your unused annual leave will also be paid out to you as if you took it in 80-hour increments subject to the biweekly cap. This practice is discussed in detail in the annual-leave-payout section. Keep in mind that if your biweekly pay is \$6,000 in a subsequent pay period after being capped, then *that* pay period is not capped. Some agencies will keep track of this amount that is over the cap and apply it to a subsequent pay period where the cap was not exceeded and add a portion back to bring that pay period up to the cap.

As of 2024, a GS15-10 in the **Rest of the United States (RUS)** pay scale exceeded the EX-V pay rate of \$180,000, so that posted salary table rate of \$186,854, which is above the EX-V, but below the EX-IV rate, is the pay cap. That means that the "real" pay cap is the lesser of the GS15-10 and the EX-IV rate, up to the amount of the EX-IV rate. If you are unsure what wages are counted toward your High-3, simply look at your year-end total FERS contribution deduction and divide that by .008 (.031 for FERS-RAE and .044 for FERS-FRAE).

That result is the salary amount that your FERS deduction was taken from, which is your "base pay" for purposes of computing your annuity payment. You can also examine your **Statement of Earnings and Leave** (E&L statement) and conduct the same test; just multiply the result by

⁸ <https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/#url=Biweekly-Pay-Caps>

⁹ <https://www.barfieldfinancial.com/new-blog/the-biweekly-pay-cap>

2.16 What Happens If I Am Reemployed by the Federal Government?

This section describes the procedures for coming back to work for the federal government *after* you have retired and are receiving your annuity. Chapter 100⁵² of the CSRS and FERS Handbook covers Reemployed Annuitants. Also be sure to read Chris Barfield's article, "Reemployed Annuitants – What's this all about?"⁵³

Generally, coming back to work for the federal government after retirement is called being a "reemployed annuitant." The federal government has a general prohibition against "double dipping," or receiving both a salary and an annuity. If you are an annuitant and come back to work for the federal government, you will still receive your full annuity from OPM—nothing on that part changes. Your employing agency is required to reduce your salary by the amount of your annuity. For example, if you are drawing a \$30,000 annual annuity and come back to work for the federal government in a \$75,000/year position, your employing agency will only pay you \$45,000/year. If you work for the federal government an additional five or more years (full-time) and retire again, you can ask OPM to recalculate your annuity, adding on the additional time and using the higher of the two High-3 computations. If you are reemployed at least one year (full-time), but fewer than five years, you will collect a supplemental annuity based solely on the reemployed position's High-3 and service credit.

There are a limited number of positions for reemployed annuitants that are referred to as "waivered" positions because OPM has allowed the agency to waive the double-dipping rule to fill a hard-to-staff position or a position that requires special skills. These waived positions are of limited duration (two years) and no additional retirement credit is earned, so it will not count toward the five years to have your annuity recomputed. If you accept a waived position, insist on receiving a copy of the OPM communication that granted the agency a waiver for your position. I've had a couple of readers inform me they were told that they had waived positions, only to get a request from OPM ordering repayment of tens of thousands of dollars that should have been offset as a regular reemployed annuitant. If you are a waived reemployed annuitant, you will not participate in the TSP like a regular employee would.

In some instances, you may also return to federal employment in a limited part-time capacity without a reduction in your salary as a reemployed annuitant. These positions are limited to 1,040 hours per year (about 20 hours per week), 520 hours in six months, and a grand total of 3,120 hours of service before they expire.

An interesting item has just surfaced in 2024 for rehired annuitants. In addition to rehired annuitants having their salary reduced by the amount of their annuity, the amount paid to them by the reemploying agency is also subject to the earnings test for the RAS. At least that's what Title 5 says.....but you know OPM, they make up policy and rules as they want to, in violation of the Administrative Procedure Act of 1946. That being said, a few of Chris Barfield's

⁵² <https://www.opm.gov/retirement-services/publications-forms/csrsfers-handbook/c100.pdf>

⁵³ <https://www.barfieldfinancial.com/new-blog/rehired-annuitants-whats-this-all-about>

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clients alerted him that OPM has had a policy in place since 2016 whereby OPM does NOT include the income from the reemployed position in the RAS annual earnings test. Both Chris and I found this hard to believe. No part of Title 5 excludes income from the reemploying agency from the RAS earnings test. The only group of reemployed annuitants that have their income excluded *by law* are retired ATCs that are engaged in training. One of the individuals reporting to Chris Barfield engaged OPM several times on this matter, at our urging, as this couldn't possibly be true. Surely, the OPM representative was mistaken!

OPM replied, in writing, to the annuitant, *"We do not count any government earnings whether you just retired or if you are a reemployed annuitant."*

Chris has published article on this new matter, "Reemployed Annuitants Not Subject to FERS Supplement Earnings Test?"⁵⁴

In Chris' article, you will read how a supervisor from OPM's Retirement Services and Retirement Inspections Branch stated that there are approximately 9,500 rehired annuitants who are still receiving their full supplements even though they are past MRA and earning well over the earnings limit. The annuitant in this example from Chris received full back pay for the previously-eliminated RAS.

I agree completely with Chris Barfield's summary (taken from his article) below:

- I can find NO LAW stating that rehired annuitant salaries are exempt from the supplement earnings test, with the exception of the aforementioned Air Traffic Controllers
- The supervisor at OPM stated herself that it is not in the law (Title 5), but it is OPM policy
- We have PLENTY of proof that OPM is certainly not applying this policy to many, many rehired annuitants, regardless of this supervisor's claim
- OPM's own form, RI 92-22 specifically excludes ONLY rehired Air Traffic Controllers from the supplement earnings test. Because they are so specific with that one job, that would indicate to me that is the ONLY job that is exempt as a rehired annuitant.
- RI 92-22 states, *"Regardless of what income is called or who receives it, if it is actually wages for services you performed or net earnings from self-employment you secured, it must be included in applying the earnings test."*

What does this mean? It means that if you are a reemployed annuitant and your RAS is currently reduced or eliminated due to earnings that you reported on your annual form RI 92-22, then you need to reach out to OPM to inform them that you are a reemployed annuitant and that the income that you reported was paid to you by the federal government.

⁵⁴ <https://www.barfieldfinancial.com/new-blog/reemployed-annuitants-not-subject-to-fers-supplement-earnings-test>

Disability Retirement

Depending on where your numbers come out, you may be better off not retiring and transferring to the new position without a break in service. You will find similar prohibitions in the **Foreign Service Pension System** (FSPS) as well. I recently had a FERS annuitant apply for a position covered by the FSPS and under FSPS rules, his monthly salary at the new job with the **Department of State** (DoS) would be reduced by the amount of his FERS monthly annuity, even though FERS and FSPS are separate federal retirement systems. Unfortunately for this person, they were deep into the rigorous Foreign Service exams before anyone at the DoS mentioned the prohibition to him. Be aware that unless you see in the position description that the position you apply for has been granted a waiver, you're looking at a monthly salary reduction equal to your monthly annuity (inclusive of the RAS).

2.17 Disability Retirement

Before I get into the mechanics of a disability retirement, let's discuss what it really is. Disability retirement is part of FERS. It does not cost anything extra to have and it's a "real" retirement; the difference being that instead of years of service and age as the pathway to retirement, the pathway for a disability retirement is your unfortunate circumstance of poor health.

Over the past 25 years, I have spoken with countless dozens of folks who took the disability retirement route. I've also spoken to many who qualified but didn't want to take that course of action. Many have shared with me they felt that a disability retirement "was for quitters" or felt shameful applying for it, equating it to welfare. It's a common theme for folks to feel too "proud" to apply for a disability retirement, especially when they are within a few years of a regular retirement. Maybe I just see the numbers side more because I run these numbers for people and do not experience the emotional side, but I plead with many folks to consider this route. This is a benefit that is here for those who take ill and can no longer work. There's no shame in becoming ill.

Some of these folks are literally killing themselves coming to work each day to prove how tough they are or to avoid the perceived shame or embarrassment of applying for a disability retirement. These folks should be working closely with agency human resources personnel and getting out under a disability retirement so they can focus on their treatment plans and their families.

OPM offers a FERS disability retirement, which will retire you from service with a reasonably generous benefit. Application for a disability retirement is done through your agency's human resources department. Under FERS, a federal employee who becomes disabled during his or her career, and who has at least 18 months of service, is eligible to receive a disability-retirement annuity. The five-year requirement for FEHB eligibility is also waived, so long as the prospective disability annuitant was enrolled in the FEHB upon first eligibility to do so.

Specifically, these are the criteria that need to be documented: