

# FERS Annuity Supplement

By Mark Ferrari, Local Business Agent & Health Plan Rep., Milwaukee WI Area Local, from the February 2014 issue of *The Hi-Lites*

Everyone under the Federal Employee Retirement System (FERS) understands that once retired from the USPS they receive an annuity (pension), their Thrift Savings Plan (TSP) and Social Security (when age eligible.) However, many do not realize they also can receive an additional payment which I will explain below.

If you are covered by the Federal Employee Retirement System (FERS) and retire before you turn age 62, you may qualify for what is referred to as the FERS Annuity Supplement.

This payment is in addition to a FERS annuity payment that you receive when you retire and is designed to bridge the years between your retirement date and when you can receive social security.

It is paid until the earlier of: The last day of the month before the first month for which you would be entitled to actual social security benefits, or the last day of the month in which you reach age 62.

Civil Service Retirement System (CSRS) employees do *not* receive an annuity supplement.

Sometimes people refer to the FERS Annuity Supplement as the "Social Security Supplement" because it supplements a FERS retiree's income until they reach eligibility for Social Security.

However, Social Security does NOT pay the supplement. The Office of Personnel Management

(OPM) makes the FERS Annuity Supplement payment.

To be eligible for the FERS supplement, you must be eligible to retire with an immediate annuity. This means that if you are 60 years old you must have 20 years of service and if you are younger than 60 you must be at the minimum retirement age with 30 years of service.

If you are 62 or older you would not qualify as the supplement is not paid once you reach age 62.

The Minimum Retirement Age (MRA) for FERS employees varies depending on when you were born as follows:

**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
1953- 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

If you retire under a Voluntary Early Retirement (VERA), you would still qualify for the supplement when you reach your minimum retirement age.

However, if you receive a deferred benefit, a disability benefit or a

MRA + 10 benefit you would not qualify for the FERS supplement.

The FERS annuity supplement is computed as if you were age 62 and fully insured for a social security benefit when the supplement begins.

OPM first estimates what your social security benefit would be at age 62. (You can get this info from your social security statements.) Then OPM calculates the amount of your civilian service under FERS in calculating your annuity supplement.

For example, if your estimated social security benefit would be \$1,000 per month and you had worked 30 years under FERS, OPM would divide 30 by 40 (.75) and multiply \$1,000 x .75 which would result in a \$750 per month FERS annuity supplement, prior to any deductions.

Please keep in mind that while all "bought back" military time is credited towards calculating your retirement annuity, it is *not* counted as part of the formula when calculating your FERS annuity supplement.

Lastly, if you work after retirement while receiving the FERS annuity supplement, your earnings will be held to an earnings limit. Your supplement will be reduced by \$1 for every \$2 earned above the limit. The limit is \$15,480 for 2014. Also, there is no COLA for the FERS supplement.