

Checklist For Counseling Retirees

*This checklist provides new information to ensure that you are aware of the immediate transfer of data to OPM. This means that the information used by payroll for electronic fund transfer (EFT), mailing address, Federal and State income tax withholding, etc., will flow to OPM from the Defense Civilian Pay System (DCPS) data base. If this information is not correct, you should ensure that changes are made prior to your retirement. OPM will use whatever is sent by payroll as the current information for annuity payments and to communicate with you upon retirement. **The bold statements indicate a new change.***

_____ INCOME TAX: *OPM will automatically withhold Federal tax from your annuity at the rate you established as an employee.* After your annuity is established, your Federal tax status continues. You can make changes by accessing the OPM web site. OPM does not automatically withhold state income tax. OPM has agreements with some states to allow the withholding of state income taxes from annuity payments. You can contact OPM directly if you wish to have state tax withheld from your annuity.

_____ COMPLETING THE “NAME” INFORMATION: *When you complete your retirement application, always use your “official” name that is used on your payroll records. It is important that your name matches the payroll record. Ensure that you use the full name to include suffixes, such as Jr., III, etc.*

_____ PERMANENT ADDRESS: *The address that payroll has (where you receive your Leave and Earnings Statement, W-2 forms, check (if no EFT), etc.) will be forwarded to OPM.* OPM will send your retirement information to this address. If this address is not correct, you should notify payroll before retirement.

_____ DIRECT DEPOSIT: *When your data record is transferred to OPM, your current EFT information will flow to OPM.* Your annuity payments will be deposited into the same account that your salary was deposited. However, allotments are not part of the transmission and will be discontinued.

_____ RECORDS: Ensure that all documents to support relevant periods of service (DD214s for military service, statements for deposit payments for civilian service, etc.) are included with your retirement application. In addition, if you have previous periods of service recorded under other names, ensure those names are recorded in the appropriate block on your application.

_____ **COMMENCEMENT DATE OF ANNUITY:** If you retire voluntarily under the Civil Service Retirement System (CSRS), you can set your retirement date for the first, second, or third day of the month, and your annuity begins to accrue the following day. If 30 of 35 you retire voluntarily on the fourth day or after, you will not begin to accrue an annuity until the following month. If you retire under the Federal Employees Retirement System (FERS), your annuity will begin to accrue the first day of the following month that you retired. For FERS, if you retire on April 1, you will not start to accrue an annuity until May 1, to be paid June 1. However, if you set your retirement date on March 30, your annuity will begin to accrue on April 1, to be paid May 1.

_____ **ANNUAL LEAVE:** Upon separation from Federal service, you will receive a lump sum payment for your annual leave, which includes your regular carryover balance from the previous year, if any; plus accrued and unused annual leave during the current leave year; plus any restored annual leave maintained in a separate account. Retiring before your last scheduled work day of a pay period will not earn leave for the final pay period. Taxes are applied to lump-sum payments in the year in which you receive the money. Example: An employee retiring September 30 could incur a larger tax burden by collecting almost a full year's salary plus a large lump-sum payment for unused annual leave. Your lump sum payment is subject to withholdings for Social Security (if applicable), Medicare, Federal, and State income tax.

_____ **CREDIT FOR SICK LEAVE:** Under CSRS, the total creditable service will include civilian, military, and sick leave to compute your annuity payments. The total is then rounded down to include full years and full months (excluding the days). If you elected FERS, you will receive credit for sick leave in your CSRS portion of the annuity computation, based on the lesser of (1) the amount of sick leave at the time of retirement or (2) the amount of sick leave when FERS was elected. If you are full FERS, you do not receive credit for sick leave for annuity computation.

_____ **COST-OF-LIVING ADJUSTMENT (COLA):** For CSRS retirees, the first cost-of living adjustment is prorated by using the following formula:
$$\text{COLA rate} \times \text{Number of full months on annuity roll} = \text{Prorated COLA}$$

12 FERS retirees do not receive a COLA until age 62, unless retired under special provisions (such as, law enforcement, firefighter, etc). If retired prior to age 62, the first cost-of-living adjustment will not be prorated if you reach your 62nd birthday before December 1. The increase is normally 1% less than the increase in the consumer price index as determined by law.

_____LIFE INSURANCE: Provide appropriate election forms.

Basic Insurance: Life insurance coverage is transferred into retirement if you have had coverage since the first opportunity to enroll or for five continuous years immediately preceding the date of your retirement. You must continue your Basic Life insurance in order to keep any of the Optional coverage. Unless you choose otherwise, your Basic Life will 31 of 35 begin to reduce at the end of the month after the month that you reach age 65 (or when you retire, if later). As a retiree, you have three options:

(1) 75% Reduction: Cost before age 65 = \$.3358 per \$1,000 of Basic Insurance Amount (BIA); after age 65 = \$0. The amount of your insurance reduces 2% per month after age 65 to a minimum 25% of your BIA.

(2) 50% Reduction: Cost before age 65 = \$.9258 per \$1,000 of BIA; after age 65 = \$.59 per \$1,000. The amount of your insurance reduces 1% per month after age 65 to a minimum of 50% of your BIA.

(3) No Reduction: Cost before age 65 = \$2.3758 per \$1,000 of BIA; after age 65 = \$2.04 per \$1,000. The amount of your insurance will equal 100% of your BIA and is retained after age 65.

Optional Insurance: You will pay the full cost to continue any of the following Optional insurance.

(A) Standard: The amount of Option A-Standard insurance automatically reduces when you reach age 65 (or retire, if later). There is no election to be made. The amount of coverage reduces by 2% (\$200) each month until the amount has been reduced by 75%. Only 25% of the original amount is payable (\$2,500) as a death benefit once the full reduction has been reached.

(B) Additional: You may elect either full reduction or no reduction. If you elect full reduction, until you reach age 65, premiums (based on age) will be withheld from your annuity at the same rate as active employees. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option B Additional Insurance.

(C) Family: You may elect either full reduction or no reduction. If you elect full reduction, premiums are withheld from your annuity at the same rate as active employees until you reach age 65. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option C Family insurance.

_____HEALTH INSURANCE: Health insurance continues if you have been covered since first eligible or for five continuous years immediately prior to the date of your retirement. The cost will remain the same as if you were a current employee. However, unlike an employee, your health insurance premiums are withheld after your annuity is taxed. You have the same privileges as a current

employee in making changes during open season and other changes that occur. The Office of Personnel Management will notify you of the open season periods. If you are not in receipt of cash benefits from Social Security, at age 65 you must register for Medicare by contacting your local Social Security office. During retirement, Medicare is the primary payer at age 65 and FEHB is secondary. Your spouse is eligible to continue FEHB coverage after your death only if you have self and family coverage and you elect to provide a survivor annuity at the time of retirement.

_____ **THRIFT SAVINGS PLAN (TSP):** If you are enrolled in TSP when you retire, you will be given information about the options available. Your options include withdrawing all of your money in a lump-sum, electing equal payments, electing an annuity, rolling the money over into an IRA, or leaving the money in your TSP account. After retiring, you can no longer make contributions. If you decide to leave your money in the account, your account will continue to draw the appropriate earnings. However, you will need to begin receiving payments by April 1st of the year following the year in which you turn age 70 1/2. You must ensure that the TSP Service Office always has your current address. You continue to receive Participant Statements, which provide account information and fund performance.

_____ **REVIEW OF BENEFICIARY FORMS:** There are four separate beneficiary forms for your Federal benefits: lump sum retirement contributions (SF 2808/CSRS, SF 3102/FERS); unpaid compensation (SF 1152); Federal Employees' Group Life Insurance (SF 2823); and Thrift Savings Plan (TSP 3). The beneficiary forms will be valid in retirement. You must make sure all forms are up-to-date with the name and current address of your designated beneficiaries.

_____ **PAYMENT SCHEDULE/INTERIM PAY:** You should receive your last salary payment on the normal schedule. After OPM has received your retirement application, you should receive an interim payment equal to approximately 85% of your full annuity. During the interim pay period, no deductions will be taken for health or life insurance. The interim payment schedule will continue until all records have been verified by OPM. At that time, you will receive a full annuity payment and retroactive annuity amounts that were not paid during the interim pay cycle minus FEHB, FEGLI, and other appropriate deductions. You will receive a "Benefits Booklet" that fully explains your retirement annuity and benefits.

_____ **CONTACTING OPM:** Once you receive your Civil Service Annuitant (CSA) number, you may contact OPM by calling their Retirement Information Office at either the nationwide toll-free number, 1-88 US OPM RET (1-888-767-6738 or, for customers within the Washington, DC calling area, (202) 606-0500, or for hearing impaired customers, 1-800- 878-5707 (TDD). When you call, you

can use the automated phone system, which is available 24 hours a day, seven days a week, or talk to a Customer Service Specialist from 7:30 a.m. to 7:45 p.m. Eastern Standard Time, Monday through Friday. To use the automated phone system's features, you will need your CSA number and your Personal Identification Number (PIN). After OPM completes processing of your retirement, they will send you a PIN. You can also obtain a PIN by calling a Customer Service Specialist, who will arrange to have a PIN mailed to you. Some of the things you can do by using the automated system include:

- Report a missing payment
- Change your address
- Change Federal and state income tax withholding amounts
- Request verification of your income
- Request the current value of your life insurance
- Request verification of the survivor benefits you are providing
- Request retirement forms and brochures

You can also contact OPM on the Internet at <http://www.opm.gov/retire> to obtain retirement information, forms, and brochures, and to report a missing payment or the death of an annuitant. If you need to write to OPM, the mailing address for general correspondence is:

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, Pennsylvania 16017-0045