CHAPTER 37

RETIREMENT

37-1. GENERAL.

a. The Civilian Personnel Advisory Center (CPAC) provides general assistance (by appointment) regarding information under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). Appointments for this service should scheduled by contacting the Human Resource Center, telephone 396-1402. Employees desiring specific retirement information, (i.e., retirement estimates) must contact the Army Benefits Center-Civilian, Fort Riley, Kansas by web-site, (www.army.army.mil) or toll-free telephone service, 1-877-276-9287.

b. The following information pertaining to CSRS and FERS is provided to assist employees in understanding the benefits of their individual retirement system.

37-2. RETIREMENT.

a. Planning For Retirement.

(1) Civil service retirement system overview.

(2) The CSRS is a defined benefit plan that allows you to predict the amount of annuity you will receive when you are eligible to retire. It is based on a simple formula, which is multiplied times your years of creditable service and your highest three years of average salary (Called the "High-3"). The closer you are to retirement, the more accurate your estimate will be.

(3) If you are covered exclusively by CSRS, you will receive your entire retirement annuity from that system. If you are covered by CSRS and Social Security (CSRS Offset), you will also receive a CSRS annuity. However, if you become eligible for a Social Security benefit at age 62, your CSRS annuity will be offset by the amount of Social Security benefit attributable to that CSRS Offset service.

b. Eligibility Requirement to Retire.

(1) Regular Retirement.

You may retire and receive a full, immediate annuity if you meet the following minimum age and service requirement:

Minimum Age	Minimum Year in Service
55	30
60	20
62	5

(2) Early Retirement.

(a) Under certain circumstances, events at your agency may give you the opportunity to retire at an earlier age. The events may affect you directly, such as a reduction-in-force (RIF) notice, or only in a general way for example, if the Office of Personnel Management determines that your agency is undergoing a major reorganization, RIF, or transfer of function. Whether your decision to leave is voluntary or involuntary, you may retire if you meet the following minimum requirements:

Minimum Age	Minimum Year in Service
Any age	25
50	20

(b) However, if you are under age 55 when you retire, your annuity will be reduced by 1/6th of a percent for each month that you are under age 55. That's 2 percent per year.

(3) Deferred Retirement.

(a) If you leave government before being eligible for an immediate retirement and leave your retirement contributions in the fund, you will be eligible for a deferred retirement when you meet the following minimum requirement:

Minimum Age	Minimum Years of Service
62	5

(b) Whether deferred retirement is a good option for you depends on several factors: Your service history, whether you plan on returning to work for the government, and the time between when you leave the government and when you reach age 62. The longer the interval, the more the dollar value of your annuity will have eroded. You may not carry your health or life insurance into retirement.

(4) Special Retirement.

(a) Law Enforcement Officer and Firefighters: If you are a law enforcement officer or firefighter, a special provision of law permits you to retire at an earlier age with no reduction in your annuity. Here are the minimum requirements:

Minimum Age	Minimum Years of Service
50	20

(b) In addition, you must separate from a position covered by CSRS and meet the "one-out-of-two" requirement that is, and be covered by CSRS for at least one year within the two-year period immediately preceding retirement.

(c) Once you meet the minimum, 20-year service requirements, you don't need to stay in a law enforcement or firefighter position to retire under the special annuity computation provision.

(d) Because of the rigorous nature of their jobs, law enforcement officers and firefighters are subject to mandatory separation based on age. For law enforcement officers, the mandatory retirement age is 57; for firefighters it's 55.

NOTE: The mandatory separation requirement doesn't apply if you are eligible for retirement under the special provision but you are not currently occupying a law enforcement or firefighter position. Also, agency heads my exempt employees from mandatory retirement up to age 60 when in the public interest.

(5) Air Traffic Controllers:

Air traffic controllers are also under a special provision that allows them to retire at an earlier age with no reduction in their annuity:

Minimum Age Minimum	Years of Service
Any age	25
50	20

(a) To be eligible for this benefit, you must separate from a position covered by CSRS and have been covered by CSRS for at least one year within the two-year period immediately preceding retirement.

(b) Once you meet the minimum, 20-year service requirements, you don't need to stay in an air traffic controller position to retire under the special annuity computation provision.

(c) Because of the stress leave in these jobs, all air traffic controller are subject to mandatory separation on the last day of the month in which they become 56, even if they don't have enough years of air traffic controller service to qualify for retirement under the special provision.

NOTE: The mandatory separation requirement doesn't apply if you are eligible for retirement under the special provision but are not currently occupying an ATC position.

(6) Disability Retirement.

(a) If you become disabled and meet the following minimum age and service requirements, you may be eligible for a disability annuity:

Minimum Age	Minimum Years of Service
Any age	5

(b) To be eligible, you must be unable to perform useful and efficient service in your current position. However, the vacant position must be located within your commuting area and be in your current agency.

(c) In addition, your disability must be expected to last for at least one year. Up to age 60, you will be subject to periodic medical reevaluations to determine if the disabling condition continues. If you are found recovered, you annuity will be suspended. However, it may be restored if the disabling condition recurs.

(d) In addition, up to age 60, there will be an annual review to determine whether you are "restored to earning capacity." Earning capacity is defined as income from wages and/or self-employment that equals 80 percent or more of the current salary of the job you held before you retired on disability. If you are found to be restored to earning capacity, your annuity will be suspended and remain so unless your earnings fall below that threshold.

37-3. CSRS OFFSET.

a. If you are a CSRS Offset employee, both the Civil Service Retirement System and Social Security cover you. Your retirement annuity will be calculated in exactly the same way that it is for those employees covered exclusively by CSRS. However, if you become eligible for Social Security at age 62, your CSRS annuity will be reduced (or "offset") by the value of the Social Security benefit earned during that period of Offset service. From that point forward, you would be receiving one payment from OPM and another from Social Security. Any non-government employment covered by Social Security will not be affected by this offset. NOTE: If you are not eligible for Social Security, there will be no offset to your CSRS annuity.

b. Here's how the offset is determined. The Social Security Administration takes your earnings for the time when you were covered by CSRS Offset and computes a Social Security benefit with those earnings included and without those earnings. The two amounts are then sent to OPM to determine the offset amount.

37-4. FEDERAL EMPLOYEES RETIREMENT SYSTEM OVERVIEW.

a. The Federal employees Retirement System (FERS) is composed of three parts; a defined benefit plan; the Thrift Savings Plan; and Social Security. All three components are needed to match or exceed the benefits available to retirees under the old Civil Service Retirement System (CSRS).

(1) The defined benefit component allows you predict the amount of annuity you will receive when you are eligible to retire. It is based on a percentage, which is multiplied times your years of creditable service and your highest three years of average salary (called the "High3"). The closer you are to retirement, the more accurate your estimate will be.

(2) Social Security operates the same for you as it does for other covered employees such as in the private sector. The percent of income you and your agency contribute to Social Security is set in law, as is the formula used to determine your eventual benefit. However, the amount you will receive varies according to the age at which you claim your benefit and your career earnings. Social Security is a social insurance program; thus the formula is tilted in favor of lower-income workers.

(3) The Thrift Savings Plan (TSP) allows you to contribute pre-tax dollars to a variety of funds and earn tax-deferred interest. Although the rules governing how much you and your agency may contribute to the TSP are defined, the long-term outcomes are far less predictable. That's because they depend on what percentage of your income you contribute, how much of that is matched by your agency, and the success of the investment strategy you pursue within the plan.

(4) If all your service has been performed under FERS, you annuity will be calculated exclusively under that system. On the other hand, if you have a CSRS component in your annuity, that service will be calculated under CSRS rules and the two amounts combined into a single annuity payment.

b. Regular Retirement.

(1) You may retire and receive full, immediate annuity if you meet the following minimum age and service requirements shown below:

Minimum Age	Minimum Years of Service
62	5
60	20

(2) You may also retire when you reach your Minimum Retirement Age (MRA) with 30 ears of service or at your MRA with as little as ten years of service, but with a reduced benefit. That reduction is 5 percent for each year you are under age 62 when you retire, unless you have at least 20 years of service and your annuity begins at age 60 or later.

(3) You can find your MRA on the following chart:

If you were born	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 through 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

c. Early Retirement.

Under certain circumstances, events at your agency may give you the opportunity to retire at an earlier age. The events may affect you directly, such as a reduction-in-force (RIF) notice, or only in a general way, e.g., if the Office of Personnel Management determines that your agency is undergoing a major reorganization. RIF, or transfer of function. Whether your decision to leave is voluntary or involuntary, you may retire if you meet the following minimum criteria:

Minimum Age	Minimum Years of Service
Any age	25
50	20

d. Deferred Retirement.

(1) If you leave government before being eligible for an immediate retirement and leave your retirement contributions in the fund, you will be eligible for a deferred retirement if you meet the following minimum requirement:

Minimum Age	Minimum Years of Service
62	5
60	20
MRA	30
MRA	10*

*(Reduced benefits)

(2) Whether deferred retirement is a good option for you depends on several factors: your service history, whether you plan on returning to work for the government, and the time that will elapse between when you leave the government and when you reach retirement age. The longer the interval, the more the dollar value of your annuity will have eroded. The value of your annuity will be further reduced unless you have 20 years of service and retire on or after age 60.

e. Special Retirement.

(1) Law Enforcement Officers and Firefighters.

(a) If you are a law enforcement officer or firefighter, a special provision of law permits you to retire at an earlier age with no reduction in your annuity. Here are the minimum requirements:

Minimum Age	Minimum Years of Service
Any Age	25
50	20

(b) In addition, you must separate from a position covered by FERS.

(c) Once you meet the minimum, 20-year service requirements, you do not need to stay in such a position to retire under the special annuity computation provision.

(d) Because of the rigorous nature of their jobs, law enforcement officers and firefighters are subject to mandatory separation based on age. For law enforcement officers, the mandatory retirement age is 57; for firefighters it's 55.

NOTE: The mandatory separation requirement doesn't apply if you are eligible for retirement under the special retirement provision but are not currently occupying a law enforcement or firefighter position. Also, agency heads may exempt employees from mandatory retirement up to age 60 when in the public interest.

(2) Air Traffic Controllers.

(a) Air traffic controllers are also under a special provision that allows them to retire at an earlier age with no reduction in their annuity:

Minimum Age	Minimum Years of Service
Any Age	25
50	20

(b) To be eligible for this benefit, you must separate from a position covered by FERS.

(c) Once you meet the minimum, 20-year service requirement, you don't need to stay in an air traffic controller position to retire under the special annuity computation provision.

(d) Because of the stress level in these jobs, all air traffic controller are subject to mandatory separation on the last day of the month in which they become 56, even if they don't have enough years of air traffic controller service to qualify for retirement under the special provision.

NOTE: The mandatory separation requirement doesn't apply if you are eligible for retirement under the special provision but are not currently occupying an ATC position.

f. Disability Retirement.

(1) If you become disabled and meet the following minimum age and service requirements, you may be eligible for a disability annuity:

Minimum Age	Minimum Years of Service
Any age	18 months

(2) To be eligible, you must be unable to perform useful and efficient service in your current position or any other vacant position must be located within your commuting area and be in your current agency.

(3) In addition, your disability must be expected to last for at least one year. Up to age 60, you will be subject to periodic medical reevaluations to determine if the disabling condition continues.

(4) If you are found recovered, your annuity will be suspended. However, it may be restored if the disabling condition recurs. In addition, up to age 60, there will be an annual review to determine whether you are "restored to earning capacity." Is defined as income from wages and/or

self-employment that equals 80 percent or more of the current salary of the job you held before you retired on disability. If you are found to be restored to earning capacity, your annuity will be suspended and remain so unless you earning fall below that threshold.

NOTE: If you are applying for a FERS disability benefit, you must apply for a Social Security disability benefit at the same time. The Office of Personnel Management will not make any payment to someone who is eligible for a FERS disability benefit unless it has proof that a Social Security disability application has been made.

37-5. HOW TO COMPUTE YOUR RETIREMENT BENEFITS.

a. Regular Retirement.

(1) If you are eligible for a regular retirement, your basic annuity will be based on your length of service and High-3 years of average salary.

(a) Length of service includes all periods that are countable for retirement service. If you have any questions about the creditability of any service, the service must be verified with your official personnel record by contacting your personnel office.

(b) High-3 is the highest average pay you earned during any three consecutive years of service. Only base pay including "locality," annual premium for standby duty, and availability pay-is included in this figure. Overtime, allowances, differentials, and most other add-ons are not.

37-6. ALTERNATIVE FORM OF ANNUITY.

a. If you are suffering from a life-threatening medical condition that is expected to take your life within two years, you may be eligible to elect an alternative form of annuity. This allows you to receive in a lump sum the entire amount of your retirement contributions. Your annuity will then be actuarially reduced using a "present value" formula. The end result is an annuity package that matches what you would have received had you retired in the usual way, living out a normal life expectancy for someone your age.

b. OPM has published a list of medical conditions that are automatically qualifying for the alternative form of annuity, when supported by medical documentation. Other conditions are considered on a case by case basis. Your local personnel office should have a copy of the latest list on hand or be able to get it for you quickly.

37-7. ANNUITY LIMITATION.

a. By law, the dollar amount of your annuity cannot exceed 80 percent of your High-3 average salary. That's the amount you would get if you had 41 years and 11 months of creditable service. When you have reached that point, retirement contributions will continue to be taken out of your salary. However, at retirement, those excess contributions will be returned to you with interest, which are currently 3 percent per year. OPM will also offer you an opportunity to buy an additional retirement annuity with that refunded money.

b. In essence, each $100 of excess contributions and interest will buy you $7 a year plus an additional 20 cents for each year you are over age 55 when you retire.

NOTE: The 80 percent limit does not apply to additional annuity purchase with excess contributions or through the Voluntary Contributions Program, cost-of-living adjustments (COLAs), credit for unused sick leave.

37-8. CREDIT FOR UNUSED SICK LEAVE.

Only the CSRS retirement system permits an employee to carry unused sick leave into retirement. Although your unused sick leave may not be used to meet the minimum length of service requirements to retire, once you are eligible for an immediate retirement it may be used to increase your retirement annuity. The effect of adding sick leave to existing service can be quite attractive. That's because the time is calculated using the most generous end of the retirement formula. In a regular retirement, the additional money is a bonus. In an early retirement, it helps to offset the reduction for being under age 55.

37-9. CREDIT FOR MILITARY SERVICE.

a. Your military service in the armed forces of the United States is creditable for retirement purposes if it was:

(1) Active service and terminated under honorable conditions, and

(2) Performed before separating from a civilian position.

b. Included is service in the Army, Navy, Air Force, Marine Corps and Coast Guard, including service academy time. After June 30, 1960, it also covers service in the Regular and Reserve Corps of the Public Health Service. After June 30, 1961, service as a commissioned officer of the National Oceanic and Atmospheric Administration is covered, as is full-time National Guard duty that temporarily interrupts civilian service after August 1, 1990.

c. However, you may not receive credit for any military service if you receive military retired pay unless it was awarded:

(1) On account of a service-connected disability either incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war; or

(2) Under the provisions of Chapter 1223, Title 10, U.S. Code (which deals with retirement from a reserve component of the armed forces).

d. If you are receiving retired military pay which bars you from earning service credit under CSRS, you may elect to waive that pay and have the military service added to your civilian service when computing your annuity.

e. Voluntary contributions may be made at any time and in any amount, as long as they are at least $25 (or multiples of $25). Total contributions may not exceed 10 percent of the total basic pay you received during your entire federal career. Since that number increases with every pay period, you have a moving target of opportunity.

37-10. POTENTIAL REDUCTIONS IN ANNUITY.

a. Owed Deposits.

As a rule, most employment with the federal government and the District of Columbia that wasn't covered under CSRS is creditable for retirement purposes as long as you are covered by CSRS at some later date. If owed deposit service was performed prior to October 1, 1982, the time will count when computing your length of service. However, your annuity will be reduced by one-tenth of the amount you owe to CSRS plus interest.

b. Owed Redeposits.

(1) If you are currently employed under CSRS but at some time in the past separated from the government and received a refund of your CSRS contributions, you must repay that money plus any interest before that time can be credited in the computation of your annuity.

(2) If you don't make a redeposit, you can still count the time for meeting the minimum length of service requirement for an immediate annuity and for determining your High-3 average salary. However, with one exception, you won't get any credit for it in the computation of your annuity.

(3) Here is the exception: If you received a refund covering a period of service that ended before October 1, 1990, you won't have to pay the redeposit when you retire (unless you retire on disability). If you don't make that redeposit, you will get full credit for the refunded service in computing your annuity; however, your annuity will be actuarially reduced based on your age and the amount of the redeposit (plus interest) that you owe when you retire.

(4) Of course you can avoid the reduction by paying the redeposit. As with all deposits and redeposits, it's up to you based on the dollar impact it will have on your current finances versus what will be gained though your annuity over time.

c. Interest Charges.

(1) Deposits covering employment on or after October 1, 1982, and re-deposits of refunds applied for on or after that date, are subject to an interest rate of 3 percent per year through December 31, 1984. Thereafter, annual interest is based on market rates.

(2) To estimate what you owe, multiply your basic salary during a period of non-deposit and/or re-deposit service by 7 percent (7.5 percent for law enforcement officers and firefighters). Annual interest can be determined year by year by referring to the rates shown in Figure 1.

d. Post-1956 Military Deposits ("Catch-62").

(1) If you were first employed under CSRS on or after October 1, 1982, you will receive credit for any post-1956 military service when you retire, but only if you make a deposit for that service. If you made that deposit before October 1, 1986 (or within three years of being hired if you were hired after that date), no interest will be charged. Thereafter, interest must be paid.

(2) If you were first employed under CSRS before October 1, 1982, you have two choices:

(a) Make a 7 percent deposit for any post-1956 and avoid a possible reduction in your annuity at age 62; or

(b) Decide not to make the deposit and accept a possible reduction.

(3) As a rule, all deposits for military service must be made to your employing agency before you retire. However, if you are entitled to a deferred annuity and separated from the government after September 8, 1982, you may make the deposit at any time before your retirement application is adjudicated by OPM.

(4) Agencies will accept your actual military pay vouchers for complete periods of military service to calculate the military deposit, which is 7 percent (7.5 percent for law enforcement officers and firefighters). If you don't have those records, you'll have to obtain a certified estimate of your military earnings from the appropriate branch of service. Your personnel office has the form and instructions needed to obtain an estimate.

37-11. COST OF LIVING ADJUSTMENTS (COLAS).

a. Except for additional annuities purchased under the Voluntary Contributions Program, all other annuities under CSRS are increased annually by cost of living adjustments. These are based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI/W) from the third calendar quarter of one year to the next.

b. COLAs are effective on December 1 of each year and are applied to the annuity payments made the following January.

c. COLAs for new retirees are prorated according to the date on which they retired. If you retire in January, your first adjustment will be made in January of the following year and will be for 11/12ths of the COLA amount. If you retire in February it will be 10/12ths, and so forth. Future COLAs will be for the full amount.

NOTE: COLAs are always paid the month following the effective date. However, in calendar years 1994-96, COLA payments were delayed three months by an act of Congress.

37-12. SURVIVOR BENEFITS.

a. If you are married when you retire, you must elect a full survivor annuity for your spouse unless the two of you agree in writing to a lesser amount or none at all. Under CSRS, a full survivor annuity is 55 percent. A reduced survivor may be a dollar amount.

NOTE: Unless your spouse is already entitled to coverage under the FEHB program, a spousal annuity preserves that right for him or her.

b. In order to provide a survivor annuity, your own annuity must be reduced to pay for it. An annuity reduction to provide a spousal annuity does not reduce the amount of the annuity the spouse will receive. The spouse will get 55 percent of the annuity base selected. With a $34,000 base, the spouse would be entitled to an annuity of $18,700 (.55 X $34,000). A $4,000 base would produce an annuity of $2,200 (.55 X $4,000).

c. Because retiree annuities are increased annually by cost-of living-adjustments (COLAs), the survivor annuity base goes up by the same percentage. When a survivor begins receiving an annuity, their COLA will also be increased annually.

37-13. FORMER SPOUSE ANNUITIES.

a. If you are divorced; legally separated or your marriage was annulled, your ex-spouse may have filed a court order with the Office of Personnel Management. In most cases, the purpose of such a court order is to assign some of your retirement benefits to your former spouse. If that is the case, it may reduce or eliminate your ability to provide a survivor annuity for a current spouse.

b. If the court order doesn't provide for a survivor benefit for a former spouse, you may voluntarily elect one. However, if you have subsequently remarried, you can only do this if your current spouse agrees.

NOTE: A former spouse's survivor annuity ends if he or she remarries before becoming age 55.

37-14. INSURABLE INTEREST ANNUITIES.

a. If there is no former spouse court order in effect, you may name a specific individual to receive a survivor benefit. For example, you may name:

(1) Your current spouse when a regular survivor annuity has been blocked by a court order.

(2) Someone else in addition to electing a survivor annuity for your current spouse; or

(3) Someone else instead of your current spouse, but only if your spouse gives his or her written consent.

b. In order for OPM to approve your insurable interest election:

(1) You must be in good health as evidence by a current medical examination; and

(2) The person you name must have a continuing financial interest in you.

c. The Office of Personnel management assumes that a continuing financial interest exists for the following kinds of people:

(1) Your current spouse;

(2) A blood or adoptive relative closer than a first cousin;

(3) Your former spouse;

(4) Someone to whom you are engaged to be married;

(5) Someone living with you in a common-law marriage relationship, as long as that "marriage" is recognized by the state in which you are living.

(6) Someone with a demonstrable financial interest who could be expected to derive a meaningful benefit from your continued life.

d. The person you select for an insurable interest annuity will receive 55 percent of your basic annuity, but only after it has been reduced by a percentage that goes up as the difference between your age and that of your designated survivor increase. This is designed to differentiate between the number of years an annuity will likely be paid to someone close to your age versus someone who is 10, 30 or more years younger.

37-15. HEALTH INSURANCE.

a. The Five-Year Requirement.

(1) If you are currently enrolled in the Federal Employees Health Benefits (FEHB) program, you may continue that enrollment into retirement.

(2) Your premiums will be the same as those you would be paying if you were still an employee, only that they will be deducted on a monthly rather than a bi-weekly basis. Every year you will have an opportunity to change plans and/or options, just as you do as an active employee.

b. However, as a rule, you may only continue your enrollment in the FEHB if you have been enrolled for five years (or from your earliest opportunity to enroll) before you retire. This could be an important consideration as you approach retirement and may be thinking of dropping FEHB coverage, for example, to be covered under a spouse's health insurance plan from non-federal employment.

NOTE: Generally, enrollment under the military CHAMPUS program may be counted in meeting the five-year enrollment requirement ass long as you are enrolled in the FEHB when you retire.

37-16. WAIVER OF THE FIVE-YEAR REQUIREMENT.

a. While the Office of Personnel Management has been granted the authority to waive the five-year requirement when it would be against equity and good conscience no to do so, few waivers are granted. That's because the criteria are quite strict. If you are asking for a waiver, you need to demonstrate that:

(a) You intended to have FEHB coverage as a retiree;

(b) The circumstances that prevented you from meeting the five-year requirement were essentially outside of your control; and

b. Your payroll office will authorize your final salary payment after your separate for retirement and any lump sum payment for unused annual leave you may have. It also prepares your Individual Retirement Record, which reflects service, salary history and annual retirement contributions

(c) You had exercised due diligence in protecting your right to continue FEHB coverage into retirement.

c. Generally, employees who retire as a result of Nearly out" offers or "buyouts" are not eligible for waivers. There are some exceptions as noted below:

(1) Received a buyout if their separation for discontinued service retirement was extended beyond March 31, 1995, the cut-off date in the original law; or

(2) Are working for agencies whose authority to grant buyouts extends beyond March 31, 1995.

d. In either case, the reason for separation must be based on involuntary separation due to RI F, abolishment of position, directed reassignment, or reclassification to a lower grade.

e. If you do not qualify for an automatic waiver of the five-year requirement, you may apply for a regular waiver by writing OPM at this address:

Office of Personnel Management Retirement and Insurance Service Retirement Services Division P.O. Box 14172 Washington, D.C. 20044-4172

37-17. FEDERAL EMPLOYEES' GROUP LIFE INSURANCE.

The Federal Employees' Group Life Insurance (FEGLI) program has the same enrollment requirement as the FEHB program. You must meet the five-year (or earliest opportunity to enroll) requirement to carry your insurance coverage(s) into retirement. If you don't meet that requirement, you cannot. If you are not eligible to continue your FEGLI coverage into retirement, it will still stay in force for 31 days following retirement at no cost to you. However, you must either drop the coverage or convert it to an individual policy.

37-18. STATE TAXES.

Each state has its own tax code which determines whether you federal annuity is taxable and, if so, to what degree. If your state does tax federal annuities, you may want to enroll in the State Income Tax Withholdings Program.

37-19. HOW YOUR RETIREMENT APPLICATION IS PROCESSED.

a. You must contact the Army Benefits Center-Civilian (ABC-C) to obtain counseling and request your annuity estimate. The ABC-C will process your annuity estimate request and assemble a retirement planning package which will be mailed to you.

b. Once you are certain of your retirement date contact the ABC-C immediately for counseling and advice. The appropriate retirement forms can be obtained by accessing the ABC-C website address. The website address is: http://www.abc.army.mil. Inform your supervisor of your retirement decision and complete all the necessary retirement forms as soon as possible. The ABC-C has asked that retirement packets be submitted 90 to 120 days in advance of the effective date of your retirement. Ask your organization to process a Personnel Action Request (PAR), commonly known as a SF 52.

c. You must ensure that you sign the second page of the PAR and it must be forwarded to the ABC-C with your completed retirement packet. You should keep a copy of all the information you submit to the ABC-C for your records. The ABC-C will request your Official Personnel File (OPF) from Southeast Civilian Personnel Operations Center (SECPOC) and process the following documents.

(1) Certify and transfer your FEGLI life insurance coverage to OPM, if you are eligible to continue coverage;

(2) Transfer your FEHB health insurance enrollment to OPM, if you are eligible to continue coverage;

(3) Forward any current designations of beneficiary which are in your official personnel folder;

(4) Process the personnel action needed to separate you for retirement;

(5) Complete and certify the personnel office portion of your retirement application;

(6) Forward your retirement application and related records to your payroll office.

e. It will also certify your annual basic pay for life insurance purposes, if applicable. Your retirement packet will then be forwarded to OPM-Retirement Operations Center.

37-20. HOW OPM PROCESSES YOUR RETIREMENT APPLICATION.

a. OPM will send you an acknowledgment and retirement claim number upon receipt of your claim. Upon initial review of your claim, if your entitlement to an annuity is clear, OPM will authorize interim annuity payments to provide you with an income until your claim is completed. Interim payments are usually between 80 to 850 of your estimated monthly annuity payment.

b. OPM usually authorizes interim payments within four days after it receives your retirement packet. If your retirement occurs within the first three days of the month, your benefits will accrue through the end of the month and will be payable on the first business day of the following month. The Treasury Department processes and mails the annuity payments therefore, you should add eight to ten business days to the process. You should receive your first annuity payment within three to four weeks. Final adjudication of your case take place in OPM's, Office of Retirement Programs in Washington, DC. Should you have further questions this is the office that you must contact.

c. Once your file has be reviewed and adjudicated by OPM your regular month annuity will be determined and payment authorized. OPM will make payment for any money owed to you within the interim period. You will then be sent a personalized statement entitle "Your Federal Retirement Benefits" detailing how much your month payment will be and listing health and life insurance deductions and tax information. As a rule, OPM completes the entire retirement review process within 30 to 35 days from the date it first receives your retirement package from your payroll office, however certain benefit elections may delay the process. If you have any questions about the status of your retirement application once it has reached OPM, please contact OPM at (202) 606-0500.

37-21. DEATH NOTIFICATION.

Management officials should notify the Civilian Personnel Advisory Center (CPAC), immediately once they have knowledge of an employee death. Please provide the name of survivor, address, and telephone number. The CPAC will immediately begin processing information to ABC-C to expedite survivor benefits.