Employee Fact Sheet
Voluntary Early Retirement

DEFINITION - Voluntary Early Retirement assists an agency in completing a major personnel or workload change with minimal disruption to the work force. Voluntary early retirement authority must be requested by the agency and approved by the U.S. Office of Personnel Management (OPM). OPM makes the determination as to whether the agency is undergoing a major RIF, reorganization or transfer of function after reviewing a written request from the agency head or designee. Further, OPM will designate the specific geographic area(s) or occupation(s) covered by the retirement option. They also stipulate a period of time during which the option will remain available. Voluntary Early Retirement offers apply to employees covered under both the Civil Service Retirement System (CSRS) and the Federal Employees’ Retirement System (FERS).

ELIGIBILITY - An employee is eligible to apply for voluntary early retirement with an immediate annuity provided he/she has met ALL of the following conditions:

1. Minimum age and service requirements
   - At least age 50 with at least 20 years creditable Federal service; OR
   - Any age with at least 25 years creditable Federal service.

2. Minimum of five years of civilian service.

3. Separation from a position subject to CSRS or FERS coverage.

4. If subject to CSRS, must be covered under CSRS for at least one out of the last two years prior to retirement. Does not apply to FERS employees.

5. Has served in a position covered by the OPM authorization for the minimum time specified by OPM (usually 30 days).

6. Separates by the close of the early-out period.

EFFECT OF EARLY RETIREMENT ON BENEFITS

Health Benefits. Federal Employees’ Health Benefits (FEHB) coverage can be continued through the retirement system provided the employee has been covered under FEHB for at least the last five years of service prior to retirement. Coverage as an annuitant is identical to coverage as an employee, but premiums are not paid on a pre-tax basis.

Life Insurance. Federal Employees’ Group Life Insurance (FEGLI) can be continued through the retirement system provided the employee has carried the coverage for at least the last five years of service prior to retirement. Value and cost depend on elections made at retirement.
CSRS Annuity

- **Commencing Date.** If the employee retires on the 1st, 2nd, or 3rd day of a month, annuity begins the following day. Otherwise, annuity begins the first day of the month following retirement.

- **Calculation.** CSRS annuity is calculated based on the average high-3 salary and years and months of creditable service. Unused sick leave can be used for additional service credit. If employee is under age 55, this calculation is reduced by one-sixth of one percent for each full month he/she is under age 55 (i.e. 2% per year).

FERS Annuity

- **Commencing Date.** Annuity begins the first day of the month following retirement.

- **Calculation.** FERS Basic Annuity is calculated based on the average high-3 salary and years and months of creditable service. Unused sick leave can be used for additional service credit. There is no annuity reduction in FERS for employees who retire on an early voluntary retirement under age 55. EXCEPTION: A FERS Transferee with a CSRS Component in his/her annuity, who retires before age 55, will have the CSRS portion of the payable annuity reduced by one-sixth of one percent for each full month he/she is under age 55. No reduction will be applied to the FERS component of the annuity.

FERS Annuity Supplement is payable to an employee who has completed at least one calendar year of FERS service, when he/she reaches his/her minimum retirement age (MRA). MRA is age 55 to 57, depending on date of birth. The annuity supplement is payable until eligibility for Social Security begins at age 62. But the annuity supplement is earnings tested, similar to a social security benefit. The supplement will be reduced $1.00 for every $2.00 earned above the earnings limitation.

**EMPLOYMENT AFTER EARLY RETIREMENT**

**Non-Federal Employment.** There are no restrictions on non-Federal employment after a voluntary early retirement. EXCEPTION: Employees covered under FERS who qualify for the annuity supplement could have the supplement reduced or discontinued due to the earning test.

**Federal Employment.** If an annuitant is hired under a Federal appointment that provides for coverage under CSRS or FERS (generally non-temporary employment), then the annuitant is considered a “reemployed annuitant.” This means the annuity will continue, and the Federal salary will be offset by the annuity. If the reemployed annuitant works at least one-year full time equivalent, then the annuitant may apply for a supplemental annuity. If the annuitant works at least five years full time equivalent, then the annuitant may choose either the supplemental annuity or a re-determined annuity.