



## Retirement Assistance Center VBA Retirement Information Training Frequently Asked Questions (FAQ)

This document provides a list of frequently asked questions and answers to help guide you through the retirement process.

### Question 1: How many sources of retirement income are there?

**Answer:**

There are three sources of retirement income.

The first source of income is the Federal Retirement Annuity which comes from the Office of Personnel Management (OPM).

The second source of income is the Social Security Retirement Benefit which comes from the Social Security Administration (SSA).

The third source of income is the Thrift Savings Plan (TSP). After retirement, you will coordinate with TSP to access those funds in a manner that meets you and your family's needs to receive those funds.

### Question 2: How many types of Federal Retirement (Systems) (FERS) are there?

**Answer:**

There are three types of FERS retirement systems. These systems became effective in different years. FERS regular began January first, 1987, and the contribution is the smallest amount at 0.8 percent; FERS-RAE is higher at 3.1 percent, and finally, the famous FERS-FRAE is the highest at 4.4 percent.

### Question 3: How are employees eligible for voluntary or optional retirement?

**Answer:**

Employees must have the number of required years of service and age and must have both to retire. OPM will use age and years of service to determine your creditable service and eligibility to compute your retirement annuity.



## Retirement Assistance Center VBA Retirement Information Training Frequently Asked Questions (FAQ)

Question 4: What does deferred, or postponed retirement refer to?

**Answer:**

Deferred or postponed retirement is a delay in the commencement of retirement annuity. It largely depends on the number of years of service upon separation by other than retirement and or involuntary separation due to conduct. This is really a resignation. With a deferred or postponed retirement, you are resigning because you haven't met the requirement of years and age. The benefits team can help you determine how much time you have, how much time you'll need to wait to receive your deferred or postponed benefit, and how much you should anticipate receiving. It allows individuals contemplating resigning to make an informed decision regarding retirement benefits.

Question 5: How does an employee qualify for a disability retirement?

**Answer:**

You must meet the following conditions to be eligible for disability retirement:

You must have completed at least 18 months of federal service which is creditable under the Federal Retirement System (FERS).

The disability must be expected to last for at least a year

Your agency must certify that it is unable to accommodate for disabling medical condition in your present position.

An active employee must apply through the Retirement Assistance Center

An in-active employee must apply directly through OPM

You must apply for social security disability benefits and provide written documentation of the application

You can't submit an application without medical documentation, it will be disallowed by OPM

Please feel free to contact the retirement or benefits team to request retirement information you will need to know about as you move forward in your Federal career.



## Retirement Assistance Center VBA Retirement Information Training Frequently Asked Questions (FAQ)

### Question 6: What are the requirements for retirement?

#### **Answer:**

It's important to note that eligibility is determined by your age and number of years of creditable service. In some cases, you must have reached a specific age, often referred to as the Minimum Retirement Age (MRA), to receive retirement benefits. There are different MRA requirements depending on the year you were born. That information will be covered later.

If you retire at the MRA with at least ten but less than thirty years of service, your benefit will be reduced by 5 percent a year for each year you are under age sixty-two unless you have twenty years of service.

MRA+10 - If you have ten or more years of service, you can retire at your MRA. Under this type of retirement, your annuity will be reduced for each month that you are under age sixty-two. The reduction is 5 percent per year (5/12 of a percent per month). However, your annuity will not be reduced if you completed at least thirty years of service, or if you completed at least twenty years of service and your annuity begins when you reach age sixty.

Deferred Retirement refers to a delayed payment. If you leave Federal Service by resigning before you meet the age and service requirements for an immediate benefit, you may be eligible for deferred benefits. OPM need to be contacted for a deferred retirement and not the Retirement Assistance Center. You are eligible for a deferred annuity if you meet one of the following age and service requirements:

- You have completed at least five years of creditable civilian service, then you are eligible for a deferred annuity beginning the first day of the month after you reach age sixty-two.
- You have completed at least ten years of creditable service, including five years of civilian service, then you are eligible for a deferred annuity beginning the first day of the month after you reach the MRA.

There is no age requirement to apply for disability retirement however, there is a requirement that you work for the Federal Government at least eighteen months before applying.



Retirement Assistance Center VBA Retirement Information Training  
Frequently Asked Questions (FAQ)

Question 7: What is creditable civilian service?

**Answer:**

Any Federal covered service in which an employee paid into the Federal Retirement Annuity (FERS) retirement system.

Question 8: How can I make a deposit?

**Answer:**

Making these deposits or redeposits will need to be coordinated through the retirement or benefits team. We will provide an estimate of what it will cost to make a deposit or redeposit for that time and provide the application to OPM. It typically takes four to six months to complete the process. OPM will mail invoice directly to you at your home address that you will provide for the application. VA does not take any payments for these deposits or redeposits that must be paid directly to OPM, who will provide you with the payment instructions when they complete the application.

Question 9: What is an annuity computation?

**Answer:**

The first source of income is the Federal Retirement Annuity which comes from the OPM.

FERS basic annuity is based on a percentage of the high 3-year average salary (three consecutive years) and does not include bonuses, overtime, allowances, special pay for recruiting and retention purposes.

Percentage is determined by the amount of creditable service and the appropriate annuity formula.

This is an example to provide an idea of an annuity a retiree will receive.

For employees who are under the age of sixty-two and have at least twenty years their retirement will be figured out by the following formula:

**1percent (.01) X (high-3 average salary) X (years of service) divided by 12 (monthly payments)**

**Example 1:**

Harriett is 61 years old; her high-3 average salary is \$50,000.

Calculate her basic annuity pay by using the formula.

$0.1 \times \$50,000 = \$500$



## Retirement Assistance Center VBA Retirement Information Training Frequently Asked Questions (FAQ)

$\$500 \times 20 = \$10,000$

$\$10,000$  divided by 12 = \$833 a month

Harriet would receive \$833 a month for her basic annuity pay.

This next example is for an employee who is sixty-two years or older. There is a misconception by employees that they are required to wait until age sixty-two to retire. Employees are not required to retire at age sixty-two; however, it is popular if they want the 1.1 percent computation used for the retirement annuity rather than the 1 percent used for those below age sixty-two.

For employees who are age 62 or older and have at least 20 years or more of service, their retirement will be figured out by the following formula:

**$1.1\% (.011) \times (\text{high-3 average salary}) \times (\text{years of service})$  divided by 12 (monthly payments)**

### **Example 2:**

James is 65 years old; his high-3 average salary is \$50,000.

Calculate his basic annuity pay by using the formula.

$0.11 \times \$50,000 = \$550$

$\$550 \times 20$  (years of service) = \$11,000

$\$11,000$  divided by 12 (monthly payments) = \$916 a month

James would receive \$916 a month for basic annuity pay.

**Question 10: Can you retire any day of the month?**

### **Answer:**

Of course, you can however, the time prior to the end of the month won't count toward your annuity which won't begin until the first day of the next month. This also may cause delayed receipt of your interim pay. The retirement specialist will always advise to pick last day of the month but will honor the wishes of employees to choose any day of the month to retire.

### **Example:**

James retires on 08/31/2022 and his annuity begins 09/01/2022.



**Retirement Assistance Center VBA Retirement Information Training**  
**Frequently Asked Questions (FAQ)**

**Question 11: What is Social Security (SS)?**

**Answer:**

SS is something we all earn as workers. You need to earn at least forty credits, which equals ten years of work to qualify for a retirement benefit. This tends to happen for most workers in their 20s as they continue to work and contribute toward SS. As FERS employees, we are automatically placed into SS system so we will have that second leg of retirement income when we retire.

**Question 12: How is life insurance calculated?**

**Answer:**

Basic insurance is your basic pay rounded up to the next thousand plus \$2,000. Option A Standard is always \$10,000. Option B Additional is your salary times the number of options you selected. Option C Family is for your children (up to age twenty-six) and your spouse.

**Question 13: Will the annual pay leave payment be all hours, cash, and taxed?**

**Answer:**

It will be a lump sum payment and will be taxed. Look at the example. The employee had 150 hours of unused annual leave at the time of retirement, and it was estimated they would receive gross payment of \$5,710. When you retire, there is a wait time of 2-3 months (or longer, depending on your situation) before receiving your full retirement annuity from OPM. Having this annual leave payment provides a cushion of available funds until your retirement is completely adjudicated by OPM.

**Question 14: When is the best time to request an estimate?**

**Answer:**

When you are at least 5 years away from retirement eligibility in order to receive an accurate estimates that are longer then 5 years away will not give a true picture of what your benefits will be



## Retirement Assistance Center VBA Retirement Information Training Frequently Asked Questions (FAQ)

Question 15: One year of retirement what do I need to do?

**Answer:**

Attend a Retirement training on TMS if you have already done so

Request a retirement estimate

Review your eopf for any inconsistencies

Request a Paid-In-Full memo for Military Deposits or receipts for any paid civilian deposits

Question 16: What can I expect after retirement?

**Answer:**

The last check and annual leave payout will be received via DFAS . OPM will provide a CSA number via U.S. Mail and a temporary password for the Retirement Services Online website so that retirees can manager their retirement online. This usually happens 6-10 weeks after their retirement. You can expect to receive your first monthly annuity 60-90 days after your retirement. Retirees can call OPM at 888-767-6738

Question 17: Can I still use MyPay after I retire?

**Answer:**

OPM adjudicates and finalizes your retirement application, and you will receive a PIN number to utilize your CSA number for Identification. OPM has services online similar to MyPay.

Retirement Services Online have the options below

1. Get your monthly annuity payment statement to verify your income
2. Get your annual summary of payment
3. Verify life insurance enrollment (FEGLI)
4. Get you 1099-R tax form
5. Change your federal and state income tax withholding
6. Check your interim retirement pay status
7. View or print your retirement card
8. Start or change direct deposit
9. Start or change a checking or savings account allotment
10. Start or change allotment to an organization
11. Request a copy of your annuity booklet
12. Update your profile and contact information
13. Change your mailing address



**Retirement Assistance Center VBA Retirement Information Training**  
**Frequently Asked Questions (FAQ)**

**Question 18: What is needed to start a Military Service Deposit (MSD)**

**Answer:**

You will need a copy of the DD214 (member copy 4) and estimated earnings during Military Service depicting your character of service as honorable. The Retirement Center needs the DD214 to match the estimated earnings.

**Question 19: Can I change my mind after paying my military deposit and receive a refund?**

**Answer:**

The military service deposit is fully refundable.