

Questions and Answers on Benefits, Pay, and Leave Under Voluntary Early Retirement Authority (VERA)

Updated January/2018

The date above indicates the date that this document was reviewed and updated. Whenever this document is updated, every FAQ is reviewed, but not every FAQ requires a change.

NOTE: For more information related to any questions and answers presented in this document, you should review the VIDEO segments in the Retirement Information Seminar Online under the My HR tab and select Retirement on *LiteBlue* at www.liteblue.usps.gov

VOLUNTARY EARLY RETIREMENT (VER)

Question 1. What is Voluntary Early Retirement (VER) Authority (VERA)?

Answer Voluntary Early Retirement (VER), or "Early Out," as it is commonly referred to, is a strictly voluntary option that allows eligible employees to retire early by authority granted by the Office of Personnel Management (OPM).

Question 2. Where can I find the most current VER information?

Answer From a postal computer (Blue - postal intranet):
<https://liteblue.usps.gov/humanresources/retirement/home.shtml>

From a non-postal computer (*LiteBlue*): www.liteblue.usps.gov

Question 3. Who is eligible for a VER?

Answer Employees covered by the Civil Service Retirement System (CSRS) and employees covered by the Federal Employees Retirement System (FERS) are eligible if they meet the following requirements:

- (1) At least 50 years of age with at least 20 years of service, or any age with at least 25 years of service, and
- (2) At least five (5) years MUST be creditable civilian service, not military service. Employees may use military service to meet the balance of service required for eligibility.
- (3) Hold a position covered by the VER offer.
- (4) Have been on the Postal Service's rolls at least 31 days before the Postal Service's request to OPM for the applicable VER authority, and have remained continuously on the Postal Service's rolls without a break in service since that time.
- (5) Employees who are in receipt of a final decision of removal based on misconduct or unacceptable performance on or before the VER effective date are not eligible for VER.

CSRS employees must have been employed under CSRS for at least one (1) year out of the last two (2) years, but the service need not be continuous.

Question 4. Are all employees who meet the above requirements eligible for the VER?

Answer No. At the time of the VER offer, the specific category or categories of employees who are covered by the VER offer if they meet the other eligibility requirements will be

announced. The Postal Service can only offer VER opportunities to the category or categories of employees authorized by OPM.

Question 5. What is the major difference between VER and Optional Voluntary Retirement?

Answer The age and service requirements are less under VER than under optional retirement. Early retirement may carry a penalty in the annuity computation.

Question 6. If I meet the service requirement with 20 years of service, but not the age requirement, would my 50th birthday be the earliest date I could retire?

Answer Yes, provided your birthday is within the VER offer window. For retirement purposes an employee legally meets the age requirement the day before a birthday. For example, an employee meeting the service requirement who will be 50 years old on October 4 would be eligible to retire if the last date of the VER offer is October 3.

Question 7. Is there a time period for retiring under the VER?

Answer Yes, each VER offer has a 'window' during which applications will be accepted and one or more retirement effective dates. The window dates and retirement effective date(s) will be announced at the time of the VER offer.

Question 8. Can I cancel an application I submitted for disability retirement and take advantage of this VER offer now that I meet the eligibility requirements?

Answer Yes, an application for disability retirement may be withdrawn at any time prior to approval from OPM. Also, applications may be submitted for more than one retirement for which you qualify (discontinued service, MRA, etc.), and OPM will review each separately.

Question 9. Can I use my accumulated annual or sick leave balance to meet the years of service requirement?

Answer No, neither your annual nor your sick leave balance can be used to meet eligibility requirements.

Question 10. Am I eligible for the VER as a FERS covered employee who meets Minimum Retirement Age (MRA) with at least 10 years of service, but less than 20 years?

Answer No, 20 years of service is the minimum to qualify for the VER. (You are eligible to retire under a FERS MRA + 10 optional retirement with a reduced annuity.)

Question 11. How much money can I expect to receive in retirement on a monthly basis?

Answer If you are offered a VER opportunity, you will receive an estimate of the annuity you will receive as of the effective date for retirements processed under your offer.

Question 12. Will my annuity be reduced if I take the VER?

Answer **CSRS/CSRS Offset Covered Employees:** If you are under age 55, your annuity will be computed using a voluntary optional retirement annuity calculation based on total creditable years and months of service and average high-3 salary. Then, your annuity will be reduced at the rate of two percent (2%) for each year (or by 1/6th of one (1%) percent for each full month) that you are under age 55. This reduction is permanent — your annuity is not recomputed when you reach age 55.

FERS Covered Employees with a Frozen CSRS Component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the reduction mentioned above for CSRS/CSRS Offset covered employees.

FERS Covered Employees without a CSRS Component: No reduction.

Question 13. How is the high-3 average salary determined in computing an annuity?

Answer Your high-3 average salary is the highest figure obtained by averaging your basic salary during any three (3) consecutive years of service, with each rate weighted by the length of time it was in effect. Basic salary includes higher-level pay and cost-of-living adjustments (COLAs), but does not include territorial cost of living allowance (TCOLA), overtime, bonuses, night differential, premium pay, military pay, lump sum terminal leave, or annual leave exchange payments, etc. In most cases, the last three (3) years of basic salary are the high-3 years. If you have a period of higher basic salary prior to the last three (3) years of employment, OPM will compute your annuity based on that earlier period, even if that period of service was with another federal agency. The high-3 calculation for part-time employees may differ; such employees may request a NARECS annuity estimate through the HR Share Service Center and the high-3 amount will be shown on it.

Question 14. When will my annuity start?

Answer CSRS voluntary retirement annuities commence the first day of the month after the employee separates from service and meets the age and service requirements. Under the three-day rule, annuities of employees who serve in a pay status for three (3) days (or fewer) in the month of retirement commence on the day after separation or the day after pay ceases and the age and service requirements are met. For example, if your date of retirement is October 31st, your annuity commences on November 1st, or if your date of retirement is March 3rd your annuity commences on March 4th.

FERS voluntary retirement annuities commence the first day of the month after separation for retirement. Unlike CSRS, there is no special provision for employees who serve three days or less in the month of retirement or any provision allowing a voluntary retirement annuity to begin on the day after the last day of pay. For example, if your date of retirement is October 31st, your annuity commences on November 1st, or if your date of retirement is March 3rd, your annuity commences on April 1st.

A discontinued service annuity commences on the day after separation.

Deferred annuities commence on the former employee's 62nd birthday. FERS deferred annuities based on having at least 10 years of service and reaching their Minimum Retirement Age (MRA) begin after reaching the MRA.

Question 15. How can I get credit for time worked in a position for which no retirement contributions were deducted from my pay?

Answer **CSRS/CSRS Offset Covered Employees:** If the service was performed before October 1, 1982, it is creditable in full toward retirement eligibility and in computing your annuity if you make a deposit. However, if you don't make a deposit for this service, your annuity will be reduced by ten percent (10%) of the amount of the unpaid deposit, plus interest. If the service was performed on or after October 1, 1982, it will be used to determine retirement eligibility, but is not creditable for annuity computation purposes unless you make a deposit, with interest, for this service.

FERS Covered Employees with a Frozen CSRS Component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the creditability rules and calculations as mentioned above for CSRS/CSRS Offset covered employees.

FERS Covered Employees without a CSRS Component: If the service was performed before January 1, 1989, it will not count toward retirement eligibility or in computing your annuity unless a deposit, with interest, is made before the final adjudication of your retirement application. **If the service was performed on or after January 1, 1989**, it is not creditable under FERS, and a deposit cannot be made for this service.

Question 16. What impact will a previous withdrawal of my retirement contributions have on my

retirement annuity?

Answer

CSRS/CSRS Offset Covered Employees: If you are a CSRS employee and you previously worked for the Postal Service or another federal agency where retirement deductions were withheld from your pay and later refunded to you, you can apply to make a **redeposit** of those funds for that period of service. CSRS covered employees whose refunded service ended **before** March 1, 1991, will receive retirement eligibility and annuity computation credit for the length of the refunded service. However, **unless the redeposit is paid in full, plus interest, your annuity will be actuarially reduced**, based on your age and the amount of redeposit. If the refunded service ended on or after March 1, 1991, you will receive credit for eligibility but you must pay the redeposit in full, plus interest, to receive credit for the service in the annuity computation. [Note that the March 1, 1991, date applies to non-disability annuitants whose separation from service occurs on or after October 28, 2009; otherwise, the refunded service must have occurred prior to October 1, 1990].

FERS Covered Employees with a Frozen CSRS Component: The portion of your annuity based on a benefit that you have accrued and retain under CSRS frozen service is subject to the creditability rules and calculations as mentioned above for CSRS/CSRS Offset covered employees. For the portion of your annuity based on a benefit that you accrued under FERS, please see the next paragraph.

FERS Covered Employees without a Frozen CSRS Component: The 2009 National Defense Authorization Act (NDAA) changed the rule that FERS participants who took refunds of their retirement contributions irrevocably lost service credit for the period covered by the refund. Now, if you had a prior period of service covered by FERS and withdrew your FERS retirement contributions, you have the opportunity to make a redeposit of the amount refunded, plus interest, and receive credit for the refunded period of service under FERS. Retirement regulations have been announced that give you credit for determining your eligibility to retire even if you do not make a redeposit. **However, if the redeposit is not paid in full, plus interest, no credit is allowed for calculating your annuity.**

Question 17. If I take the VER, will I be eligible to withdraw my retirement contributions and take a reduced annuity?

Answer

No. The Alternative Form of Annuity/Lump Sum option is presently available to only those employees documented to have a life-threatening affliction, and who separate with immediate entitlement to an annuity, other than a disability annuity.

[NOTE: Questions 18 through 24 apply to FERS Covered Employees ONLY]

Question 18. What is the FERS Special Retirement Supplement? (Updated 05/22/2012)

Answer

FERS Employees Only: It is an annuity supplement only for FERS covered employees paid by the U.S. Office of Personnel Management (OPM – a separate government agency that administers the federal insurance and retirement plans), which estimates the Social Security benefit earned by your FERS covered years of service. It is paid until you become eligible for a Social Security benefit at age 62. However, under VER, this supplement is payable only if you have reached your MRA - your earliest optional retirement age, which ranges from 55 to 57, depending upon your year of birth. If you are retiring at less than your MRA, the supplement will not be paid until you reach your MRA.

FERS employees are eligible for the FERS Special Retirement Supplement if they retire:

- at MRA with 30 years of service;

- at age 60 with 20 years of service; or
- at age 50 with 20 years of service or any age with 25 years of service in an early voluntary retirement (in a RIF, major reorganization, or transfer of function) or in an involuntary (discontinued service) retirement. This supplement is payable only if you have reached your MRA. If you are separating at less than MRA the supplement will not be paid until you reach your MRA. If you are eligible for the supplement it cannot be paid until your retirement application has been adjudicated by the U.S. Office of Personnel Management (OPM—a separate government agency that administers the federal insurance and retirement plans).

Question 19. Can I still receive the Special Retirement Supplement as a FERS covered employee with a CSRS component?

Answer **FERS Covered Employees Only:** Yes, if you had one (1) full calendar year of service subject to FERS and otherwise meet the requirements.

Question 20. How is the Special Retirement Supplement computed?

Answer **FERS Covered Employees Only:** The supplement is computed as if you were age 62 and eligible for a Social Security benefit when the supplement begins. By law, OPM first estimates what your full career (40 years) Social Security benefit would be. Then it calculates the amount of your civilian service under FERS and reduces the estimated full career Social Security benefit accordingly. For example, if your estimated full career Social Security benefit is \$1,000 monthly and you have worked 30 years under FERS, OPM will divide 30 by 40 (0.75) and multiply (\$1,000 x 0.75 = \$750 monthly). The result would be your Special Retirement Supplement, before any reductions.

Question 21. Do salary or wages earned after I retire affect the Supplement?

Answer **FERS Covered Employees Only:** Yes. Your Special Retirement Supplement, like Social Security benefits, is subject to an earnings test. It is reduced if you earn more than the exempt amount of earnings (determined each year by Social Security) in the immediately preceding year. Under OPM rules, the earnings history does not include certain monies you may receive, and these amounts are not included in the earnings test:

- earnings during the year in which an employee separates for an immediate retirement,
- pensions or annuities paid as retirement income, including a FERS annuity,
- your terminal annual leave payment, or
- a separation incentive.

Question 22. Can my FERS basic benefit also be reduced because of earnings over the earnings test limit?

Answer **FERS Covered Employees Only:** No. Your FERS basic benefit cannot be reduced because of earnings over the earnings test limit.

Question 23. How long will I continue to receive the Special Retirement Supplement?

Answer **FERS Covered Employees Only:** The Special Retirement Supplement will continue until the earlier of (1) the last day of the month before the first month for which you would be entitled to Social Security benefits, or (2) the last day of the month in which you reach age 62.

Question 24. Can I continue to get the Special Retirement Supplement after age 62 if I'm not eligible or I don't apply for Social Security benefits?

Answer **FERS Covered Employees Only:** The supplement ends at age 62, regardless of whether or not you receive benefits from Social Security.

[NOTE: End of questions that apply to FERS Covered Employees ONLY]

[NOTE: The following questions apply to both FERS and CSRS Covered Employees]

Question 25. How can I receive credit for military service if I'm receiving military retired pay?

Answer To receive credit, you must waive your retired pay and you must make a post-1956 deposit, unless your retirement is based on exception criteria. Contact the Human Resources Shared Service Center (HRSSC) at 1-877-477-3273, option 5, TDD/TTY 1-866-260-7507 if you were injured in combat or in the line of duty.

Question 26. When should I make my Post 1956 military deposit? ()

Answer Completed deposits plus applicable interest are required before retirement; however, you may initiate this payment while completing the retirement application package. The payment is acknowledged and full credit is allowed.

If you currently have a military deposit in progress through payroll deductions or periodic lump sum payments, contact the HRSSC at 1-877-477-3273, option 5, TDD/TTY 1-866-260-7507 to determine the remaining balance of your military deposit. For more information related to Post-1956 military deposits, access the Retirement Seminar Online at www.liteblue.usps.gov, My HR tab, and enter "Retirement" in the search My HR box.

Question 27. Where can I find more information about the VER and retirement in general?

Answer If you are eligible for retirement under the VER you will receive further information from the HRSSC, which is your source for retirement information while you are an employee. To learn more about retirement, the U.S. Office of Personnel Management (OPM - a separate government agency that administers federal retirement plans) provides extensive information. Please refer to Voluntary Early Retirement on the HR Organizational Changes webpage or OPMs web site at www.opm.gov/retire

CSRS VOLUNTARY CONTRIBUTIONS

Question 28. Will CSRS voluntary contributions I previously made be refunded to me?

Answer If you have elected to make CSRS Voluntary Contributions, there will be no automatic refund, but you may apply for a refund (including a rollover to a traditional Individual Retirement Account [IRA], a Roth IRA, or an eligible employer plan) any time before you receive an annuity based on these contributions. Otherwise, your CSRS annuity will be increased according to the Voluntary Contribution regulations.

SOCIAL SECURITY

Question 29. How would Voluntary Early Retirement affect my Social Security benefits?

Answer In terms of Social Security, taking a VER is the same as Optional Retirement. If you qualify for Social Security, you may receive full benefits beginning between age 65 and 67, depending on your date of birth. You may apply to receive actuarially reduced benefits as early as age 62.

Question 30. Will my Social Security benefit be reduced under the Windfall Elimination Provision because I receive a CSRS annuity?

Answer Your Social Security benefit may be reduced under the Windfall Elimination Provision (WEP). WEP lowers the percentages used to compute benefits for all workers who have less than 30 years of Social Security-covered employment and who have earned an annuity from employment not covered by Social Security, such as a CSRS annuity. The Social Security Administration publishes information on this provision on its web site: <http://www.ssa.gov/gpo-wep/>.

Question 31. What is the Government Pension Offset?

Answer This provision in the Social Security law affects the Social Security benefit of a CSRS retiree who did not pay Social Security taxes, but expects to receive a Social Security benefit as a spouse or surviving spouse. This provision does NOT affect CSRS Offset and FERS covered annuitants. The Social Security Administration publishes information on this provision on its web site: <http://www.ssa.gov/gpo-wep/>.

Question 32. How do I obtain more information about Social Security?

Answer Social Security offers several pamphlets, books and fact sheets. For more information or to obtain free publications, contact your local Social Security office, or call 1-800-772-1213, or refer to the web site: <http://www.ssa.gov>.

MEDICARE

Question 33. Am I eligible for Medicare?

Answer Generally, you are eligible for Medicare if you or your spouse worked for at least 10 years in Medicare-covered employment and you are age 65 or older and a citizen or permanent resident of the United States.

Question 34. How do I obtain more information about Medicare?

Answer Call 1-800-MEDICARE (1-800-633-4227), or refer to the web site: www.medicare.gov

FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB)

Question 35. What will happen to my health benefits?

Answer Your current health benefits coverage will transfer into retirement provided you meet the eligibility requirements of:

(1) retiring on an immediate annuity, and

(2) continuous coverage in the FEHB program for the five (5) years of service immediately preceding the date your annuity starts or since your first opportunity to enroll (if less than five years).

For employees who do not qualify under the preceding requirements, the U.S. Office of Personnel Management (OPM—a separate government agency that administers the federal insurance and retirement plans) has the authority to grant pre-approved waivers to employees who have been:

- Covered under the FEHB program continuously since the beginning date of the OPM-approved VER; and
- Retire during the OPM-approved VER period; and
- Take the VER offering.

If you qualify for a pre-approved waiver, the HR Shared Service Center will include the pre-approved waiver with your retirement application that is sent to OPM.

Question 36. What will happen to my health benefits if I don't meet the eligibility requirements described in the preceding question?

Answer If you do not qualify under the eligibility requirements to transfer your health benefits into retirement as described in the preceding answer, and you do not qualify to receive a pre-approved waiver as described above, OPM has the authority to grant waivers to employees who fail to satisfy the five-year or first opportunity requirement due to exceptional circumstances. If you request a waiver, you must provide OPM with evidence that:

- you had intended to have FEHB coverage as a retiree;
- the circumstances that prevented you from meeting the 5-year or first opportunity requirement were essentially outside your control; and
- you acted reasonably to protect your right to continue FEHB coverage into retirement. (This includes reading and acting on information provided and requesting information if none is given automatically.)

If OPM does not approve your waiver request, you have two options, as follows:

- Convert to a nongroup contract (individual policy) with the carrier of the plan you are enrolled in at the time of your separation.
- Elect 18 months of coverage under the Temporary Continuation of Coverage (TCC) provisions of the FEHB Program.

The HR Shared Service Center will notify you that your group health insurance coverage will terminate and provide information about continuing your health insurance coverage beyond the 31-day temporary extension.

Question 37. Will my health benefits costs increase if they transfer into retirement?

Answer Your premium payment will increase to the level paid by all other federal annuitants (and federal employees) rather than receiving the more favorable Postal Service employer health benefits contribution. This means the same health plan may be noticeably more

costly for an annuitant than for a Postal Service employee.

As an annuitant, you would pay for health coverage through monthly withholding from your annuity, instead of paying through biweekly withholding from your paycheck (12 payments annually instead of 26 payments annually). Of course, each payment is higher when you pay on a monthly basis.

Tax regulations do not permit you to receive the tax break as an annuitant that you receive as an employee under the pretax payment of health insurance premiums provided by the Postal Service.

Question 38. Will coverage I have under TRICARE/CHAMPUS count toward the FEHB five (5) year or first opportunity requirement?

Answer Yes, as long as you are covered under an FEHB enrollment at the time of retirement. In addition, you must have enrolled in the FEHB program within 60 days after you lost coverage under TRICARE/CHAMPUS* for it to be considered part of the continuous FEHB coverage.

*CHAMPUS is the former health care program established to provide health coverage for active duty family members and retirees and their family members. TRICARE replaced CHAMPUS in 1994. Benefits covered under CHAMPUS are now covered under TRICARE Standard.

Question 39. What happens if I cancel my health benefits enrollment when I retire?

Answer If you cancel your FEHB enrollment as an annuitant, you will NEVER be able to reenroll, unless you become reemployed in a position that conveys coverage, or you canceled your FEHB to enroll in a Medicare-sponsored health plan, Medicaid or TRICARE, and that coverage ends.

Question 40. If I cancel my FEHB enrollment to be under my spouse's FEHB enrollment, will I be able to re-enroll under my own coverage at a later date?

Answer Yes. As long as you are continuously covered under an FEHB enrollment, you remain eligible to make any of the same enrollment elections/changes that an active employee would be eligible to make.

Question 41. Will a period of health benefits termination due to leave without pay (LWOP) greater than 12 months count as a break in the continuous coverage necessary for continuing FEHB coverage into retirement?

Answer No. The termination of your health benefits due to 365 days in LWOP status is not considered a break in the continuous coverage necessary for continuing FEHB coverage into retirement. However, the period during which the termination is in effect does not count toward satisfying the required five (5) years of continuous coverage. In addition, to meet eligibility requirements, you must have re-enrolled within 60 days of returning to pay status.

Question 42. Where can I find more information on health insurance in retirement? (Updated

Answer If you are eligible for VER, you will receive further information from the HRSSC, which is your source for such information while you are an employee. To learn more about health insurance during retirement, the U.S. Office of Personnel Management (OPM—a separate government agency that administers the federal health insurance and retirement plans) provides extensive information. Do NOT call OPM. They cannot respond to questions from employees. Refer to OPM's website at www.opm.gov/insure/health.

Question 43 If I am not eligible to keep my FEHB for any reason, what are the options for continuing my health insurance coverage?

Answer You have two options, as follows:

- Convert to a nongroup contract (individual policy) with the carrier of the plan you are enrolled in at the time of your separation.
- Elect 18 months of coverage under the Temporary Continuation of Coverage (TCC) provisions of the FEHB Program.

The HR Shared Service Center will notify you that your group health insurance coverage will terminate and provide information about continuing your health insurance coverage beyond the 31-day temporary extension.

The 31-day temporary extension of coverage begins the day after your regular coverage ends. However, if you are confined to a hospital on the 31st day of the temporary extension, your benefits will continue during confinement up to a maximum of 60 more days, unless you convert to a nongroup (individual) policy. These temporary extensions of coverage are without cost to you, and they apply to all covered family members.

Question 44. How do I apply for an individual policy?

Answer When your enrollment terminates, the Postal Service must give you a notice of your right to convert to an individual policy on the SF 2810, *Notice of Change in Health Benefits Enrollment*. You should be provided with this notice immediately upon your enrollment termination, but no later than 60 days from the termination date.

To apply for conversion, complete the back of your copy of the SF 2810 and take or mail it to the carrier of your plan within 31 days from the date of the HR Shared Service's notice to you (part H of SF 2810), but no later than 91 days from the date your enrollment terminates (Part A, item 8 of SF 2810).

Question 45. How do I elect Temporary Continuation of Coverage (TCC)?

Answer You must complete and submit SF 2809, *Health Benefits Election Form*, to the HR Shared Service Center within 60 days of the following, whichever is later:

- The date of separation.
- The date you received notification from the HR Shared Service Center about options available for continuing your health insurance coverage.

Question 46. What plan choices do I have under Temporary Continuation of Coverage (TCC)?

Answer You may choose any FEHB plan, option, or type of coverage that you are eligible to select. A list of participating plans and corresponding monthly premium rates is provided in the RI 70-5, *Guide to Federal Benefits for TCC and Former Spouse Enrollees*, which is available from the HR Shared Service Center or online at <http://www.opm.gov/insure/health/planinfo/guides/index.asp>. If you elect TCC, you will be responsible for the full premium cost plus a two percent (2%) administrative surcharge.

Question 47. If I elect one of the options available for continuing my health insurance coverage, when is coverage effective?

Answer The effective date of coverage for both options is the day after the expiration of the 31-day temporary extension. When TCC expires after 18 months, you will be entitled to a free 31-day temporary extension of coverage for the purposes of converting to a nongroup contract (individual policy) with the plan.

Question 48. Where can I find more information on health insurance?

Answer For additional information, you may go online at <http://www.opm.gov/insure/health/> or

contact the HR Shared Service Center at 1-877-477-3273, option 5; TDD/TTY 1-866-260-7507.

FEDERAL EMPLOYEES DENTAL AND VISION INSURANCE PROGRAM

Question 49. Can I continue my dental and/or vision insurance (FEDVIP) coverage into retirement?

Answer There is no 5 year requirement for continuing your dental and/or vision insurance into retirement under the Federal Employees Dental and Vision Insurance Program (FEDVIP). If you have FEDVIP coverage when you retire, it will automatically continue into retirement, no matter how long you have had the coverage.

To be eligible to continue FEDVIP into retirement you must have retired with an immediate annuity (A FERS Minimum Retirement Age plus 10 annuity, postponed, counts as an immediate annuity.).

Question 50. Will my premiums change when I retire?

Answer No, your premiums or benefits will not change after retirement. Your premiums, however, will be post-tax and will be withheld from your monthly annuity. Pre-tax premiums, which reduce your cost, are available only to employees, not to annuitants, survivor annuitants or compensationers.

Question 51. Do I need to contact BENEFEDS to let them know that I have retired and FEDVIP premiums need to come out of my annuity payments instead of my Postal Service pay check?

Answer You are not required to contact BENEFEDS. However, you can speed up the process of having premiums withheld from your annuity (so you have to catch up on fewer premiums) by contacting BENEFEDS.

In most cases, changing from payroll deduction to annuity deduction is automatic, but may take one to three months to occur because premiums cannot be deducted from your annuity while you are receiving "special" or "interim" pay. Once your annuity is finalized, premium deductions will begin, assuming your annuity is sufficient to cover the premiums.

If you miss one or more premium payments before your annuity is final, BENEFEDS may send you a direct bill which you must pay. If you do not pay the bills, your coverage may be cancelled.

Question 52. If I'm not enrolled now, and I retire, can I enroll during retirement?

Answer Yes, you can enroll during an Open Season as an annuitant.

Question 53. What happens to my dental and/or vision insurance (FEDVIP) if I am involuntarily separated by the RIF and I'm not eligible for retirement with an immediate annuity?

Answer You cannot enroll or continue FEDVIP enrollment after you leave the Postal Service. There is no 31-day temporary extension of coverage or opportunity to convert to private coverage. Your coverage ends on the last day of the pay period in which you separate. If you are only eligible for deferred retirement (this means you cannot receive a retirement annuity immediately, but you can receive an annuity at a future date) you cannot enroll in or continue FEDVIP.

Question 54. How do I contact BENEFEDS and where can I find additional information about FEDVIP?

Answer You can find additional information at <https://www.benefeds.com> or by calling 1-877-888-FEDS (3337), TTY 1-877-889-5680.

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FEGLI)

Question 55. What will happen to my life insurance?

Answer You are eligible to continue your current life insurance coverage into retirement provided you meet the eligibility requirements of:

- (1) Retiring on an immediate annuity, and
- (2) Continuous coverage of each election in the FEGLI program for the five (5) years of service immediately preceding retirement or since your first opportunity to enroll if less than five (5) years), and
- (3) You did not convert to an individual life insurance policy.

Accidental death and dismemberment coverage ends when your employment ends.

After you make your life insurance election, you may have opportunities to reduce your coverage, but not to increase it. Employees who assigned their insurance or have taken living benefits may not reduce or cancel their coverage.

Question 56. Will my premium costs increase?

Answer Basic insurance: If you are eligible and continue your coverage, you will pay premiums, which will be withheld from your annuity, until after you turn 65. Then, if you elected the 75% Reduction, you will not pay any more premiums. If you elected 50% Reduction or No Reduction coverage, you will no longer pay your "regular" premiums for Basic insurance; however, you will continue to pay the extra premiums. You may compute the cost of your premiums on OPM's FEGLI Calculator at <http://www.opm.gov/calculator/worksheet.asp>.

Optional insurance: The cost of optional insurance depends on your age; see the Rates on the OPM website for information on what coverage costs enrollees. You may compute the cost of your premiums on OPM's FEGLI Calculator at <http://www.opm.gov/calculator/worksheet.asp>. When you reach age 65 or if you are age 65 or older when you retire, whether you continue to pay premiums depends on what reduction schedule you have chosen. Option A is free after you reach age 65; however it then starts to reduce at the rate of two percent (2%) per month until it reaches 25 percent (25%) of the pre-retirement amount or \$2,500.00. Option B and Option C are free if you choose the Full Reduction, but they begin to reduce at age 65 by 2 percent (2%) per month until they reach zero. If you elect No Reduction for your Option B and/or Option C coverage, then you continue to pay the premiums, which may increase based on your age group, and coverage continues unreduced until you die or change to Full Reduction. NOTE: Rates may change in the future.

Employees who assigned their insurance or have taken living benefits may not reduce or cancel their coverage.

Question 57. Will the life insurance coverage amounts change?

Answer Basic insurance: If you are eligible and continue your coverage, you elect a 75% Reduction, 50% Reduction or No Reduction in coverage. If you elect No Reduction, your

coverage stays the same; otherwise, it begins to reduce when you turn 65.

Optional insurance: If you are eligible and continue your coverage:

- Option A (Standard) continues until you turn 65, when it begins to reduce at the rate of two percent (2%) per month until it reaches 25 percent (25%) of the pre-retirement amount or \$2,500.00.
- You elect how many multiples of Option B (Additional) and/or Option C (Family) you wish to continue and whether you want a Full Reduction or No Reduction for your Option B and/or Option C coverage. With No Reduction, your coverage stays the same; otherwise, it begins to reduce when you turn 65.

Employees who assigned their insurance or have taken living benefits may not reduce or cancel their coverage.

Question 58. Will the SF 2823, *Designation of Beneficiary* form filed in my electronic Official Personnel Folder (eOPF) remain valid after I retire?

Answer Yes. Any valid designation on file in your eOPF will remain valid unless your annuity terminates or you change or cancel the designation. Changes or cancellations after retirement must be submitted directly to the U.S. Office of Personnel Management (OPM). You can review Standard Forms 2823 (if applicable) in your eOPF through *LiteBlue* at www.liteblue.usps.gov

Question 59. Where can I find more information on life insurance in retirement?

Answer If you are eligible for VER, you will receive further information from the HRSSC, which is your source for such information while you are an employee. To learn more about life insurance during retirement, the U.S. Office of Personnel Management (OPM - a separate government agency that administers the federal life insurance and retirement plans) provides extensive information. Refer to the OPM website: www.opm.gov/insure/life.

You may compute the cost of your premiums on OPMs FEGLI Calculator at www.opm.gov/calculator/worksheet.asp

Question 60. If I take the VER, I will not meet the five (5) year requirement to continue my FEGLI optional coverage. Can I convert this coverage to an individual policy?

Answer Yes. After you are separated, the HR Shared Service Center issues SF 2819, *Notice of Conversion Privilege, Federal Employee's Group Life Insurance Program*. This notice advises that your group life insurance coverage will terminate and gives you information about your right to convert to an individual direct-pay policy. However, if you have assigned your life insurance coverage to another party, only the assignee (or assignees) may convert the insurance coverage.

Question 61. How do I convert my life insurance to a nongroup contract?

Answer If you are eligible, complete the appropriate eligibility statement on SF 2819, *Notice of Conversion Privilege, Federal Employees' Group Life Insurance Program*, and mail it to the following address:

By regular mail:

OFGLI
P.O. Box 8149
Long Island City, NY 11101-8149
By overnight delivery:
OFGLI
FEGLI CONVERSION TEAM, 5th Floor
27-01 Queens Plaza North
Queens, NY 11101-4020

You must mail your eligibility statement within 31 days after either of the following, whichever is later:

- The date of separation.
- The date you received notification from the HR Shared Service Center about your right to convert.

Note: An individual policy will not include disability or accidental death or dismemberment benefits.

Question 62. How much will a nongroup life insurance contract cost?

Answer The premiums for a nongroup life insurance contract will be determined by the type and amount of the coverage and your age and class of risk on the day following termination of your group coverage. You will be responsible for the total premium cost of the nongroup life insurance contract.

Question 63. If I elect to convert to a nongroup life insurance contract, when will coverage begin?

Answer If you elect to convert to a nongroup life insurance contract, coverage and premium payments will be effective retroactive to the day after the 31-day temporary extension ended. Any insurance policy purchased under the conversion privilege is a private business transaction between you and the insurance company.

Question 64. Where can I find more information on life insurance?

Answer To learn more about life insurance refer to the OPM website: <http://www.opm.gov/insure/life>.

FEDERAL LONG TERM CARE INSURANCE PROGRAM

Question 65. Can I continue my long term care insurance into retirement?

Answer Retirement will not affect your FLTCIP coverage. Your coverage will remain in effect as long as you continue to pay premiums. If you pay your premiums through payroll deduction, you will need to contact Long Term Care Partners at 1-800-LTCFEDS (1-800-582-3337), TTY 1-800-843-3557 to make other billing arrangements. In most cases, you can have your premiums deducted from your annuity once it has been finalized.

Question 66. If I'm not enrolled now, and I retire, can I enroll during retirement?

Answer Yes, you can apply at any time after you retire.

Question 67. Are deferred annuitants eligible to apply?

Answer Yes. If you separate from service with title to a deferred annuity you can apply at any time. You do not need to wait until you are actually receiving your deferred annuity.

Question 68. What happens to my long term care insurance if I am involuntarily separated by the RIF and I'm not eligible for retirement?

Answer This will not affect your FLTCIP coverage. Your coverage will remain in effect as long as you continue to pay premiums. If you pay your premiums through payroll deduction, you will need to contact Long Term Care Partners at 1-800-LTCFEDS (1-800-582-3337), TTY 1-800-843-3557 to make other billing arrangements. You may also complete the [Billing Change Form](#) which can be found at <http://www.ltcfeds.com>.

Question 69. Where can I find additional information about FLTCIP?

Answer You can find additional information at <http://www.ltcfeds.com> or by calling Long Term Care Partners at 1-800-582-3337, TTY 1-800-843-3557.

THRIFT SAVINGS PLAN (TSP)

Question 70. If I retire under a VER, are there any special TSP advantages, penalties or rules?

Answer There are no differences in TSP provisions for retirement under VER versus separation or optional retirement. You will have the same withdrawal choices and tax consequences as any other separated or retired employee with the same separation or retirement date and age.

Question 71. If I retire under a VER, can I continue to contribute to TSP?

Answer No. Following retirement, you are not eligible to make additional contributions to or borrow money from your TSP account. You may continue to reallocate money among the TSP funds.

Question 72. If I retire under a VER, can I withdraw funds from my TSP?

Answer Yes. If you retire, you will receive extensive information regarding your TSP withdrawal options and also whether you may leave your money in TSP.

Question 73. How long will it take me to get my money from TSP?

Answer Withdrawal of funds may take at least two (2) months following separation and after the receipt of properly completed forms by TSP.

If you have an outstanding TSP loan, this would delay any TSP withdrawal because you cannot withdraw funds from your TSP account until you have repaid your loan in full or until your loan has been declared a taxable distribution.

Question 74. If I withdraw money from my TSP account, will I have to pay taxes?

Answer Yes. All persons, including those who retire under VER, will have to pay federal income taxes on any amounts withdrawn from TSP. Those taxes are due on both withdrawn TSP contributions and TSP earnings. After all, TSP is a tax-deferred savings plan, which means you didn't pay taxes when you contributed to your TSP account or on any earnings in the account.

Also, if you retire before the year that you reach age 55, then any amount that you withdraw from your TSP account before you reach age 59½ is subject to an early withdrawal penalty tax of ten percent (10%). However, this penalty tax does not apply to amounts received under certain withdrawal options, such as an annuity or rollover to an Individual Retirement Arrangement (IRA).

Question 75. Will I forfeit my agency automatic one percent (1%) contribution or earnings on those contributions, as a FERS covered employee, or am I vested?

Answer You will forfeit these amounts only if you have not completed a time-in-service requirement of three (3) years for FERS employees. Once you've completed the three years, you are vested. All employees eligible for VER are fully vested in their TSP contributions and the earnings on those contributions, including any agency automatic or matching contributions for FERS covered employees. All Postal Service and federal civilian service counts toward vesting, not just service while you are a TSP participant.

Question 76. Will I forfeit my employee contributions, or agency matching contributions, or earnings on those contributions, as a FERS covered employee, or am I vested?

Answer As a FERS employee, you will never forfeit these amounts. You are immediately vested in your own contributions and in any earnings that accrue. You are also immediately vested in Agency Matching Contributions and any earnings that accrue.

Question 77. Will I forfeit my employee contributions or earnings on those contributions as a CSRS covered employee, or am I vested?

Answer As a CSRS employee, you will never forfeit these amounts. You are immediately vested in your own contributions and in any earnings that accrue.

Question 78. I only have a small amount in my TSP account. Do I have any options concerning these monies?

Answer If your vested account balance is less than \$200 when you retire, the TSP will automatically send you a check for the amount in your account. The check will be mailed to the address in your TSP account record. You cannot leave this money in the TSP or make any other withdrawal election.

Question 79. Does my spouse have any rights concerning how I withdraw my TSP funds?

Answer Your spouse does have certain rights as explained in TSP materials you will receive.

Question 80. What happens if I have a TSP loan and I retire?

Answer Your loan must be closed in one of the following ways within approximately 90 days of the Postal Service reporting your separation to TSP:

- You prepay your loan in full; or
- You partially prepay your loan, and you receive a taxable distribution on the reduced outstanding balance; or
- You receive a taxable distribution of the entire outstanding loan balance.

Note: TSP cannot process a withdrawal from your TSP account until your loan has been closed.

The Postal Service will report to TSP that you have ended your Postal Service employment. Then, TSP will mail you a notice with instructions. If TSP does not receive payment in full from you for your loan by the required date shown on the notice, TSP will declare a taxable distribution of your loan (this is reported to the IRS). If a taxable distribution is declared on any portion of your outstanding loan amount, you may be subject to the IRS 10 percent (10%) early withdrawal penalty tax, unless you separate or

retire or resign in the calendar year that you are age 55 or older.

Question 81. Where can I find more information about TSP?

Answer If you are eligible for VER retirement, you will receive further information from the HRSSC, which is your source for such information while you are an employee. After you separate, you must contact the TSP Service Office for assistance with your TSP account or if you have TSP questions. It is extremely important to inform the TSP Service Office of any changes in your address. A change of address form is included in the withdrawal package sent to you by the HR Shared Service Center. Contact the TSP Service Office at 1-877-968-3778, TDD (for deaf and hard of hearing participants) use 1-877-847-4385; or access the TSP website at www.tsp.gov

FLEXIBLE SPENDING ACCOUNTS (FSA)

Question 82. As an FSA participant what happens to my FSA if I retire? (Updated 05/09/2012)

Answer You may request payment only for the eligible expenses of services or items received up to and including your retirement date. Any services or items received after that date are not eligible for payment except as explained in the next paragraph. (The deadline for submitting FSA claims does not change. Claims are still processed if received by the FSA Customer Service Center by September 30 of the year following the plan year.)

However, if you retire on December 31, you are eligible for the 2½ month FSA Grace Period following the plan year, which is from January 1 through March 15. If you still have funds left in your FSA, you can claim eligible expenses for services or items received during the Grace Period, but only if your retirement date is December 31.

Question 83. Can I still file FSA claims if I retire?

Answer Your deadline for submitting FSA claims does not change – they will be processed if they are received by September 30 of the year after the plan year.

Question 84. Will I still have to pay the full contribution that I pledged if I retire?

Answer If you are enrolled in FSA, you must pay a full pay period contribution for any pay period during which you are on Postal Service rolls. If you are on Postal Service rolls even for only the first day of a pay period, you will still have to pay your full FSA contribution for that pay period. (The payroll system does not prorate your FSA contribution.)

The collection of FSA contributions (including the collection of missed contributions) relates strictly to the amount of the contributions you were scheduled to make each pay period while you were an FSA participant. What you actually claim, whether it is more or less than what you were scheduled to contribute each pay period while you were an FSA participant, does not affect what you must pay in contributions.

If you missed contributions you were scheduled to make from your paychecks because you were on Leave Without Pay (LWOP) or had low pay, you must make up the missed contributions. If you missed contributions, you cannot reduce what you owe by not filing claims. These rules apply to any type of separation, including a VER.

Question 85. Can I continue my FSA account coverage into retirement? ()

Answer The Postal Service FSA program is not available to you as an annuitant. (Under Internal Revenue Service (IRS) tax rules, all employers may only make FSAs available to employees, not retirees.) However, as noted above, your deadline for submitting FSA claims does not change—they still will be processed if they are received by September 30 of the year after the plan year.

LEAVE

Question 86. If I separate from the Postal Service under a VER, what will happen to my accumulated sick leave?

Answer No payments are made for accumulated sick leave.

- **CSRS/CSRS Offset Covered Employees:** The years of service used to compute the annuity are a combination of creditable Federal Service and Postal Service + unused sick leave hours converted to creditable service. Sick leave is used in the annuity computation, but cannot be used to meet the service credit eligibility requirements for VER.
- **FERS Covered Employees with a Frozen CSRS Component:** The National Defense Authorization Act (NDAA) allows credit for FERS sick leave. If your retirement is effective after December 31, 2013, one hundred percent (100%) of your accrued unused sick leave hours accumulated during service covered by FERS will be added to your total service for purposes of computing the FERS-related portion of your annuity. You still receive 100% credit for earned unused sick leave from your CSRS-covered service no matter when you retire. Sick leave is used in the annuity computation, but cannot be used to meet the service credit eligibility requirements for VER.
- **FERS Covered Employees:** The National Defense Authorization Act (NDAA) allows credit for sick leave. If your retirement is effective after December 31, 2013, one hundred percent (100%) of your accrued unused sick leave hours will be added to your total service for purposes of computing your annuity. Sick leave is used in the annuity computation, but cannot be used to meet the service credit eligibility requirements for VER.

Question 87. If I separate from the Postal Service under a VER, what will happen to my earned and unused annual leave?

Answer You may be eligible for a lump sum payment of accumulated annual leave carried over from the previous year (annual leave earned and unused in the current year, including amounts over the carryover maximum; as well as any unused donated leave), and, for full-time and part-time regular employees, holidays that fall within the terminal leave period. (Ref: ELM 512). Note: Annual leave in excess of the carryover limit cannot be carried forward in the next leave year.

Question 88. If I separate from the Postal Service under a VER and have earned and unused annual leave, will I be paid holiday leave for any holidays which occur after my separation date but before my annual leave would be exhausted?

Answer Yes. Annual leave is spread over the appropriate number of days following your separation date and extended one day for each postal holiday which occurs during that time period. For example, if you have 160 hours of earned and unused annual leave and two holidays would occur in the four weeks (40 hours per week) after the date of your separation, you would receive terminal leave pay for 176 hours (160 hours of earned and unused annual leave plus 16 hours of holiday leave).

Question 89. What effect will participation in the Annual Leave Exchange Program have on my terminal leave payment?

Answer As stated in the letters notifying individuals of their eligibility to participate in the Annual Leave Exchange Program:

"When an employee retires or separates from the Postal Service before earning sufficient leave to cover the amount exchanged, the excess leave exchanged will be offset against the previously accumulated leave balance when calculating the employee's terminal annual leave payment."

Question 90. **If I separate from the Postal Service under a VER, what will happen if I am indebted to the Postal Service for unearned annual or advanced sick leave?**

Answer If you are indebted to the Postal Service for unearned annual or advanced sick leave, you must refund the amount paid for the unearned leave. If you do not refund the amount of the indebtedness, deductions will be made from any funds that you are due upon your separation.

SEVERANCE PAY

Question 91. **If I separate from the Postal Service under a VER, am I entitled to severance pay?**

Answer No. If you voluntarily retire from the Postal Service, you are not entitled to severance pay.

UNEMPLOYMENT COMPENSATION

Question 92. **If I separate from the Postal Service under a VER, can I apply for unemployment compensation?**

Answer Yes. At the time of retirement, you will receive an SF-8, Notice to Federal Employees About Unemployment Insurance, advising you of your right to file a claim for unemployment compensation. While any employee who is separated may apply for unemployment compensation, most states exclude from eligibility those applicants who have voluntarily retired from employment. Furthermore, Federal law requires states to reduce the weekly unemployment amount by the weekly amount of any government or other pension, retirement, or retired pay.

COMMUTER PROGRAM

Question 93. **Can I make commuter purchases if I retire from the Postal Service?**

Answer The Commuter Program is a commute-to-work program. If you retire or otherwise separate from the Postal Service, you cannot make an election and no further purchases will be processed for you. Mass transit passes or tickets, vanpool vouchers or passes, or parking you purchased before you retired or separated will be provided as scheduled. You cannot receive a refund.