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FACT SHEET FOR FERS SEPARATED EMPLOYEES

The information in this fact sheet applies to employees covered under the Federal Employees Retirement System (FERS) who are seeking to receive retirement benefits, but are not eligible to retire at the time of separation.

Information about eligibility requirements for immediate retirement is available at www.opm.gov/retire/pre/fers/voluntary.asp.

FERS Retirement Options Upon Separation

Option 1: *Deferred Annuity*

If you have at least 5 years of creditable civilian service for which retirement deductions remain in your retirement account, and you are not eligible for an immediate retirement benefit, you will be eligible for a deferred annuity. You may receive a deferred annuity beginning on the first day of the month after you attain age 62.

Alternatively, if you have at least 10 years of creditable service (5 of which are civilian service), you may elect to receive a deferred annuity as early as the first day of the month after you attain your Minimum Retirement Age (MRA). MRA ranges from age 55-57 depending on your year of birth. The MRA chart is available at www.opm.gov/retire/pre/election/decision/more_3.htm.

The amount of your annuity will be determined by (1) the length of creditable civilian service, including any periods of military service for which deposits have been made and (2) your high-3 average salary. The high-3 average salary is your salary over a period of three consecutive years of service that would give you the highest average. For most employees, it is usually the last 3 years of service. The FERS basic annuity computation formula is:

Formula: High-3 average salary x 1% x years and months of creditable service

Example: High-3 average salary of $50,000 and 6 years and 6 months of creditable service

$50,000 (high-3 average salary) x 1% = $500 x 6.5 (years of service) = $3,250 per year, $270 per month

NOTE: *A factor of 1.1% is used rather than the 1% for employees whose annuity starts at age 62 with at least 20 years of service.*

If you die before applying for a deferred annuity and you have less than 10 years of creditable service or no eligible survivor, any contributions remaining in the retirement fund are paid in a lump sum (with interest) to your designated beneficiary or person(s) eligible according to the order of precedence set by law.

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If you die before applying for a deferred annuity and you had at least 10 years of creditable service, your surviving spouse may be entitled to a survivor annuity. Your surviving spouse may elect to receive a lump-sum payment of the retirement account or a monthly survivor annuity.

Option 2: *Refund*

You may apply for a refund of the retirement contributions that were withheld from your pay during your employment. However, if you qualify for a deferred annuity and you receive a refund of these contributions, you will forfeit your right to a future annuity based on this service. Once refunded, you will not be eligible to redeposit these contributions unless you return to Federal employment in a position covered by retirement.

Post-1956 Military Service Deposits

If you have not completed a deposit for a period of military service and you have at least 5 years of creditable civilian service to qualify for a deferred retirement, you must complete the deposit before you separate from Federal employment in order to receive credit in the deferred annuity.

Federal Employees Health Benefits (FEHB)

If you are enrolled in a plan under the Federal Employees Health Benefits (FEHB) Program, your FEHB coverage will terminate the end of the pay period in which you separate. However, you will have 31 days of free coverage after your FEHB coverage ends. At that time, you have the option to convert to a non-Federal plan with your current carrier or you may continue your current Federal plan for 18 months under a Temporary Continuation of Coverage (TCC). You will have 60 days after you separate to enroll in TCC. You can choose to stay in the same plan or any other plan, option, or type of plan for which you may be eligible. If you enroll in TCC, you will be required to pay both the employee and the employer share of the health benefits premium, plus an administrative charge of 2%. This coverage and cost will become effective the day after your 31 days of free coverage ends.

NOTE: If you apply for a deferred annuity and you were not eligible for immediate retirement benefits at the time you separate, you will not be able to reinstate the FEHB coverage with your deferred annuity. Information about FEHB and Temporary Continuation of Coverage is available at www.opm.gov/insure/health/eligibility/tcc/INDEX.asp.