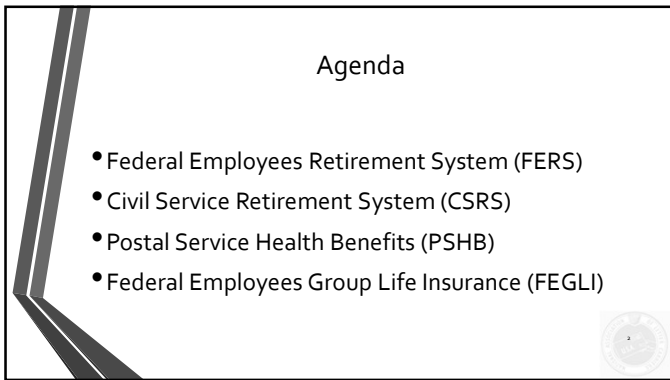
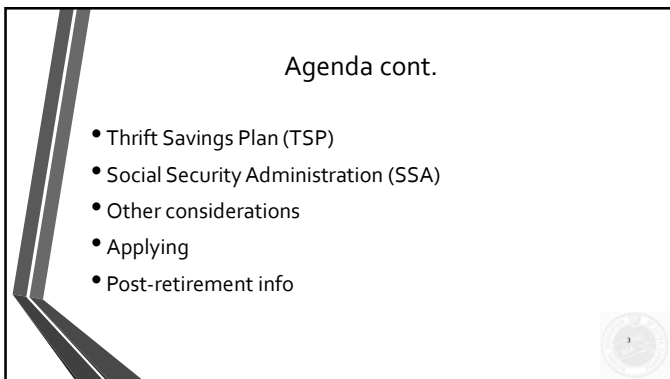


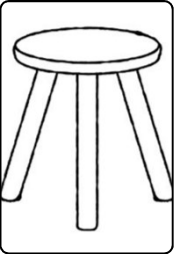
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3



Federal Employees Retirement System (FERS)


- Applied to new hires on and after Jan. 1, 1984
- Three components
 - FERS Basic Benefit – a defined benefit plan
 - Special Annuity Supplement
 - Social Security
 - Thrift Savings Plan – a defined contribution plan

4


NALC Career Employment Statistics

- Nov. 2024:

• FERS	178,528	99.3%
• CSRS	1,288	0.7%
• Total	179,816	



5



Cost



- FERS is funded through employer and employee contributions. Employee contributes:
 - FERS – Hired before Jan.1 2013 – 0.8%
 - FERS RAE (Revised Annuity Employees) – Hired in 2013 – 3.1%
 - FERS FRAE (Further Revised Annuity Employees) – Hired 2014 or later – 4.4%

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FERS
Federal Employees Retirement System

Types of Retirement

- Voluntary (regular / immediate)
 - Based on age and service
- Disability
- Early (MRA + 10)
 - Minimum retirement age with 10 years of service
 - Can be postponed to reduce or eliminate age reduction
- Deferred





7

FERS
Federal Employees Retirement System

Types of Retirement

- Alternative Form of Annuity (AFA)
 - Life-threatening affliction or other critical medical condition
- Early Voluntary Retirement
 - Due to a reduction-in-force (RIF)
- Phased
 - Not currently available to USPS employees





8


FERS
Federal Employees Retirement System

Voluntary Retirement

- This seminar focuses on voluntary retirement or "regular" retirement based on age and service that starts immediately after separation.
- NALC members considering MRA + 10 (early), disability, or other types of retirement should obtain direct one-on-one advice from a branch officer, their NBA office, or the NALC HQ retirement department.





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Minimum Retirement Age (MRA)

If you were born:	Your MRA is:
Before 1948	55
1948	55 and 2 months
1949	55 and 4 months
1950	55 and 6 months
1951	55 and 8 months
1952	55 and 10 months




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Minimum Retirement Age (MRA)

If you were born:	Your MRA is:
1953 through 1964	56
1965	56 and 2 months
1966	56 and 4 months
1967	56 and 6 months
1968	56 and 8 months
1969	56 and 10 months
1970 and after	57




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When will I be eligible to retire?

Voluntary (optional/immediate) annuity eligibility:

Age	Years of Service
62	5
60	20
Minimum Retirement Age (MRA)	30




12




Creditable Service for Eligibility

- For eligibility purposes, combine:
 - FERS service
 - Military service (if deposit made)
 - Non-career service (if deposit made)
 - Subtract LWOP in excess of six months in a calendar year




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Creditable Service Sick Leave

- Sick leave balance at retirement is added to the length of service to calculate the amount of an immediate annuity
- Unused sick leave counts towards annuity calculation but does not count towards eligibility
- Potential pitfall – retiring before eligibility because you incorrectly counted sick leave could result in large and permanent reduction to annuity.




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Creditable Service LWOP

- Cumulative leave without pay (LWOP) in excess of 6 months in a calendar year is not credited.
- In other words, the first six months of cumulative leave without pay per calendar year is credited.
- Exceptions: All LWOP is credited if due to:
 - an on-the-job injury and wage loss compensation was paid by OWCP
 - full-time union official employment and union pays employer contributions
 - military furlough





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Creditable Service Part-time

- In determining eligibility to retire, part-time service is creditable to the same extent as full-time service
- All part-time service is prorated for annuity calculation







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Crediting Military Service



- Must be:
 - Active duty
 - Discharged under honorable conditions
- Military retired pay must be waived unless it is based on:
 - A disability incurred in combat, or
 - A reserve component of the Armed forces
- National Guard service is creditable only in limited circumstances




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Crediting Military Service

- A deposit must be made for all military service performed after 1956 to receive credit for eligibility or towards annuity computation.
- Deposit must be completed prior to separation.
- Intermittent periods of military active duty, such as reservist activation, will be deducted from total service at retirement if no deposit was made.
 - Beware: such intermittent periods of service won't be flagged on your annuity estimate; without forewarning, this service time will be eliminated from your service record at retirement, when it's already too late to make deposit.




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Crediting Military Service

- Military deposit equals 3% of base military pay plus interest
 - Interest does not start to accrue for the first two years of civilian service
- Alternative method under USERRA
 - Amount of deposit before interest is limited to the amount of civilian retirement deductions which would have been withheld


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Making a Deposit for Military Service


- Call USPS Human Resources Shared Service Center (HRSSC)
 - (877) 477- 3273 (option 5)
- Complete SF 3108 *Application to Make Service Credit Payment*
- Submit completed form with DD 214 or equivalent record to verify the service, as well as military earnings statements
- Remember – the full deposit must be completed prior to separation

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Crediting Non-Career Federal Service

- Service prior to 1989
 - Credited only if deposit is made
- Service on or after Jan. 1, 1989
 - Not creditable without legislative action
 - <https://www.nalc.org/government-affairs>
- Cost – 1.3% of basic pay of the non-career service, plus interest




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Making a Deposit for Non-Career Service

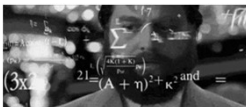
- Call USPS HRSSC: (877) 477- 3273 (option 5)
- Complete SF 3108 *Application to Make Service Credit Payment*
- Deposit can be made to USPS prior to separation or directly to OPM after separation.




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Annuity Computation



- Annuity Computation – **Multiply:**
 - Years of Service
 - High-3 Average Salary
 - Factor (1.0% or 1.1%)




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Annuity Computation Length of Service

Years of Service – for annuity computation purposes


- Years under FERS, PLUS:
 - military service (if deposit made)
 - non-career federal service (if deposit made)
 - banked sick leave
- MINUS LWOP in excess of six months in a calendar year




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FERS
Federal Employees Retirement System

Annuity Computation Length of Service




- Years of service
 - Length of service is rounded down to the nearest month. Days short of a month (30 days) are dropped from the total.
 - Example: 30 years, 2 months, and 17 days would result in 30 years and 2 months of service for computational purposes.




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FERS
Federal Employees Retirement System

Annuity Computation High-3 Average Salary



- Highest three consecutive years of pay
 - Typically, last three years for letter carriers
- Base pay only
 - Does not include overtime, night differential, bonuses
- Nonpay status while on OWCP, union official, and periods of LWOP less than 6 months in a calendar year count
 - Payrate found on PS Form 50




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FERS
Federal Employees Retirement System

Annuity Computation High-3 Average Salary

Effective Date	Type of Increase	Amount
Feb. 26, 2022	COLA	\$1,331
Aug. 27, 2022	COLA	\$2,455
Nov. 19, 2022	General Wage Increase	1.3%
Mar. 11, 2023	COLA	\$208



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FERS
Federal Employees Retirement System

Annuity Computation High-3 Average Salary

From	To	Years	Months	Days	Annual Rate	Gross Pay
3/11/2023	12/31/2024	1	9	20	\$75,299	\$136,363
11/19/2022	3/10/2023	0	3	19	\$75,091	\$22,836
8/27/2022	11/18/2022	0	2	22	\$73,802	\$16,782
2/26/2022	8/26/2022	0	6	0	\$71,347	\$35,380
1/1/2022	2/25/2022	0	1	24	\$70,016	\$10,550
3-Year Average Salary \$73,971						


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- FERS**
Federal Employees Retirement System
- ### Annuity Computation Factor
- 1.0% is the default factor
 - 1.1% if at least age 62 with 20 or more years of service at retirement
 - This amounts to a 10% increase in the annuity
 - A trade off to retiring before 62 and receiving the Special Annuity Supplement
 - Potential pitfall: retiring right before age 62 with over 20 years of service. You don't get the extra 10% and you minimize receipt of the Special Annuity Supplement.

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- FERS**
Federal Employees Retirement System
- ### Annuity Computation Example
- 30 years total service, age 59
 - $1\% \times 30 \text{ years} \times \text{High-3} = 30\% \text{ of High-3 Average Salary}$
 - 30 years total service, age 62
 - $1.1\% \times 30 \text{ years} \times \text{High-3} = 33\% \text{ of High-3 Average Salary}$

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Early (MRA + 10)

- Employee has MRA and at least 10 years of service but less than 30 (also does not have age 60 with ≥ 20 years of service) and begins receiving annuity before age 62.
- Age reduction of 5% for each full year under age 62. **PERMANENT.**
- **NO** Special Annuity Supplement.





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Special Annuity Supplement

- Intended to substitute for the Social Security part of the total FERS benefit until age 62
- Paid by OPM, not Social Security
- Subject to earnings test
- No Cost-of-Living Adjustments
- Ends at age 62 whether you start Social Security or not




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Special Annuity Supplement

- Eligibility
 - Must have at least one full calendar year of FERS service
 - Retiring voluntarily on an immediate annuity which is not reduced for age:
 - MRA with at least 30 years of service
 - Age 60 with at least 20 years of service
 - Not eligible if retiring age 62 or later




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FERS
Federal Employees
Retirement System

Special Annuity Supplement

- Earnings Test
 - Earnings are wages, including self-employment.
 - Does not include investment gains, interest, pensions, TSP withdrawals, etc.
 - Must report earnings each year to OPM.
 - Exempt amount subject to change each year. Aligns with Social Security earnings limitation. Supplement is reduced by \$1 for each \$2 earned above the limit.
 - 2025 earnings limit is \$23,400.




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FERS
Federal Employees
Retirement System

Special Annuity Supplement

- Request an annuity estimate from the Postal Service (HRSSC)
 - Remember, this is just an estimate. OPM will determine exact amount upon retirement.





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FERS
Federal Employees
Retirement System

Maximum Annuity

- There is no maximum annuity under FERS




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Survivor Annuity

- Annuity will be reduced to provide a survivor annuity if:
 - Electing a survivor annuity for a spouse
 - A former spouse is entitled to a survivor annuity based on a valid court order
 - Electing to provide an insurable interest annuity
- Important: a surviving spouse can continue PSHB coverage after an annuitant's death ONLY if a survivor annuity election was made and the spouse was actively covered at the time of death.


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Survivor Annuity

- Cost
 - Full survivor annuity costs 10% of annuity
 - Provides a survivor annuity of 50%
 - Partial survivor annuity costs 5% of annuity
 - Provides a survivor annuity of 25%


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Insurable Interest Annuity


- Insurable interest is an insurance term which applies to someone who would reasonably expect to derive financial benefit from your continued life.
- It is presumed to exist if you name as beneficiary of the insurable interest, any of the following individuals:
 - a spouse; a blood or adopted relative closer than first cousins; an ex-spouse; a person to whom you are engaged to be married; or a person with whom you are living in a relationship that would constitute a common-law marriage in a jurisdiction that recognizes common-law marriages.

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 **FERS**
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Retirement System

Insurable Interest Annuity

- If insurable interest annuity is for a person not just listed, an affidavit is required to provide additional information about relationship, and financial dependency.
- Cost increases based on age difference. From 10% annuity reduction to 40% when named person is 30 or more years younger.




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 **FERS**
Federal Employees
Retirement System

Death of an Active Employee

- If employee has at least 10 years of creditable service (18 months of which being civilian service) and died while subject to FERS deductions, a survivor annuity of 50% is payable if:
 - Married for at least 9 months, or
 - The employee's death was accidental, or
 - There was a child born of the marriage




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 **FERS**
Federal Employees
Retirement System

Cost of Living Adjustments

- COLAs
- Not applied under age 62
 - Exception for disability and survivor annuitants
- The first COLA is prorated
 - However, annuitants that are not eligible to receive a COLA during their first year or more will receive the full amount after becoming eligible.




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FERS
Federal Employees Retirement System

Cost of Living Adjustments

If the change in the CPI-W is:	The COLA equals:
0 – 2 %	The CPI-W increase
2 – 3 %	2.0 %
Greater than 3 %	CPI-W increase minus 1%




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FERS
Federal Employees Retirement System

Enhanced Annuity

- Extra benefit for those injured on the job and receiving wage loss compensation (WLC) for at least two months total
 - While on WLC cannot contribute to Social Security or Thrift Savings Plan
 - Law passed in 2003 to offset these losses




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FERS
Federal Employees Retirement System

Enhanced Annuity

- Must have at least two months of cumulative LWOP while receiving WLC
- Continuation of Pay not included (still making TSP and Social Security contributions)
- No action required to receive the enhanced annuity
 - Should be automatic and will be built into gross annuity




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Enhanced Annuity

- Provides an additional one (1) percent per year towards annuity
- Example: 13 months of LWOP while receiving WLC is 1 and 1/12 or 1.083 percent in addition to the regular annuity computation
- Applies to FERS only




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Civil Service Retirement System

- CSRS
 - Effective 1920
 - A defined benefit plan – you get a guaranteed amount in retirement no matter what the stock market does
- The following slides will discuss the differences of CSRS from FERS.



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Eligibility

Immediate retirement eligibility:

Age	Service
55	30 years
60	20 years
62	5 years




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Creditable Service

- In determining eligibility to retire, part-time service is creditable to the same extent as full-time service
- Part-time service for annuity calculation:
 - Prior to 4/7/86 is treated same as full-time
 - On and after 4/7/86 is prorated




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Military Service

- Military Service prior to Jan. 1, 1957, is creditable for retirement eligibility and computation, without making deposit
- Military Service on or after Jan. 1, 1957, may be creditable based on various factors, including whether deposit has been made prior to separation




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Post-1956 Military Service

- If first employed under CSRS on or after 10/01/82
 - must make deposit to obtain credit for eligibility and calculation




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Post-1956 Military Service

- If first employed in a position covered by CSRS before 10/01/82:
 - If retiring prior to age 62, may receive credit without making deposit
 - If no deposit is made, annuity will be reduced at age 62, if the retiree is eligible for Social Security benefits; this is called "Catch 62". If the retiree is not eligible for Social Security benefits at age 62, there is no reduction in annuity.
 - If retiring on or after age 62, can receive credit for purposes of annuity calculation if eligible for Social Security benefits only if deposit was made
 - The military service may be creditable for establishing eligibility to retire even if no deposit is made.


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Military Service

- Cost of deposit
 - Military deposit equals 7% of base military pay plus interest
 - Interest does not start to accrue for the first 2 years of civilian service
- Full deposit must be made to USPS prior to separation
- Process:
 - Call USPS Shared Services (877) 477-3273 (option 5)
 - Complete and submit SF 2803 *Application to Make Deposit or Redeposit*
 - Include DD 214 and military earnings statements


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Crediting Non-Career Service


- Service prior to Oct. 1, 1982
 - Credited for eligibility and computation
 - but annuity reduced by 10% of amount of deposit due if deposit not made
- Service on or after Oct. 1, 1982
 - Credited for eligibility automatically
 - Credited for computation only if deposit is made

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Crediting Non-Career Service

- Cost of deposit
 - Generally, 7% of the basic pay of the non-career service, plus interest
- The process to make a deposit
 - Call USPS HRSSC (877) 477-3273 (option 5)
 - Complete SF 2803 *Application to Make Deposit or Redeposit*
- Deposit for non-career service can be made to USPS prior to separation or directly to OPM after separation.




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Annuity Calculation

- High-3 Average Salary multiplied by:
 - 1.5 % for each of the first 5 years
 - **PLUS** 1.75% for the next 5 years
 - **PLUS** 2% for each year over 10




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Annuity Calculation

- Maximum annuity is 80% of the high-3 average salary
 - Equivalent to 41 years and 11 months of service
- Maximum of 80% can be exceeded with sick leave credit
- Working beyond the maximum
 - Employee continues to make CSRS contributions, but they will be returned with interest after separation




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Survivor Annuity

- Full survivor annuity – 55% benefit
- Partial survivor annuity – can elect a base less than a full survivor annuity
- Cost depends on the base elected:
 - 2.5% of the first \$3,600 of the base
 - 10% of the amount in excess of \$3,600


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Retirement Dates

- Once you are eligible to retire, you have the absolute right to decide when to retire. There may be financial considerations:
- Under CSRS you can retire on the last day of the month or one of the first three days of a month and annuity commences the following day.
- Annual leave and sick leave are credited each pay period.
 - **Not prorated if not employed for an entire pay period.** That is why some decide to retire on the last day of a pay period.

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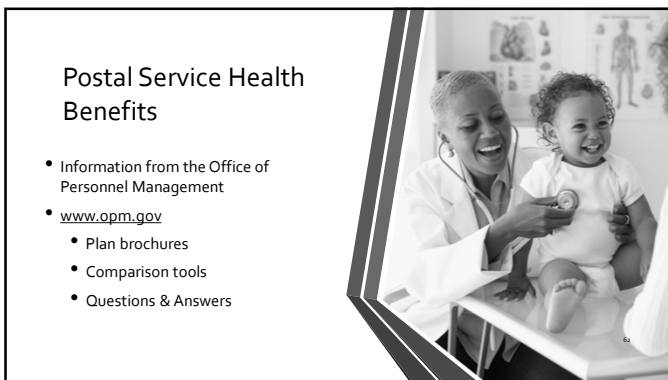
Cost-of-Living Adjustments

- Begins the first December after retirement
- First COLA will be prorated
- Equals the percent change in the Consumer Price Index (CPI-W)

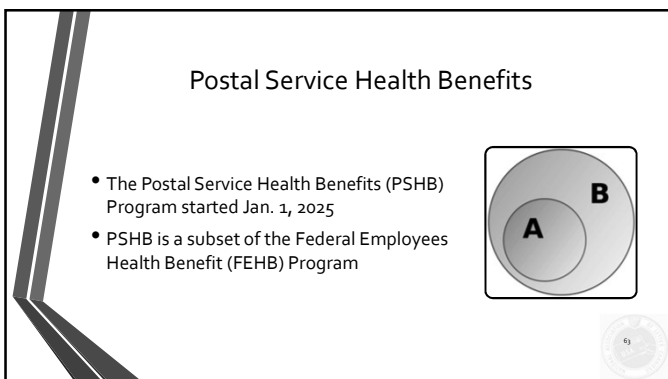
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Postal Service Health Benefits

- In order to carry your PSHB coverage into retirement, you must be eligible to retire on an immediate annuity (including the FERS MRA + 10 retirement); and
- **5-year rule:** You must have been continuously enrolled (or covered as a family member) in any PSHB/FEHB plan(s) for the 5 years of service immediately before the date your annuity starts
 - or for the full period(s) of service since your first opportunity to enroll, if less than 5 years




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Postal Service Health Benefits

The 5-year requirement period can include the following:


- the time you are covered as a family member under another person's FEHB/PSHB enrollment; or
- the time you are covered under the Uniformed Services Health Benefits Program (also known as TRICARE) as long as you were covered under a FEHB/PSHB enrollment at the time of your retirement.

NOTE: a surviving spouse can continue PSHB coverage after an annuitant's death only if a survivor election was made and the spouse was actively covered at the time of death.




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Postal Service Health Benefits



- **Deferred Retirement**
 - If you separated from Federal service before you could retire you are not eligible to enroll in FEHB when you start to receive your deferred annuity.



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Postal Service Health Benefits

- Postponed Retirement under FERS
 - If you are eligible for an immediate retirement and otherwise eligible to continue coverage into retirement, you will be eligible to reenroll for health benefits and life insurance coverage when you begin to receive your postponed annuity.

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Postal Service Health Benefits

- Most letter carriers maintain PSHB/FEHB coverage in retirement because USPS continues to pay a large share of the premiums (about 72%).
- Retirees have the same open season opportunities as active employees.

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Postal Service Health Benefits

- Generally, decisions to drop FEHB coverage are irrevocable.
 - Certain circumstances permit *suspension* (as opposed to *termination*) of FEHB enrollment: enrolling in Medicare Advantage, TRICARE, CHAMPVA, or Medicaid.
- If you cancel your FEHB to be covered as a family member under another person's FEHB enrollment, you are eligible to reenroll if you lose coverage under the other person's enrollment as long as you were eligible to carry coverage at retirement. To reenroll, you must contact OPM within the period beginning 31 days before and ending 60 days after your loss of other FEHB coverage.

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Postal Service Health Benefits


- Required to enroll in Medicare Parts A and B (when eligible) if maintaining PSHB in retirement
- Exceptions:
 - Retired on or before Jan. 1, 2025
 - Active employees at least 64 years of age as of Jan. 1, 2025
 - Living outside of the United States and its territories
 - Enrolled in certain health benefits through the Department of Veterans Affairs (VA) or from the Indian Health Service (IHS)



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Postal Service Health Benefits

- Health care is an important personal choice, consider:
 - How your health insurance interacts with Part B
 - Costs and benefits
 - You can't predict the future



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Federal Employees Group Life Insurance (FEGLI)



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Federal Employees Group Life Insurance


- FEGLI is term life insurance. It does not build any cash value.
- There are no regularly scheduled open seasons to elect or increase FEGLI coverage. OPM schedules open seasons intermittently and rarely. Annuitants are not eligible to participate in open season (though certain compensationers are).
- FEGLI Handbook:

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Federal Employees Group Life Insurance


- In order to carry any FEGLI coverage into retirement, you must have been covered for the five years prior to retirement
- Annuitants can reduce or cancel FEGLI coverage at any time
- If annuitant elects to reduce or cancel any part of FEGLI coverage, the election is irrevocable
- Annuitants cannot increase coverage, even during open season



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Federal Employees Group Life Insurance

- Basic - Final salary rounded up to nearest 1,000 plus \$2,000
- Option A - \$10,000
- Option B - Final salary rounded up to nearest \$1,000. Increased by up to 5 multiples
- Option C - Family: \$5,000 spouse and \$2,500 eligible children. Increased by up to 5 multiples




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Federal Employees Group Life Insurance

- Basic – Final salary rounded up to nearest \$1,000 plus \$2000
- Three choices at retirement:
 - 75% Reduction – payout reduces 2% per month starting at age 65* until it reaches 25%, then frozen. **No premiums once it starts to reduce.**
 - 50% Reduction – payout reduces 1% per month starting at age 65* until it reaches 50%, then frozen. Premiums increase with age for life.
 - No Reduction – payout remains the same. Premiums increase with age for life unless annuitant switches to 75% reduction.


*or at retirement if later



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Federal Employees Group Life Insurance

- Option A - \$10,000 benefit
 - The amount of Option A coverage automatically begins reducing at age 65, or retirement if later.
 - The amount of coverage reduces by 2% (\$200) each month until the amount has been reduced by 75%. Only 25% of the original amount (\$2,500) is payable as a death benefit once the full reduction has been reached. **No premiums once it starts to reduce.**




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Federal Employees Group Life Insurance

- Option B
 - Final salary rounded to next \$1,000. Up to 5 multiples.
 - At retirement
 - Elect number of multiples you want to continue
 - choose "no reduction" or "full reduction" at age 65*
 - You may split elections among your multiples


*or at retirement if later



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Federal Employees Group Life Insurance

- Option B
 - Full Reduction – the original value reduces by 2% each month for 50 months, at which time no benefits are payable. **No premiums once it starts to reduce.**
 - No Reduction – no reduction in coverage, but you will continue to pay premiums associated with your age group.




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Federal Employees Group Life Insurance

- Option C – Family
 - \$5,000 spouse and \$2,500 for eligible children
 - up to 5 multiples
 - At retirement:
 - Elect number of multiples you want to continue
 - Choose "no reduction" or "full reduction" at age 65*
 - You may split elections among your multiples


*or at retirement if later



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Federal Employees Group Life Insurance



- Option C – Family
 - Full Reduction – the value reduces by 2% of the original amount each month for 50 months, at which time no benefits are payable. **No premiums once it starts to reduce.**
 - No Reduction – no reduction in coverage, but you will continue to pay premiums appropriate to your age group.



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Federal Employees Group Life Insurance



- Premiums for Annuitants
 - <https://www.opm.gov/healthcare-insurance/life-insurance/program-information/#url=Premiums-for-Annuitants>
- FEGLI Calculator (continue through to calculate coverage following retirement)
 - <https://www.opm.gov/retirement-center/calculators/feqli-calculator/>

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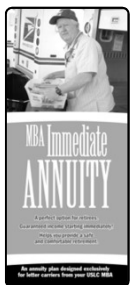
Mutual Benefit Association

- Founded in 1891 by and for NALC members and their families
- Designed to give members and their families the best possible protection for the lowest cost.
- Many plans and options available.





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Mutual Benefit Association



- Retirement Savings Plan
- Annuities
- Short-term Disability and Hospital Confinement
- Whole Life
- Term Life
- Group Insurance available to branches




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Thrift Savings Plan

- The Thrift Savings Plan (TSP) is administered by the Federal Retirement Thrift Investment Board (FRTIB). The Board is required by law to manage the TSP solely in the interest of TSP participants and their beneficiaries.
- An Employee Thrift Advisory Council (ETAC) provides advice to the Board on investment policies and administration of the TSP.


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Thrift Savings Plan

- Employer Contributions
 - Agency Automatically contributes 1%
 - Matches first 3% dollar for dollar
 - Matches next 2% 50 cents on the dollar
- Maximum: If employee contributes 5% (or more), the Postal Service will contribute 5%.
- **Those that don't contribute at least 5% are missing out on employer contributions.**

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Thrift Savings Plan

- TSP 'My Account'
 - Create a username, password, and ThriftLine PIN to access your account. Prompts to verify your identity, update your contact information, and set up your account security.
 - Should take 5 to 10 minutes for most. You need to receive a one-time passcode to your phone by text message or voice call to verify your identity during the setup process.
 - www.tsp.gov

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Thrift Savings Plan



When you retire with a significant TSP balance, a host of financial and retirement planners, insurance salesmen, stockbrokers, bankers, hedge-fund operators, and the like are going to be very interested in that balance. They will try and convince you to take your money out of the TSP and invest it with them.




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Thrift Savings Plan

- What is the average net expense I will pay for every \$1,000 I invest?
- What additional annual fees, commissions, or charges will I pay for investments?
- What profit do you make if I invest with you?
- Do you have a responsibility (fiduciary obligation) to put my interests ahead of your own?




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Thrift Savings Plan

- Will your plan protect my retirement from creditors' claims?
- When I retire, can I receive a series of scheduled withdrawals without giving up control of my account?
- Can I change my investments or take withdrawals without being subject to surrender fees or back-end charges?




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Thrift Savings Plan

- It costs money to operate any financial investment fund. A standard way to measure such costs is to look at expense ratios.
- The total expense ratios for TSP funds range from 0.048% to 0.079%.
 - \$0.48 to \$0.79 per \$1,000.
- Compare that with the expense ratio of for-profit actively managed mutual funds (0.5% to 0.75% is considered reasonable).
 - \$5 per \$1,000.

10 x




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Thrift Savings Plan

- Age 59 ½ early withdrawal penalty
- If you receive a TSP withdrawal before age 59 ½ and are still working, in addition to the regular income tax, you may have to pay an early withdrawal penalty tax equal to 10% of any taxable portion of the payment that is not transferred or rolled over.
- If you separate from service during or after the year you reach age 55, then the 10% early withdrawal penalty tax does not apply.




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Thrift Savings Plan

- After separation you can:
 - leave your money in the TSP
 - transfer eligible money into your TSP (e.g., IRA)
 - continue to accrue earnings on your account
 - change your investment choices
- Cannot make contributions




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Thrift Savings Plan

- After separation, there are three basic withdrawal options:
 - Installment payments
 - Monthly, quarterly, or annual
 - Fixed dollar amount or based on life expectancy
 - Partial or total distributions
 - Annuity purchases
- You can choose any of these options or any combination
- Withdrawals are subject to federal income tax


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Thrift Savings Plan

- Required Minimum Distribution (RMD)
 - IRS requires RMDs beginning in the calendar year when you become age 73 (if you reach 73 in 2023 or later) and are separated from service.
 - If you do not start withdrawing by age 73 or the total amount of your withdrawals does not satisfy the RMD, TSP will disburse your RMD or issue a supplemental payment for the remaining amount of your RMD by the deadline each year.
 - If they automatically send you an RMD and you have both traditional and Roth balances, the RMD will be proportional from each balance.

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Thrift Savings Plan

RMD

- Required Minimum Distribution (RMD)
 - RMDs will increase under the SECURE 2.0 Act of 2022
 - RMD at age 75 by 2033


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Thrift Savings Plan

- After you separate from service, you can take multiple post-separation partial withdrawals.
- You'll be able to choose whether your withdrawal should come from your Roth balance, your traditional balance, or a proportional mix of both.
- You'll be able stop, start, or make changes to your installment payments at any time.
- You'll have enhanced online tools to help you make withdrawals in the My Account section of tsp.gov.

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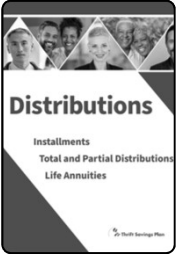


Thrift Savings Plan


You can purchase a life annuity (a monthly benefit paid to you for life)

- Single life annuity – with level or increasing payments
- Joint life annuity with your spouse – with level or increasing payments, and with 100% or 50% survivor annuity
- Joint life annuity with someone other than your spouse – with level payments, and with 100% or 50% survivor annuity
 - If joint annuitant other than your spouse is more than 10 years younger than you, you must choose a 50% survivor benefit, except in cases of former spouse court order

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- TSP Publications – Distributions
- <https://www.tsp.gov/forms/>



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Social Security Administration




- To create your own social security account online and get your estimate, go to:
 - <https://www.ssa.gov/myaccount/>




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Social Security Administration

- Can start receiving partial benefits as early as age 62.
- Full benefits at Full Retirement Age (FRA).
- If you start receiving early, your benefits will be reduced by a small percentage for each month before your FRA, depending on your year of birth.
- Example – if you were born 1960 or later and retire at 62 your benefit would be 30% lower than if you waited until your FRA of 67.




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Social Security Administration

- FRA depends on your year of birth


Age	Year of birth
66	1943 – 1954
66 and 2 months	1955
66 and 4 months	1956
66 and 6 months	1957
66 and 8 months	1958
66 and 10 months	1959
67	1960 and after



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Social Security Administration


- Working beyond your FRA
 - Each extra year of work adds another year of earnings to your Social Security record.
 - Your benefit will increase until you start receiving your benefits or until you reach age 70. The percentage varies depending on your year of birth.
 - For example, if you were born in 1943 or later, you'll add 8 percent to your benefit for each year you delay signing up for Social Security beyond your full retirement age.



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Social Security Administration


- Earnings limit – You can continue to work and still get retirement benefits. Social Security will reduce your benefits if your earnings exceed certain limits before you reach full retirement age:
 - The years before your FRA – SSA will deduct \$1 in benefits for each \$2 you earn above the annual limit (\$23,400 for 2025).



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Social Security Administration



- Earnings limit
 - In the calendar year you reach your FRA – SSA will reduce your benefits \$1 for every \$3 you earn over an annual limit (\$62,160 for 2025) until the month you reach FRA.
 - Once you reach FRA there is no earnings limitation.



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Joining the 'Last Punch Bunch'


- Decide what day to retire
- Request annuity estimate & application
- Other considerations & prep
- Retirement counseling
- Complete the forms
- Send them in

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Best day to retire



- Once you are eligible to retire, you have the absolute right to decide when to retire. There may be financial considerations:
 - Entitlement to FERS annuity begins the first day of the month following the month in which you retire. Therefore, many letter carriers decide to retire the last day of a month.
 - Annual leave and sick leave are not credited if an employee does not remain employed for an entire pay period, so some decide to retire last day of a pay period to receive the leave.
 - Big picture: any day that ends in 'Y' is a good day to retire.



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Get your annuity estimate

- Call USPS Shared Services at 877-477-3273 and ask for annuity estimate based on desired retirement date.
- Online at USPS LiteBlue for a quicker estimate.
- Estimates do not bind you to retire.

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Annuity Estimate

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Annuity Estimate

- Check what retirement date the estimate is based on
- Retirement Comp Date (RCD) is used to determine eligibility to retire and assumes all service listed on the service history report is accurate
- Total Time = Total Actual Service plus Sick Leave
 - Used to determine annuity computation
- Contains High-3 Average Salary
- Includes estimates with and without a survivor annuity benefit
- Includes special annuity supplement estimate

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Request an Application

- Call HRSSC (877) 477-3273 and ask for a retirement application.
 - It includes the necessary forms, each pre-printed at the top with your name and Employee Identification Number.
- When you receive the packet, call HRSSC back to schedule counseling. Their schedule fills up quickly!

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Military Deposit


- Deposit for military time, unlike deposit for prior non-career federal service, must be completed prior to retirement.



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Uniforms


- Payment to the vendor is not allowed if the following conditions exist:
 - The employee separates from the uniform program for any reason, including retirement, within 30 days following purchase of items of uniform wear that are not recognizable as distinctive uniform items unless worn with the basic outer garments of the uniform.
 - Nondistinctive items: shoes, gloves, rubbers, galoshes, overboots, hose, face masks, pith helmets, and belts.
 - When there is evidence that, before making the purchase, the employee indicated an intention to separate from the uniform program for any reason, including retirement...
- See ELM Section 936.2



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Official Personnel Folder

- Official Personnel Folders (OPFs) contain important documents such as:
 - Health and life insurance enrollments
 - Designations of Beneficiary
 - Form 50 history
- Before you retire, save your eOPF. You will lose access immediately upon separation. You will not be able to retrieve documents from USPS after separation.
- Problems can arise with retirement that can be resolved easily if the retiree has these documents.



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Retirement Counseling

- Call USPS HRSSC and request a counseling session.
- Session is on the clock if scheduled during tour of employee.
- You have a right to have your spouse and/or advisor present at the session.
 - If the spouse/advisor is also a postal employee, they do not have a right to be on the clock.
- You have a right to a private space for the session.
- M-01708 in NALC's Materials Reference System.



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Complete the Forms

- The forms in the application book are preprinted with your name and employee ID number, which will help ensure efficient and problem-free processing.
- Copy the forms so that a blank form is always available. Some of the forms are not valid if erasures, whiteouts or corrections are made.
- Utilize the retirement counseling if you have questions about the forms.
- Make copies of the completed forms for your records.



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Certified Summary of Federal Service

- Certified Summary of Federal Service
 - SF 3107-1 (FERS)
 - SF 2801-1 (CSRS)
- This form, provided in the retirement application, will come blank. However, the form clearly asks you to review the information after the employing office completes and certifies the form. You are not required to sign this form (blank or completed).
- If you request the Postal Service complete the form so that you can review it, and they refuse, talk to your shop steward. They can initiate a grievance prior to your separation. It doesn't have to stop you from retiring. In this event, shop stewards should consult with the Retirement Department.



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Submit the Application



- Send the completed forms to HRSSC / USPS. Ideally 60 days prior to separation.
- After your last day, USPS will finalize their portion and send to OPM.
- OPM will send you a CSA number and begin interim payments, usually without delay.
- OPM makes annuity payments the first business day of the month. The payment is for the preceding month.

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Interim Payments

- While OPM processes your application and calculates your benefit, they will begin making interim payments
 - Computed at about 80% of estimated net annuity
 - Only federal income taxes are withheld
- OPM will finalize your application
 - Typically takes 2-3 months
 - Begin paying your exact benefit with appropriate deductions
 - Will account for any back pay due to the interim payments

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Post-Retirement


- Terminal Leave Payments
- Direct Deposit of Annuity
- Post-Retirement Debt Collection
- OPM Services Online
- Cost of Living Adjustments
- Federal Income Tax
- Notice of Annuity Adjustment
- NALC Membership



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Terminal Leave Payments


- Lump sum terminal leave payment includes:
 - accumulated AL up to maximum carryover (normally 440 hours, but expanded to 520 hours into the 2025 leave year)
 - unused donated leave
 - holidays that fall within the terminal leave period (for FTRs and PTRs)
- Leave in excess of the carryover will be forfeited
 - Any part of the unused AL earned during the leave year of separation that is in excess of the carryover is granted prior to separation. AL would need to be requested. See ELM 512.732b



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Direct Deposit



- OPM requires direct deposit of monthly annuity
- Deposit can be to an account at a financial institution such as a credit union or bank
- Or deposit can be to a Direct Express Card
 - Can be used to make purchases at stores or financial institutions that accept MasterCard. There are no fees for the deposit into the card each month, and no charge for using the card to make purchases.
 - Go to www.GoDirect.gov for information about fees and the surcharge-free network.



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Post-Retirement Debt Collection

- If you receive notice from USPS after separation that you owe money, immediately contact your branch and your NBA office. Two ways to appeal:
 - 30-day time limit to appeal through the Debt Collection Act which requires USPS to provide appeal rights.
 - Or file a grievance which must be received at Step B within 30 days from the date the retiree first learned, or may reasonably have been expected to have learned, of the Postal Service's intent to collect the debt.

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Post-Retirement Debt Collection



- If you do not timely appeal (or pay/make a payment plan), USPS will advise the U.S. Treasury, which will deduct the debt from your retirement, income tax, social security, etc., without any appeal rights. Treasury will add interest and penalties.



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OPM Services Online

- Sign up!
- www.servicesonline.opm.gov/
- You need your CSA number and a temporary password, so you can't sign up until you receive those from OPM.



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OPM Services Online


- View/print 1099-R tax forms
- Change federal and state income tax withholding
- View/print annuity statement and verification of income
- View/print a year-to-date summary of payments
- View/print verification of life insurance (FEGLI)
- Change mailing address
- Change password



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OPM Services Online



- View the status of case while in interim pay
- Establish an allotment to an organization
- Request duplicate annuity booklet
- Set up a checking or savings allotment
- Sign up for direct deposit of annuity payment
- Update email address/opt-in to receive information electronically
- View/print retirement services reference card (ID card)



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Federal Income Tax


- Your annuity is subject to federal income tax. The total amount you contributed into the Civil Service Retirement and Disability Fund over your working career, however, is tax sheltered, since that amount has already been subject to federal income tax.
- Form 1099-R used to detail distributions from pensions.
 - Will be available by end of January each year. Mailed and on Services Online.
 - Includes Gross and Taxable amount.

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Notice of Annuity Adjustment

- OPM mails a hardcopy once a year if there is a change
 - e.g., COLA increase
- Notice shows:
 - Gross
 - Deductions
 - Net
- Survivor annuity is not listed as a deduction
 - The gross annuity is the amount after reduction for survivor annuity




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Notice of Annuity Adjustment

- Some deduction/addition codes used on the NOAA

Code	Deduction
04	Union Dues
31	Federal Tax
42	Dental Insurance
45	Letter Carrier Political Fund
46	FEGLI Basic Life Insurance
67	FERS Special Annuity Supplement




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Maintaining NALC Membership

- Article 2 Section 1(a):
 - Membership in the NALC shall be... retirees... who were regular members of the NALC when they retired...
- Article 2 Section 1(e):
 - A Form 1189 (Dues Check-off Provision) must be signed by all retiring members within the NALC who wish to retain their membership in said organization. An annuitant who was a member in good standing at the time of retirement may also sign this form and have their membership reinstated.
- Form 1189 must contain CSA number.





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Maintaining NALC Membership

National Constitution Article 7(b):

- A member who has retired from the Postal Service under the CSRS or FERS shall pay to the National Association \$7 per annum...

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Annual State Retiree Dues

State	Dues	State	Dues
Alabama	\$4.00	Florida	\$5.10
Alaska	\$0	Georgia	\$2.50
Arizona	\$0	Guam	\$0
Arkansas	\$0	Hawaii	\$0
California	\$0.50	Idaho	\$0
Colorado	\$0	Illinois	\$0
Connecticut	\$0	Indiana	\$0
Delaware	\$0	Iowa	\$0
D.C.	\$5.00	Kansas	\$7.85

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Annual State Retiree Dues

State	Dues	State	Dues
Kentucky	\$0	Montana	\$0
Louisiana	\$0	Nebraska	\$4.80
Maine	\$0	Nevada	\$0
Maryland	\$5.00	New Hampshire	\$0
Massachusetts	\$1.25	New Jersey	\$1.00
Michigan	\$0	New Mexico	\$0
Minnesota	\$0	New York	\$6.25
Mississippi	\$0	North Carolina	\$2.00
Missouri	\$0	North Dakota	\$5.00

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Annual State Retiree Dues

State	Dues	State	Dues
Ohio	\$1.20	Texas	\$0
Oklahoma	\$3.60	Utah	\$1.20
Oregon	\$2.40	Vermont	\$0
Pennsylvania	\$0.50	Virginia	\$6.00
Puerto Rico	\$6.25	Virgin Island	\$0
Rhode Island	\$0	Washington	\$7.20
South Carolina	\$1.00	West Virginia	\$24.00
South Dakota	\$0	Wisconsin	\$1.20
Tennessee	\$2.00	Wyoming	\$0

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Important Phone Numbers


- USPS Shared Services: (877) 477-3273 option 5
- NALC Retirement Dept: (202) 393-4695
 - Toll-free (800) 424-5186
 - Mon., Wed., Thur. 10-12 & 2-4 EST
- National Business Agent:



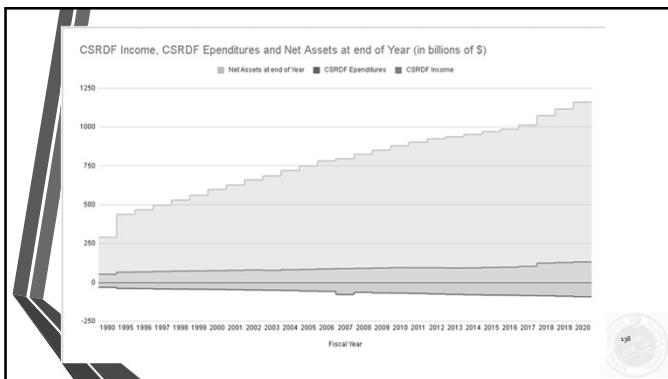
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Legislative Attacks on Retirement

- 2013 - FERS employee contributions increase from 0.8% to 3.1%
 - FERS Revised Annuity Employees (FERS-RAE)
- 2014 - FERS employee contributions increase from 3.1% to 4.4%
 - FERS Further Revised Annuity Employees (FERS-FRAE)
- Many other attacks have been fought off




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Legislative Attacks on Retirement

- 2018, 2019, 2020 Budget Proposals to:
 - change FERS employee contributions from 4.4% to 7.5%
 - change high-3 to high-5
 - eliminate FERS COLA
 - reduce CSRS COLA
 - eliminate FERS Special Annuity Supplement
 - reduce TSP G-Fund interest rate




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Project 2025

PRESIDENTIAL TRANSITION PROJECT

“ [FERS pension] remains much more generous, and other means might be considered in the future to move it even closer to private plans ”





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Social Security Fairness Act

- The Social Security Fairness act was signed into law Jan. 2025
- Repealed the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO)
 - WEP/GPO unfairly reduced benefits for CSRS annuitants and their spouses

**Social
Security
Fairness**






141

Federal Retirement Fairness Act


- Not yet introduced into the 119th Congress
- Make a deposit or buy back non-career service after 1988, making it creditable service under FERS.
- Would give the majority of our members an opportunity to buy back their service as casuals, transitional employees (TEs) and city carrier assistants (CCAs).




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Letter Carrier Political Fund

- Fight Back!
- Vote
- Volunteer
- Contribute





Note: By making a contribution to the Letter Carrier Political Fund, you are doing so voluntarily with the understanding that your contribution is not a condition of membership in the National Association of Letter Carriers or of employment by the Postal Service, nor is it part of union dues. You have a right to refuse to contribute without any reprisal. The Letter Carrier Political Fund will use the money it receives to contribute to candidates for federal office and undertake other political spending, as permitted by law. Your selection shall remain in full force and effect until cancelled. Contributions to the Letter Carrier Political Fund are not deductible for federal income tax purposes. Federal law prohibits the Letter Carrier Political Fund from soliciting contributions from individuals who are not NALC members, executive and administrative staff or their families. Any contribution received from such an individual will be refunded to that contributor. Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$500 per calendar year. Any guideline amount is merely a suggestion, and an individual is free to contribute more or less than the guideline suggests and the union will not favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute.



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Letter Carrier Political Fund

- Enroll by phone
 - Call Brent Fjerestad (202) 393-4695
 - Special Assistant to the President for Legislative & Political Organizing
- Enroll online
 - Log into OPM Services Online, click ALLOTMENTS TO ORGANIZATIONS, select Letter Carrier Political Fund
- Enroll by mail – download the form in the QR code

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Need More Information?

- NALC.org → Workplace Issues → Retirement
 - Questions & Answers booklets
 - Retirement columns
 - COLA projections and updates
 - Phone numbers
- OPM.gov → Retirement
 - Questions and answers
 - CSRS and FERS Handbook for Personnel and Payroll Offices
 - The definitive rules and procedures to become a guru

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Q&A

Questions and Answers

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