



Department of the Navy Civilian Benefits Center

Benefits Information For Employees Applying For a Voluntary Early Retirement (VERA) and/or Voluntary Separation Incentive Pay (VSIP)

Comprehensive information about the benefits and retirement is available on the Department of the Navy Office of Civilian Human Resources Portal at <https://portal.secnav.navy.mil/orgs/MRA/DONHR/Benefits/>. You must use your Department of Defense (DoD) Common Access Card (CAC) and be behind a .mil, .edu or .gov environment to access the Web site. When prompted, use your email certificate.

If you have any questions, please call the Benefits Line at 888-320-2917 from 7:30 a.m. - 7:30 p.m., Eastern Time, Monday – Friday. The TTY number is 866-359-5277.

You may also email your questions to navybenefits@navy.mil. You must include your full name, pay plan, grade, and contact telephone number but please do not include Privacy Act Information such as date of birth or Social Security number.

Retirement Eligibility

An employee who meets all of the following conditions may apply for retirement:

1. **Minimum Age and With Years of Creditable Service.** The age and service requirements for optional Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) retirement eligibility are listed below. An activity must have Voluntary Early Retirement Authority (VERA) before an employee can retire with the age and years of service listed under the VERA column.

CSRS			
Optional		VERA	
Age	Service	Age	Service
62	5 years	50	20 years
60	20 years	Any	25 years
55	30 years		

FERS			
Optional		VERA	
Age	Service	Age	Service
62	5 years	50	20 years
60	20 years	Any	25 years
MRA*	30 years		
MRA*	10 years		

*FERS employees can retire as soon as they reach the Minimum Retirement Age (MRA) and have 10 years of service. The MRA varies according to the employee's year of birth. Refer to the chart below to determine MRA.

If year of Birth is	The Minimum Retirement Age is	If Year of Birth is	The Minimum Retirement Age is
Before 1948	55 years	1965	56 years and 2 months
1948	55 years and 2 month	1966	56 years and 4 months
1949	55 years and 4 months	1967	56 years and 6 months
1950	55 years and 6 months	1968	56 years and 8 months
1951	55 years and 8 months	1969	56 years and 10 months
1952	55 years and 10 months	1970 and after	57 years
1953-1964	56 years		

2. **Minimum Years of Civilian Service.** CSRS and FERS employees must have at least 5 years of creditable civilian service to be eligible for voluntary retirement.
3. **Separate From A Covered Position.** CSRS and FERS employees must separate from a position covered by retirement deductions.

4. One-Out-Of-Two Requirement. A CSRS employee must be covered by CSRS for at least 1 year within the 2-year period immediately preceding the separation on which the annuity is based. This requirement does not apply to FERS employees.

Voluntary Separation Incentive Pay (VSIP)

If you are authorized a VSIP, the amount is calculated based on the severance pay formula, reduced by the amount of severance pay previously received. The VSIP amount cannot exceed \$25,000 (before taxes and deductions).

You can view your VSIP entitlement by accessing the Total Workforce Management System (TWMS) at <https://twms.navy.mil/>. Select the Benefits/Leave Info tab on the left-hand side of the page. Your VSIP entitlement is listed at the bottom of the page on the right-hand side. Remember, if you were paid severance in the past, this may reduce the amount of your VSIP. If you have previously received severance pay, please notify your Command or Human Resources Office representative to request a VSIP calculation. The Civilian Benefits Center (CBC) will recalculate the amount.

VSIP payments are taxable income and can be paid in a lump sum or in installments. If you are approved for VSIP you must elect a payment option. If you elect a lump sum payment, you can expect the amount to be paid within one or two pay dates after your separation date.

Retirement Annuity Computation

Three factors affect the amount of a retirement annuity computation:

- Years of creditable service for retirement;
- High-3 average salary; and
- General formula based on the retirement plan

Years of Creditable Service For Retirement

Civilian Service. All civilian service performed as a Federal employee is potentially creditable toward retirement. Periods of service where retirement deductions were not withheld (deposit service) or withheld and refunded (redeposit service) may be creditable toward retirement. The requirements for crediting deposit/redeposit service toward retirement depend upon the employee's retirement plan and the date the service was performed.

Deposit Service

CSRS Deposit Service		FERS Deposit Service	
Service Performed Before 10/1/1982	Service Performed on or After 10/1/1982	Service Performed Before 1/1/1989	Service Performed on or After 1/1/1989
<p>Service is creditable for meeting retirement eligibility</p> <p>Service is creditable for computing annuity <i>but</i> if you don't make the deposit, the annuity is reduced by 10% of the amount of deposit due</p>	<p>Service is creditable for meeting retirement eligibility</p> <p>Must make deposit to include this service in computation of retirement annuity</p>	<p>Must make a deposit to include this service for retirement eligibility and computation of retirement annuity</p>	<p>This service is not creditable toward years of service for retirement eligibility or computation of retirement annuity. You cannot make a deposit.</p>

Redeposit Service

CSRS Redeposit Service	
Service Performed Before 3/1/1991	Service Performed on or After 3/1/1991
<p>Service is creditable for meeting retirement eligibility</p> <p>Service is creditable for computing annuity <i>but</i> if you don't make the deposit, the annuity is actuarially reduced based on amount of deposit, interest due and employee's age at retirement</p>	<p>Service is creditable for meeting retirement eligibility</p> <p>Must make deposit to receive credit in computation of retirement annuity</p>

FERS Redeposit Service
Service Performed at Anytime
<p>Service is creditable for meeting retirement eligibility</p> <p>Must make deposit to receive credit in computation of retirement annuity</p>

Honorable Active Duty Military Service. All honorable active duty military service is potentially creditable toward retirement. Receipt of military retired pay will bar credit of most military service unless military retired pay is waived. An exception to waiving the retired military pay is if the retired military pay is based on a combat disability or reserve service.

Active military service performed before January 1, 1957 is creditable toward retirement without a deposit.

The rules for crediting active military service performed after January 1, 1957 depend upon the employee's retirement plan and for CSRS employees, the date first hired in a retirement covered position and whether the employee is eligible for Social Security at age 62. If a deposit is required it must be paid to your payroll office before the Office of Personnel Management (OPM) finalizes the retirement application.

CSRS Military Service		
First Hired in a Covered Position Before 10/1/1982 and <i>Eligible</i> for Social Security at Age 62	First Hired in a Covered Position Before 10/1/1982 and <i>Not Eligible</i> for Social Security at Age 62	First Hired in a Covered Position After 10/1/1982
<p>Service is creditable for meeting retirement eligibility and annuity computation until age 62 without a deposit</p> <p>Must make a deposit (prior to retirement) to credit the service toward annuity computation after age 62</p>	<p>Service is creditable for meeting retirement eligibility and annuity computation without a deposit</p>	<p>Must make a deposit to include this service for meeting retirement eligibility and computation of retirement annuity</p>

FERS Military Service
Hired Anytime
<p>Must make a deposit to include this service for meeting retirement eligibility and computation of retirement annuity</p>

Unused Sick Leave

Unused sick leave is included in the computation of retirement annuity. Sick leave cannot be used to meet years of service for retirement eligibility. Any unused sick leave is converted to years and months of service and added to any creditable civilian and military service for retirement annuity computations.

High 3 Average Salary

High 3 average salary is the average basic pay during any consecutive 3-year period of creditable civilian service. Generally, the final 3 years of service include the highest pay, but pay from an earlier period can be used if it was higher. Basic pay includes locality pay, night differentials for wage grade employees, premium pay for firefighters and law enforcement officers. Basic pay does not include bonuses, allowances, overtime, or night differentials for general schedule employees.

General Formula

The general formula for computing the retirement annuities for most CSRS and FERS employees is listed below. The computation formula is different for some employees such as law enforcement officers, and firefighters.

CSRS General Formula

1.5%	X	first 5 years of creditable service	X	high 3 average salary; plus
1.75%	X	next 5 years of creditable service	X	high 3 average salary; plus
2.0%	X	all years and months over 10 years	X	high 3 average salary

FERS General Formula

1%	X	years of creditable service	X	high 3 average salary
1.1%	X	years of creditable service	X	high 3 average salary (If employee is age 62 and has at least 20 years of service)

FERS Annuity Supplement. The FERS annuity supplement is paid in addition to gross monthly FERS annuity benefits. It represents what you would receive for your FERS civilian service from the Social Security Administration (SSA) and is calculated as if you were eligible to receive SSA benefits on the day you retired.

If you retire voluntarily on an immediate annuity which is not reduced for age, you may be eligible for the annuity supplement, in addition to your regular monthly FERS benefit. You may also receive the supplement if you retired involuntarily (Discontinued Service Retirement) before attaining your MRA or voluntarily (Voluntary Early Retirement Authority) because of a major reorganization or reduction in force. However, you will not be eligible for the annuity supplement until you reach your MRA. If you receive a deferred benefit, a disability benefit or an immediate MRA+10 benefit, you will not be eligible for the annuity supplement.

The supplement stops at age 62 even if you are not eligible (or don't apply) for Social Security. Like Social Security benefits, the supplement is subject to an earnings test, which means the supplement is reduced if your income from earnings or self-employment is higher than an allowable amount.

Annuity Reductions

After an annuity is computed based on creditable service, high 3 average salary and the general formula, the annuity may be reduced based on the following factors.

1. Reduction For Age At Retirement

CSRS Annuity Reduction if Under Age 55. For CSRS and/or CSRS Offset employees retiring under VERA, the annuity is reduced 1/6th of 1% for each full month (2% per year) that the employee is under age 55 at time of retirement. This is a permanent reduction and will not change when the retiree reaches age 55. An employee who transferred to FERS and has a portion of the retirement annuity computed under CSRS rules will have the reduction attached to the CSRS portion of the annuity.

FERS Annuity Reduction if Under Age 62. FERS employees who retire under VERA do not have a reduction for age.

If a FERS employee retires under early deferred or MRA + 10 provisions, annuity benefits will be reduced 5/12ths of 1% for each full month (5% per year) the employee is under age 62 at the commencing date of the annuity. This is a permanent reduction. Employees can avoid this reduction by electing to postpone receipt of a retirement annuity until age 62.

2. Reduction For Deposit Service (CSRS Only). If a CSRS employee owes a deposit for service performed prior to October 1, 1982, the annuity will be reduced 10% of the amount of the deposit due.

3. Reduction To Provide Survivor Benefit For Current Spouse/Former Spouse

CSRS. CSRS employees can elect a survivor benefit based on the entire amount of their annuity or a lesser amount. The survivor receives 55% of the selected base amount. If the employee elects less than the maximum survivor benefit, the spouse must consent to the election and the form must be notarized.

The cost to provide a survivor benefit is 2 1/2% of the first \$3,600 elected as the base for the survivor benefit plus 10% of the amount over \$3,600 elected as the base for the survivor benefit.

FERS. FERS employees can elect a survivor benefit based on the entire amount of their annuity or 50% of their annuity. The survivor receives 50% of the selected base amount. If the employee elects less than the maximum survivor benefit, the spouse must consent to the election and the form must be notarized.

The cost to provide a full survivor benefit is 10% of the annuity.

4. Reduction To Provide Survivor Benefit To A Person With An Insurable Interest. CSRS and FERS employees can elect to provide a survivor benefit for an individual who may reasonably expect to derive financial benefit from his/her continued life. (Usually a close relative other than the spouse). The employee must provide documentation of good health to choose this type of annuity. The amount of the reduction in annuity (between 10% and 40%) will depend upon the difference between the employee's age and the age of the person named as the survivor annuitant. The survivor's rate will be 55% of the employee's reduced annuity.

5. Reduction For Redeposit Service (CSRS only). If a CSRS employee owes a redeposit for service that ended before March 1, 1991, the annuity will be actuarially reduced based on the amount of deposit, interest due and employee's age at retirement

Additions To Annuity

Voluntary Contributions. A CSRS employee who has made Voluntary Contributions to the CSRS may use those contributions at the time of retirement to purchase additional annuity. Voluntary Contributions are not contributions to the Thrift Savings Plan, but additional payments made to the CSRS. The employee is entitled to an additional annuity of \$7 per year for each \$100 in his/her Voluntary Contribution account, plus 20 cents for each full year he/she is over age 55 at the time of retirement.

Withholdings From All Annuities

1. Federal income taxes. OPM will automatically withhold federal income taxes from your retirement annuity at the rate you established as an employee. A calculator for federal tax withholdings is available on the OPM website at http://apps.opm.gov/tax_calc/withhold_calc/index.cfm. You can calculate the tax-free portion of your annuity by using the calculator at http://apps.opm.gov/tax_calc/index.cfm. The Medicare tax that is currently being withheld from your pay will not be withheld from your retirement annuity.

Note: Upon request, OPM will withhold state taxes from your annuity if your state has a reciprocal arrangement with OPM. Information about participating states is available on the OPM website at <http://www.opm.gov/retire/html/library/taxlist.asp>.

2. **Health insurance premiums.** The FEHB premiums for annuitants are the same as for active employees, except the premiums are on a monthly vice bi-weekly basis.
3. **Life insurance premiums.** The cost of FEGLI as an annuitant depends upon how much coverage you elect to continue into retirement.

How to Receive an Estimate of Your Retirement Annuity

If your command has been authorized approval for a VERA and/or VSIP, you will receive a "Request for Annuity Computation During a VERA" if you are an approved recipient. The form will contain guidance to include the window of dates for submitting the form to the CBC, as well as where to fax the form.

Continuation Of Health Insurance

If Retiring. To continue Federal Employees Health Benefits (FEHB) into retirement an employee must normally have been enrolled in an FEHB plan at the time of retirement and covered under a federal plan for the 5 years immediately preceding retirement or since the earliest opportunity to enroll, if less than 5 years. Coverage under TRICARE (CHAMPUS) is creditable toward the 5-year requirement for coverage under a federal plan; however the employee must be enrolled in FEHB at the time of retirement.

OPM has granted pre-approved waivers of the 5-year requirement for Department of Defense (DoD) employees covered under the FEHB program who:

- Have been covered under the FEHB program continuously since 1 October of the fiscal year in which retiring; and
- Retire during the DoD VERA and VSIP period; and
 - Receive a VSIP, or
 - Takes an early optional retirement; or
 - Takes a discontinued service retirement based on an involuntary separation due to Reduction in Force, directed reassignment, reclassification to a lower grade, or abolishment of position.

The cost of FEHB after retirement is the same as that paid by active civil service employees. The premiums are withheld from the retirement annuity on a monthly basis rather than bi-weekly.

For your spouse to continue your health benefits enrollment after your death you must have been enrolled for Self and Family at the time of your death; and you must have elected at least a minimum survivor annuity.

If Resigning. Health benefits coverage will continue for 31 days after the date of resignation at no cost to the employee. Employees will have the opportunity to convert to an individual policy and may elect Temporary Continuation of Coverage (TCC) for up to 18 months of coverage. Under TCC, employees must pay the full premium, which includes the employee and government share, plus a 2% administrative charge. Employees who voluntarily resign from a surplus position and elect TCC will have to pay only the employee's share of the premium.

Continuation Of Life Insurance

If Retiring. To be eligible to continue Federal Employees' Group Life Insurance (FEGLI) after retirement you must:

- Retire on an immediate annuity,

- Be insured on the date of retirement,
- Be insured 5 years prior to the date of retirement or since first opportunity to enroll, and
- Not convert to an individual policy

Basic Life Insurance. Unless you choose otherwise, your Basic Life Insurance will begin to reduce at the end of the month after the month that you reach age 65 (or when you retire, if later). As a retiree, you have three options:

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

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

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

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

Option A - Standard. This option reduces by 2% of the pre-retirement amount per month until it reaches 25% of the pre-retirement amount effective at the end of the month after the month that you become age 65. After age 65, no withholdings are required.

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

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

You must make an election at the time of retirement regarding the amount of FEGLI coverage that you want to have after age 65. You can calculate the cost and value of FEGLI coverage after retirement using the OPM FEGLI calculator at <http://www.opm.gov/calculator/worksheet.asp>.

If Resigning. FEGLI coverage is terminated on the effective date of resignation. Coverage will continue for 31 days after the effective date of resignation at no cost and the employee will have the opportunity to convert to an individual policy during this 31-day period. Note that life insurance coverage under FEGLI has no cash value.

Thrift Savings Plan (TSP)

After separation, employees may not make contributions to TSP; however, interfund transfers are allowed. When the TSP Service Office receives information about a separation (and the account balance is \$200 or more), they will send the employee current account and withdrawal information and a tax notice (unless the TSP has already received a withdrawal election from the employee). Additional information about TSP withdrawals after leaving federal service is available at <http://www.tsp.gov/forms/tspbk02.pdf>.

The Retirement Process

The Employee:

1. Downloads the retirement application from the Office of Civilian Human Resources Portal at <https://portal.secnav.navy.mil/orgs/MRA/DONHR/Benefits/> or calls the Benefits Line at 888-320-2917 and requests that a package be mailed to their home address.
2. Calls the Benefits Line with questions about retirement.
3. Mails the completed retirement package to the CBC at:

OCHR Norfolk Operations Center
Norfolk Naval Shipyard, Building 17
Attn: Civilian Benefits Center
Portsmouth VA 23709-1005

The Employee's Supervisor:

1. Refers employees who have questions about retirement benefits to the Benefits Line.
2. Creates an electronic Request For Personnel Action (RPA) in the Defense Civilian Personnel Data System (DCPDS) and sends it to the CBC.
3. Performs any activity check out functions on the employee's last day of work.

The CBC Retirement Counselor:

1. Calls the employee within 2 working days of receipt of the retirement package.
2. Counsels employees about retirement benefits.
3. Reviews retirement application.
4. Prepares the employing office portion of the retirement package.
5. Processes the SF 50 Notification of Personnel Action.
6. Mails the retirement package and Individual Retirement Record to OPM.

The Payroll Office:

1. Authorizes the employee's final pay check, lump sum payment for unused annual leave, and VSIP payment.
2. Prepares the Individual Retirement Record, Standard Form 2806 (CSRS) or 3100 (FERS) which reflects service, salary history, and annual retirement contributions.

OPM:

1. Sends an acknowledgement letter to retiree and assigns a Civil Service Annuitant (CSA) identification number.
2. Authorizes interim retirement checks.
3. Reviews retirement records and computes the final amount of retirement annuity.
4. Answers questions about retirement benefits after the employee retires.