2.8 When Am I Eligible to Retire?

OPM determines your retirement eligibility first by determining your **Minimum Retirement Age** (MRA), based upon your year of birth.

Birth Year:	**Your MRA Is:**
Before 1948	55
In 1948	55 and 2 months
In 1949	55 and 4 months
In 1950	55 and 6 months
In 1951	55 and 8 months
In 1952	55 and 10 months
In 1953-1964	56
In 1965	56 and 2 months
In 1966	56 and 4 months
In 1967	56 and 6 months
In 1968	56 and 8 months
In 1969	56 and 10 months
In 1970 and after	57

OPM will calculate your length of service in years and whole months. Using your MRA and length of service, you can easily determine when you can retire and what benefits are payable immediately at retirement.

If you have NOT reached your MRA when you separate from service and your creditable FERS service is:

1) **At least 5 years but less than 10 years** – You may elect to receive an unreduced deferred annuity at age 62**.** You will not receive the RAS. FEHB benefits cease upon separation and will not re-start at age 62. COLAs begin at age 62.

2) **At least 10 years** – You may elect to collect a reduced deferred annuity at your MRA. The annuity will be reduced by 5/12^{ths} of 1% for every month that you are under the age of 62 (5% per year). You will not receive the RAS. FEHB benefits cease at your separation and will not re-start. COLAs begin at age 62.

3) **At least 20 years, but fewer than 30 years** – You may elect to collect the unreduced deferred annuity at age 60 with no reduction for being under age 62. FEHB benefits cease at your separation and will not re-start. COLAs begin at age 62.

4) **<u>At least 30 years</u>** – Same as above, but you may elect to collect the unreduced deferred annuity at your MRA. FEHB benefits cease at your separation and will not re-start. COLAs begin at age 62.

If you <u>have</u> reached your MRA and your creditable FERS service is:

1) **<u>At least 10 years</u>** – You may elect to receive basic benefits, but the basic benefit will be permanently reduced by 5/12^{ths} of 1% for every month that you are under the age of 62 (5% per year) and drawing the basic annuity benefit. This is called an **MRA+10** retirement. For example, you retire at your MRA of age 56 and elect to begin your annuity immediately. Since you are six years below the age of 62, your annuity will be permanently reduced by (6 x 5%) or 30%. In this example, at your MRA of age 56, you would receive only 70% of your FERS basic annuity benefit for the rest of your life, but your FEHB benefits do not lapse – they continue immediately into your MRA+10 retirement. COLAs begin at age 62.

   If you ***postpone*** receipt of the MRA+10 annuity until age 62, you will receive 100% of the basic annuity benefit for life (no reduction). You will not receive the RAS, but your FEHB benefit will restart at age 62 when your postponed annuity begins.

2) **<u>At least 20 years</u>** – Same as above, except that you may elect to postpone until age 60 instead of age 62. You will not receive the RAS, but your FEHB benefit will restart at age 60 when your postponed annuity begins. COLAs begin at age 62.

3) **<u>At least 30 years</u>** – You will receive basic benefits with no reduction in the basic annuity benefit for being under age 62. You will also receive the RAS from your retirement date until attaining the age of 62, subject to the income limitations mentioned earlier. Your FEHB benefits will not lapse and will follow you into retirement. COLAs begin at age 62.

If you have reached age 60 and have at least 20 years of creditable service:

You will receive basic annuity benefits at age 60, with no reduction in the basic annuity benefit for being two years under age 62. You will also receive the RAS from age 60 until attaining the age of 62, subject to the earned-income limitation, which for 2025 is $23,400 (annually adjusted for inflation). Your FEHB benefits will not lapse and will follow you into retirement. COLAs begin at age 62.

If you have reached age 62 and have at least 20 years of creditable service:

You will receive basic annuity benefits at age 62, but your benefit will be determined by using the more-generous 1.1% annuity factor (discussed earlier). You will not receive the RAS because the RAS benefit ends at age 62. Your FEHB benefits will not lapse and will follow you into retirement. You will be eligible for COLAs right away.

<u>Deferred vs. Postponed Annuity</u> – There is a clear distinction between a Deferred Annuity and a Postponed Annuity. Let's say you qualify for an MRA+10 Annuity, but you do not want to claim it and suffer the permanent 5% annual penalty. You can survive just fine without the annuity money, but desire to leave the federal government. If you qualify for an MRA+10 Annuity, then you have "title" to an immediate reduced annuity. You can elect to "postpone" your immediate reduced annuity until age 62, and then collect it then without the reduction, or if you have 20 years of creditable service, postpone it until age 60, and collect it without the reduction. If you have 10 years of creditable service, you could even apply for your Deferred Annuity at your MRA with the 5% annual reduction.

With a Postponed Annuity, you lose FEHB coverage when you elect to postpone, BUT… when you begin to collect your unreduced Postponed Annuity at age 60-62, you regain your FEHB coverage.

With a Deferred Annuity, you lose FEHB eligibility permanently unless you return to federal service.

The RAS is never payable on a Postponed or Deferred Annuity.

What's the difference between qualifying for a Deferred Annuity and for a Postponed Annuity? It's simple. With a Deferred Annuity, *at the time that you separated from the federal government,* you did not have title to an immediate annuity or an immediate reduced annuity. With a Postponed Annuity, you had title to a reduced immediate annuity, so your FEHB coverage will restart when you collect your postponed annuity (assuming you were eligible to take FEHB into retirement). A Deferred Annuity will not restart FEHB. You must apply to have your Postponed Annuity begin no later than the second day before your 62nd birthday, or you risk losing FEHB coverage.

Here are the instructions[30] for separating from service under a Postponed Annuity and later applying to receive your Postponed Annuity:

If an employee is eligible for an MRA + 10 retirement, but is not filing for it at separation, the agency must:

Complete the employee's Individual Retirement Record (SF 3100). The SF 3100 should include the remark, "Appears to be eligible for immediate MRA + 10 retirement annuity." A remark should also be added to indicate if the employee appears to be eligible to continue FEHB and FEGLI coverage. If the employee was a transferee from CSRS with entitlement to a CSRS annuity component, the SF 3100 should include the employee's sick leave balances at both the date of transfer and the date of separation.

[30] https://www.opm.gov/retirement-services/publications-forms/csrsfers-handbook/c042.pdf

Send the completed SF 3100 so that OPM receives it within 30 days of the employee's separation. Send it to:

Office of Personnel Management
Retirement Operations Center
Boyers, PA 16017

Phased Retirement: Phased retirement is not a federal employment right—it is up to your agency to decide if they are going to participate. Public Law 112-141[31], § 100121(d), added a provision to provide authority for a phased retirement program to certain eligible employees. The law became effective on November 6, 2014. OPM has issued final regulations and agencies are free to implement them.

Employees participating in phased retirement are still considered employees for all purposes such as leave, TSP, FEHB and FEGLI.

The following points should be noted when thinking about phased retirement:

1) Phased retirement is only available with agency approval and a 50% work schedule. Keep in mind that this is a management tool, not an employee right.

2) Employees are considered part-time for earning leave and for pay.

3) FEHB remains just as it would for a full-time employee.

4) FEGLI will maintain the value of your full rate of pay.

5) Employees must have been full time for the three years preceding entering phased retirement.

6) Annuity will be approximately one-half of what it would have been without credit given for unused sick leave until fully retired.

7) No RAS is payable until fully retired.

8) Phased retirement is only available for FERS employees that could have retired under a voluntary retirement at their MRA with 30 or more years of service, or age 50 with at least 20 years of service.

9) Agencies are required to establish written criteria to approve or disapprove applications for phased retirement.

The way I understand it, retirement benefits will be calculated like this example. Suppose you enter phased retirement at age 57 with 30 years of service with a High-3 of $100,000. Your

[31] https://www.govinfo.gov/content/pkg/PLAW-112publ141/pdf/PLAW-112publ141.pdf

phased retirement pension would be $30,000 x 50% = $15,000. Let's suppose in phased retirement, your salary increases to $105,000 for two years. You would collect 50% of that salary in phased retirement along with 50% of your annuity. When you finally fully retire, you would then receive (2% x $105,000) x 50% added to your actual retirement annuity of $30,000. When you finally fully retire, you will then receive credit for your unused sick leave. It's a convoluted formula, but suffice it to say, you will receive credit for unused sick leave. At last check 1,055 federal employees are participating in phased retirement.

You may not "tack on" your unused annual leave to make you eligible for retirement unless you are taking an "early out" under the Voluntary Early Retirement Authority (VERA) rules. Since many agencies are making VERAs available, here's a link to the rules that govern the application of VERAs, OPM Chapter 43 - VERAs[32].

OPM will calculate your length of service in years and whole months. See the Unused Sick Leave section to see how that works. For example, a service credit of 22 years, 5 months and 27 days counts as 22 years and 5 months for retirement calculation purposes. The 27 days will not count toward your annuity calculation.

Here's a tidbit for those of you who were born on the first of the month. If you want to retire on the day you turn age 57 with at least 30 years of service, you'd leave on the first of the month. But if you do that, you don't get paid by your agency for the rest of the month, and your annuity won't be effective for a month. Guess what? OPM considers you to be the age of the following day at the conclusion of work on the previous day. That means that if you turn age 57 on June 1, you could retire on May 31, at close of business, at age 57. An obscure fact, but statistically, 1 in 30 of us are born on the first day of the month.

2.9 Unused Sick Leave and Service Credit Calculation

Most folks rely on the agency retirement estimate to determine their creditable service, expressed as years, months, and days. The creditable service numbers generated by those agency-provided retirement estimates are spot-on, because those programs were written to make their calculations based upon OPM's date-math rules. The date calculator in Windows and the at www.timeanddate.com can sometimes be off by a day. Not usually the end of the world, but for those of you taking it down to the wire, leaving zero sick leave days or exactly 30 "loose days" to add another month of service, need to be extra careful with your own date math and follow OPM's five date-math rules.

Rule #1: Convert the dates to a year-month-day format.

June 14, 2007, becomes 2007 – 06 –14

[32] https://www.opm.gov/retirement-services/publications-forms/csrsfers-handbook/c043.pdf

