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FEDERAL RETIREMENT

Benefits for Members of Congress, Congressional Staff, and Other Employees



General Government Division

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The Honorable Ted Stevens
Chairman, Subcommittee on Post Office
and Civil Service
Committee on Governmental Affairs
United States Senate

The Honorable John L. Mica
Chairman, Subcommittee on Civil Service
Committee on Government Reform and Oversight
House of Representatives

At your requests, we are making a series of analyses of federal and nonfederal retirement programs. As one aspect of the requests, you asked that we compare the benefits available to Members of Congress and congressional staff with those available to other groups of employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). This report responds to that part of your requests.

CSRS and FERS are, by far, the two largest retirement programs for federal civilian personnel. In general, CSRS applies to employees who entered federal service before December 31, 1983, and FERS applies to employees who entered after that date. The two programs are very different. CSRS was designed as a "stand-alone" pension program with no supplementation by Social Security or any other source of employment-related retirement income. In fact, CSRS predates the Social Security system by several years.

FERS was developed in response to the Social Security Amendments of 1983 that extended Social Security coverage to federal civilian employees hired after December 1983. FERS includes (1) a pension plan; (2) a Thrift Savings Plan to which most employees and the government contribute; and (3) Social Security, as a three-part retirement package.

The Social Security Amendments of 1983 required all Members of Congress to be covered by Social Security on January 1, 1984, regardless of when they entered Congress. Members in CSRS were given the option of being fully covered by both CSRS and Social Security and making the employee contributions required by each or participating in an "offset plan" whereby the Social Security contributions Members made and any Social Security benefits they received from their congressional service would be deducted from their CSRS contributions and benefits,

respectively. A similar offset plan was applied to all other employees who entered the government between December 1983, when Social Security coverage began and CSRS was closed to new entrants, and January 1987, when the FERS pension plan was implemented.

CSRS and the FERS pension plan each have a number of separate provisions for the various employee groups they cover. Differing provisions in each plan apply to Members of Congress, congressional staff, law enforcement officers and firefighters, air traffic controllers, and all other employees.¹ The latter group (which we refer to as “general employees”) constitutes more than 90 percent of all employees covered by the plans.

Appendixes I and II show all the CSRS and FERS provisions that differ by employee group. The significant differences are highlighted in the next sections. The comparisons do not include several provisions that are the same for all groups, such as disability retirement and annuitant cost-of-living adjustments. Appendixes III and IV illustrate the benefit amounts that are available to each employee group at various ages and years of service.

We derived the information in this report by reviewing chapters 83 and 84 of title 5 of the U. S. Code (chapter 83 covers CSRS and chapter 84 covers the FERS pension plan) and federal regulations on CSRS and FERS contained in parts 831 through 846 of the Code of Federal Regulations. Office of Personnel Management (OPM) specialists on the two retirement systems reviewed the information we developed and made certain suggestions for clarification and/or completeness that we incorporated where appropriate. Our work was done during January through April 1995 in accordance with generally accepted government auditing standards.

Results in Brief

The CSRS provisions for Members of Congress are generally more beneficial than the provisions for other employee groups, particularly general employees. The major differences are found in the eligibility requirements for retirement and the formulas used to calculate benefit amounts. The Member benefit formula applies to congressional staff; however, congressional staff are covered by the general employee retirement eligibility requirements. Law enforcement officers and firefighters may retire earlier and are covered by a more generous benefit formula than general employees. Under CSRS, the provisions for air traffic

¹Members of Congress and congressional staff can opt out of CSRS and the FERS pension plan. Coverage for all other groups is mandatory.

controllers fall between those for law enforcement officers and firefighters and general employees.

Many of the relative advantages afforded to Members of Congress and congressional staff over general employees in CSRS were continued under the FERS pension plan. However, provisions for law enforcement officers, firefighters, and air traffic controllers are very similar to the Member provisions under FERS. (Unlike CSRS, the FERS provisions for air traffic controllers are the same as those for law enforcement officers and firefighters.)

Civil Service Retirement System

The CSRS features that differ by employee group are discussed in the following sections.

Eligibility Requirements for Optional Retirement

Members of Congress can retire at younger ages and with fewer years of service than can general employees and congressional staff. General employees and congressional staff are eligible for optional retirement at age 55 with 30 years of service, at age 60 with 20 years, or at age 62 with 5 years. Members can retire at the same age and service combinations but may also retire at age 50 with 20 years and at any age with 25 years. Additionally, Members may retire at age 60 with 10 years of Member service and at age 50 with service in 9 Congresses.

Law enforcement officers and firefighters may retire at age 50 with 20 years of service as a law enforcement officer or firefighter. Air traffic controllers can retire at age 50 with 20 years of air traffic controller service or at any age with 25 years of air traffic controller service.

Retirement Benefit Formulas

The CSRS statute specifies the formulas that will be used in calculating benefit amounts for the various groups. For Members of Congress and congressional staff who have 5 or more years of congressional service, the formula is 2.5 percent of the average annual salaries they earned during their 3 consecutive highest-paid years (known as the “high 3”) for each year of congressional service. The same benefit formula applies to employees who are federal Claims Court judges, bankruptcy judges, U.S. Magistrates, or judges of the U.S. Court of Military Appeals. For example, the formula provides a benefit of 75 percent of high-3 salary to a Member or congressional staff with 30 years of congressional service. In comparison, the formula for general employees is 1.5 percent of high-3 for

each of the first 5 years of service, 1.75 percent for each of the next 5 years of service, and 2 percent for each year of service greater than 10 years. The general employee formula provides a benefit of 56.25 percent of high 3 after 30 years of service.

The benefit formula for law enforcement officers and firefighters is 2.5 percent of high 3 for each of the first 20 years of service and 2 percent for each year of service greater than 20. Thus, a law enforcement officer or firefighter who retires at age 50 with 20 years of service would receive 50 percent of high 3. After 30 years of service, the benefit would be 70 percent of high 3.

Air traffic controllers are covered by the general employee benefit formula, but they are guaranteed to receive no less than 50 percent of their high 3 at retirement. To illustrate this point, a controller who retires at age 50 with 20 years of service receives 50 percent of his or her high 3 because the general employee formula would provide only 36.25 percent of high 3 after 20 years of service. At 25 years of service, a controller would still receive 50 percent of high 3 because the general employee formula would provide 46.25 percent. The “break-even” point occurs at just under 27 years of service when the general employee formula provides about 50 percent of high 3.

When Members of Congress retire before age 60, their accrued benefits are reduced. The reduction is one-twelfth of 1 percent for each month (1 percent a year) they are between ages 55 and 60 and one-sixth of 1 percent for each month (2 percent a year) they are younger than age 55. There is no age reduction for any of the other groups covered by CSRS when they meet the optional retirement eligibility requirements. However, the reduction for Members younger than age 60 does not eliminate the overall advantages of their higher benefit formula compared with most other employees. A Member who retires at age 55 with 30 years of service receives a benefit equal to 71.25 percent of high 3 rather than the 75 percent he or she would otherwise receive without the age reduction (1 percent of accrued benefits for each of the 5 years the retiree is younger than age 60). General employees receive 56.25 percent of high 3 at age 55 and 30 years of service. Since the age reduction does not apply to congressional staff, they would receive 75 percent.

Several groups, including law enforcement officers, firefighters, customs inspectors, and Veteran’s Affairs’ physicians, receive an additional advantage in their benefit calculations that is not afforded to other

employee groups. Their high-3 salaries include certain types of premium pay. For example, the high 3 of law enforcement officers includes pay they receive for administratively uncontrollable overtime or availability pay.² The high-3 amounts for other groups are limited to basic salaries and do not include any overtime they may have received.

Early Retirement

In certain circumstances, employees may retire before attaining the requirements for optional retirement or before they intended to retire. For example, general employees might be unable to continue in federal employment because their jobs were abolished or congressional staff might retire involuntarily if the Members of Congress who employ them are not reelected. Also, employees (except congressional staff) might be given the opportunity to voluntarily retire early to save the jobs of younger employees when their agencies are downsizing or transferring functions to other locations.

CSRS does not include any separate early retirement provisions for Members of Congress. The optional retirement provisions apply if a Member loses an election. However, some of the age and service eligibility requirements available to Members for optional retirement are the same as the early retirement eligibility requirements for other employees under CSRS.

General employees and congressional staff may retire early if they are age 50 with 20 years of service or any age with 25 years of service. Benefit amounts are reduced by one-sixth of 1 percent for each month (2 percent a year) they are younger than age 55. As discussed previously, Members may retire optionally at age 50 with 20 years of service, at any age with 25 years, or at age 50 with service in 9 Congresses (18 years). Similar to general employees, when Members retire under these provisions, their benefits are reduced by 2 percent for each year they are younger than age 55. However, unlike other employees, Members' benefits are also reduced by 1 percent for each year they are between ages 55 and 60. Members who resign or are expelled from Congress cannot receive immediate benefits unless they are at least age 55 with 30 years of service, age 62 with 5 years of service, or age 60 with 10 years of Member service.

²The administratively uncontrollable overtime program provides premium pay to employees, primarily law enforcement personnel, in positions that require substantial amounts of irregular, unscheduled overtime duty. For law enforcement officers in the criminal investigator job series, The Law Enforcement Availability Pay Act of 1994 provides for mandatory payment of 25 percent of base salaries for working or being available to work an annual average of 2 hours of unscheduled duty each regular work day.

There are no special provisions for law enforcement officers, firefighters, or air traffic controllers to retire before meeting their age and service requirements for optional retirement. In situations where law enforcement officers, firefighters, or air traffic controllers might voluntarily retire early or might be separated involuntarily, the early retirement provisions (including the benefit formula) used for general employees are applied to these groups.³

Deferred Retirement

Many employees do not continue in their federal jobs long enough to meet the age and service requirements for immediate retirement benefits. Employees who quit their jobs before completing 5 years of service receive no retirement benefits. Their contributions to the system are refunded upon request. Employees who stay longer than 5 years but leave before retirement eligibility may elect to leave their contributions in the retirement fund and receive their earned benefits later under the system's deferred retirement provisions.

The deferred retirement provisions of CSRS are more generous for Members of Congress than for any other group. Deferred benefits for all employees, other than Members, are payable at age 62. Members may receive deferred benefits at age 62 if they had at least 5 years of federal service, but they are also eligible for deferred benefits at age 60 if they had at least 10 years of Member service or at age 50 if they had 20 years of federal service of which at least 10 were Member service (with the same benefit reductions as applied to Member optional retirements before age 60).

Members of Congress receive another advantage under the deferred retirement provisions that is not available to any other employee group. CSRS provides benefits to the survivors of former Members who die in the interim between their separation from federal service and the age at which their deferred annuities would have commenced. Other former employees do not have this survivor protection. If they die before deferred benefit payments begin, their survivors are not eligible for survivor benefits. Rather, the former employees' contributions to the retirement fund are refunded to the survivors and no further benefits are payable.

³For example, these employees may be age 50 with 20 or more years of federal service, including service in other occupations but do not have the 20 years of service as a law enforcement officer, firefighter, or air traffic controller required for optional retirement.

Maximum Retirement Benefits

The maximum benefit allowed under CSRS for general employees and congressional staff is 80 percent of high 3. For general employees, about 41 years and 11 months of service are necessary to accrue benefits equal to 80 percent of high 3. Congressional staff benefits reach 80 percent after 32 years of congressional service. The same maximum benefit applies to law enforcement officers, firefighters, and air traffic controllers, but, because of their mandatory retirement requirements (see pp. 8-9), these employees generally cannot work long enough to earn benefits of 80 percent of high 3.

Maximum benefits for Members of Congress are determined somewhat differently, and this difference is more favorable to Members. Their maximum benefit (reached after 32 years of service) is 80 percent of the greater of their high 3 or final salary as a Member of Congress. If a Member leaves Congress to accept an appointive position, the final salary of that position is used as the basis for the maximum benefit if it is greater than the former Member's high-3 salary or final salary as a Member.

Reemployment of Annuitants

In some cases, retirees are reemployed by the government. The CSRS provisions covering reemployment of retired Members of Congress are significantly different from the provisions covering the reemployment of other retirees.

In general, retirees (other than retired Members of Congress) who are reemployed by the government continue to receive their annuities, but their salaries are reduced by the amount of the annuity.⁴ A reemployed annuitant does not contribute to the retirement fund unless the individual chooses to have such deductions withheld. Reemployment for less than a year does not earn additional retirement benefits. However, annuitants reemployed for a year or more in positions subject to the retirement system are entitled to a supplemental annuity upon subsequent separation if they make retroactive contributions or already had deductions withheld. The supplemental annuity is based on the salary received during the reemployment period. Reemployed annuitants who serve for 5 years or more may, upon separation, elect to pay their retirement contributions retroactively (if they had not elected to have them withheld from pay) and have their annuities recomputed using their total service and new high-3 salary.

⁴The prohibition against receipt of both full salary and annuity may be waived to deal with an exceptional need to recruit and retain qualified employees. These decisions are made on a case-by-case basis. The prohibition may also be waived when temporary reemployment of a retiree is necessary in an emergency involving a direct threat to life or property or other unusual circumstances.

When retired Members of Congress are reemployed in either elective or appointive positions, their annuities are suspended, and they again become covered by the system as if they had not retired. Reemployed Member retirees make contributions in the amount required for the positions they hold. Upon separation, they receive either (1) reinstated annuities increased by the cost-of-living adjustments that occurred during reemployment or (2) recomputed annuities with credit for their additional service, regardless of the length of the reemployment.⁵

Employee Contribution Requirements

In recognition of the differing retirement provisions for the various groups, the CSRS statute requires most groups with preferential benefits to make greater contributions to the retirement fund than general employees. General employees and air traffic controllers contribute 7 percent of their salaries. Members of Congress contribute 8 percent, and congressional staff, law enforcement officers, and firefighters contribute 7.5 percent. Any employee who has a premium pay included in the high-3 salary average must also make contributions from his/her premium pay. For example, law enforcement officers must contribute 7.5 percent of their administratively uncontrollable overtime or availability pay because these premium payments are included in their high-3 salary averages.

Other Differences in CSRS Provisions for Members, Congressional Staff, and Other Employees

General employees, law enforcement officers, firefighters, and air traffic controllers receive service credit in their benefit calculations for any full months of unused sick leave they have accumulated at the time of retirement. Sick leave is not used in determining retirement eligibility or high 3.⁶ For example, the benefit amount for a general employee at age 55 with 30 years of service and 1 year of unused sick leave would be calculated as if the employee had 31 years of service. The CSRS statute allows the sick leave credit only for employees who are covered by a formal leave system. Since Members of Congress and most congressional staff are not under a formal leave system, they cannot receive the sick leave credit.

Of all the employee groups covered by CSRS, only law enforcement officers, firefighters, and air traffic controllers are subject to mandatory retirement

⁵The annuity of the former Member is recomputed as if the service had been performed before separation as a Member.

⁶The 80 percent maximum benefit otherwise payable to employees may be exceeded by application of the sick leave credit. For example, a general employee with 1 year of unused sick leave could receive benefits equal to 82 percent of high 3.

provisions. Law enforcement officers must retire by age 57 or as soon thereafter as they complete 20 years of service. Firefighters must retire by age 55 or as soon thereafter as they complete 20 years of service. Individual employees in both groups can be retained to age 60 if their agency heads determine it is in the public interest for them to stay. The mandatory retirement age for air traffic controllers is age 56, regardless of their years of service, and they can be retained to age 61 when the agency head determines it is in the public interest.

Federal Employees Retirement System

The basic design of FERS is much different from CSRS. In addition to a pension plan, FERS provides Social Security coverage to all employee groups and includes a Thrift Savings Plan⁷ in which all groups may participate. The Social Security and thrift plan provisions do not vary by employee group.

The FERS pension plan continued the CSRS practice of providing preferential benefits to Members of Congress, congressional staff, law enforcement officers, firefighters, and air traffic controllers. However, some of the differing benefits under CSRS do not exist in the FERS pension plan.

- FERS eliminated the benefit reduction under CSRS that applies to Members of Congress who retire before age 60.
- FERS has no maximum benefit provision. Thus, the higher maximum benefits available to Members of Congress under CSRS do not exist in FERS.
- FERS provides benefits to the survivors of all employees and Members who have completed at least 10 years of service and die in the interim between their separation from federal service and the age at which their deferred annuities would have commenced. CSRS makes this benefit available only to Members of Congress.⁸
- FERS does not grant service credit for unused sick leave to any employees, thereby not following the CSRS practice of providing a sick leave credit for

⁷For each employee covered by FERS, including Members of Congress, the government contributes 1 percent of salary to the employee's Thrift Savings Plan account. The government contributes additional amounts to match any contributions the employee makes to the thrift plan. The government matches, dollar-for-dollar, employee contributions up to 3 percent of salary and 50 cents on the dollar for each of the next 2 percent of salary the employee contributes. Employees may contribute another 5 percent of salary to the plan with no government matching.

Employees in CSRS may also participate in the thrift plan. They can contribute up to 5 percent of their salaries to the plan. However, the government makes no contributions to their accounts.

⁸In CSRS, a benefit may be paid to the survivor of a Member who separated from service but was not yet receiving his/her deferred annuity if the Member had completed 5 years of service.

all employee groups other than Members of Congress and most congressional staff.

- FERS eliminated CSRS' preferential treatment of retired Members of Congress who become reemployed by the government. It requires that annuities for all reemployed retirees, including Members, be continued during the reemployment period but deducted from the retirees' salaries. Any reemployed annuitant, including Members, must be reemployed at least 1 year before a supplemental annuity is payable and must be reemployed at least 5 years before the annuity can be recomputed.

The features of the FERS pension plan that differ by employee group are discussed in the next section.

Eligibility Requirements for Optional Retirement

The FERS pension plan raised the retirement age for general employees and congressional staff. It adopted a Minimum Retirement Age (MRA) concept that gradually increases, from age 55 to age 57, the earliest age at which general employees and congressional staff are eligible for optional retirement.⁹ However, FERS continued the CSRS practice of allowing Members of Congress to retire at younger ages and with fewer years of service than general employees and congressional staff.

General employees and congressional staff are eligible to retire at the MRA with 30 years of service, at age 60 with 20 years, and at age 62 with 5 years. Members of Congress are eligible to retire at the same age and service combinations but may also retire at age 50 with 20 years of service or at any age with 25 years.

FERS allows law enforcement officers, firefighters, and air traffic controllers to retire at age 50 with 20 years of service or at any age with 25 years. In this manner, the eligibility requirements for all three groups were made the same under FERS. (Under CSRS, eligibility to retire at any age with 25 years of service is available to air traffic controllers only.) FERS also continued the mandatory retirement requirements and associated provisions in CSRS for law enforcement officers, firefighters, and air traffic controllers.

FERS added a provision not included in CSRS that allows Members of Congress, congressional staff, and general employees to retire at the MRA with 10 years of service. However, the accrued benefits for persons who

⁹The FERS MRA is age 55 for general employees and congressional staff born before January 1, 1948. The MRA gradually increases until it reaches age 57 for individuals born after December 31, 1969.

retire under this provision are reduced by five-twelfths of 1 percent for each month (5 percent a year) they are younger than age 62.

Retirement Benefit Formulas

The benefit formulas for Members of Congress, congressional staff, law enforcement officers, firefighters, and air traffic controllers are all the same under the FERS pension plan. They receive 1.7 percent of their high-3 salaries for each of the first 20 years of service and 1 percent of high 3 for each year of service over 20 years.

The FERS benefit formula for general employees is considerably less beneficial than the formula for the other groups. Benefits for general employees who retire before age 62 are calculated at 1 percent of high 3 for each year of service. To encourage later retirements, FERS uses a more generous benefit formula for general employees who retire at age 62 or older with at least 20 years of service. These employees' benefits are calculated at 1.1 percent of high 3 for each year of service.

To illustrate the effect of the different benefit formulas under the FERS pension plan, Members of Congress, congressional staff, law enforcement officers, firefighters, and air traffic controllers would all receive 44 percent of their high-3 salaries after 30 years of service. General employees would receive 30 percent if they were younger than age 62 and 33 percent if they were age 62 or older.

Early Retirement

Like CSRS, the FERS pension plan allows general employees and congressional staff to retire before attaining the age and service requirements for optional retirement. The age and service requirements for early retirement and the conditions under which early retirement may be granted are the same as those under CSRS. Also like CSRS, FERS does not include any separate early retirement provisions for Members of Congress, although some of the age and service requirements available to Members for optional retirement are the same as the early retirement requirements applicable to general employees and congressional staff. FERS also continued the CSRS practice of not allowing law enforcement officers, firefighters, and air traffic controllers to retire before meeting their age and service requirements for optional retirement unless they qualify for early retirement by adding service in other federal occupations. In such cases, the general employee provisions apply.

A major difference between the CSRS and FERS provisions on early retirement is that FERS does not require reductions in earned benefits for employees who retire before attaining optional retirement eligibility. While CSRS requires benefits to be reduced by 2 percent for each year a retiree is younger than age 55, there is no such reduction in the FERS pension plan.

Deferred Retirement

The deferred retirement provisions under the FERS pension plan are considerably different from CSRS. The earliest age at which deferred benefits are available under CSRS, other than for Members of Congress, is age 62. However, FERS makes deferred benefits available to general employees and congressional staff when they would have qualified for optional retirement if they had not left the government. Under FERS, unreduced deferred benefits are paid to these employees at the MRA if they had at least 30 years of service, at age 60 if they had at least 20 years, and at age 62 with at least 5 years. To illustrate this point, an employee who resigns his job at age 52 after completing 30 years of service is eligible for deferred benefits at his MRA (age 55 to 57, depending on date of birth). Under CSRS, the employee must wait until age 62 for the deferred benefits to begin.

The FERS pension plan allows Members of Congress, law enforcement officers, firefighters, and air traffic controllers to receive deferred benefits at the same ages and years of service as general employees if they were not eligible for optional retirement at the time of separation. Deferred benefits for law enforcement officers, firefighters, and air traffic controllers under these circumstances are calculated under the general employee formula, but Members of Congress and congressional staff retain their special benefit formula.

The FERS pension plan also provides deferred benefits to all groups at the MRA if they had completed at least 10 years of service. Deferred benefit amounts paid in these circumstances are reduced by 5 percent for each year the former employees are younger than age 62.

Employee Contribution Requirements

Like CSRS, the FERS pension plan requires the groups with preferential benefits to make greater contributions to the retirement fund than general employees. General employees are required to contribute 7 percent of their salaries less the Social Security tax rate (now 6.2 percent), exclusive of Medicare. The current general employee contribution rate to the FERS pension plan is 0.8 percent of salary. Members of Congress, congressional

staff, law enforcement officers, firefighters, and air traffic controllers must contribute 7.5 percent of salary less their Social Security taxes. Their current contribution rate to the FERS pension plan is 1.3 percent of salary.

Agency Comments

We requested comments on a draft of this report from the Director of OPM or his designee. On May 8, 1995, we met with the Chief of the Retirement Policy Division to discuss the report. He agreed that the report accurately portrayed the major features of CSRS and FERS. He also suggested certain wording changes that he felt would better describe the differing provisions for the various employee groups. In general, we incorporated the suggested changes.

A copy of this report is being sent to Congressman Dan Miller, who also asked us for information on congressional retirement. Copies of the report are also being sent to the Director of OPM and other parties interested in federal retirement matters and will be made available to others on request.

Assistant Director Robert E. Shelton and Senior Evaluator Laura G. Shumway developed the information for this report. Please contact me on (202) 512-5074 if you or your staffs have any questions about this report.



Nancy R. Kingsbury
Director
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Management Issues

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Abbreviations

CSRS	Civil Service Retirement System
FERS	Federal Employees Retirement System
MRA	Minimum Retirement Age
OPM	Office of Personnel Management

Features of the Civil Service Retirement System (CSRS)

This appendix lists CSRS provisions that differ for the various employee groups they cover. Not only do the provisions vary by employee group, but they also vary by the type of retirement. The types of retirement shown in table I.1 include:

- optional retirement in which employees may opt to retire and receive an immediate annuity;
- early retirement in which employees may retire and receive an immediate annuity before attaining the age and service requirements for optional retirement. The circumstances include (1) involuntary separations such as loss of employment through job abolishment or reduction-in-force and (2) voluntary separations occurring when an agency is undergoing a major reorganization, a major reduction-in-force, or a major transfer of function where a significant percentage of employees will be separated or have their salary grades reduced;¹ and
- deferred retirement in which employees leave federal service before qualifying for optional or early retirement, i.e., before qualifying for an annuity that can begin immediately. Their annuities are deferred until they reach a specified age.

¹Early retirement, both voluntary and involuntary, is not available to Members of Congress. Early voluntary retirement is not available to congressional staff.

Appendix I
Features of the Civil Service Retirement
System (CSRS)

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System (CSRS)

Table I.1: Features of the Civil Service Retirement System (CSRS)

CSRS features^a	General federal employee
Optional retirement	
Age and service requirements	Age 55, 30 years
	Age 60, 20 years
	Age 62, 5 years
Formula for determining the annuity amount	1.5% of high 3 ^f for each of first 5 years
	1.75% of high 3 for each of next 5 years
	2% of high 3 for each year over 10 years
Reduction in annuity amount	None
Maximum benefit allowed	80% of high 3, excluding credit for unused sick leave ^l
Early retirement^j	

Appendix I
Features of the Civil Service Retirement
System (CSRS)

Law enforcement officer and firefighter^b	Air traffic controller^b	Congressional staff^c	Member of Congress^c
Age 50, 20 years as law enforcement officer or firefighter	Age 50, 20 years as an air traffic controller Any age, 25 years as an air traffic controller	Same as general employees ^d	Age 60, 10 years of Member service Age 62, 5 years Age 55, 30 years (with reduction) Age 50, 20 years (with reduction)^e Any age, 25 years (with reduction)^e Age 50, service in nine Congresses (with reduction)^e
2.5% of high 3 ^g for each of first 20 years as law enforcement officer or firefighter 2% of high 3 for each year over 20 years as law enforcement officer or firefighter and any other federal service	Higher of amount produced by the general employee formula or 50% of high 3	If less than 5 years of congressional service, same as general employee formula If 5 or more years of congressional service: 2.5% of high 3 for each year of congressional service and up to 5 years' military service, 2% of high 3 for each year of other noncongressional federal service ^h	Same as congressional staff formula, except that military service performed while on leave of absence as a Member during wartime or national emergency is not subject to the maximum 5 years' military service creditable under the 2.5% multiplier
None	None	None	None at age 60 and older Annuity reduced by one-twelfth of 1% for each month Member is between ages 55 and 60 (1% a year) and by one-sixth of 1% for each month Member is under age 55 (2% a year)
80% of high 3, excluding credit for unused sick leave	80% of high 3, excluding credit for unused sick leave	80% of high 3	80% of the greater of: - final basic pay of the Member, - high 3 of the Member, or - final basic pay of the appointive position of a former Member

(continued)

Appendix I
Features of the Civil Service Retirement
System (CSRS)

CSRS features^a	General federal employee
Age and service requirements	Age 50, 20 years Any age, 25 years (with reduction if under age 55)
Formula for determining the annuity amount	Same as optional retirement formula with reduction if under age 55
Reduction in annuity amount	Annuity reduced by one-sixth of 1% for each month the employee is under age 55 (2% a year)
Deferred retirement^k	
Age and service requirements	Annuity payable when former employee reaches age 62 with at least 5 years of service
Formula for determining the annuity amount	Same as optional retirement formula
Reduction in annuity amount	None
Survivor benefit	Refund of contributions if former employee dies before deferred annuity begins
Other features	
Employee contribution rate	7% of salary
Mandatory retirement age	None

**Appendix I
Features of the Civil Service Retirement
System (CSRS)**

Law enforcement officer and firefighter^b	Air traffic controller^b	Congressional staff^c	Member of Congress^c
Same as general employees (with reduction if under age 55)	Same as general employees (with reduction if under age 55)	Same as general employees ^d	None. See optional and deferred retirement provisions
Same as general employee formula with reduction if under age 55	Same as general employee formula with reduction	Same as optional retirement formula with reduction if under age 55	None
Annuity reduced as general employees	Annuity reduced as general employees	Annuity reduced as general employees	None
Same as general employees	Same as general employees	Same as general employees	Annuity payable when former Member reaches: - age 62 with at least 5 years of service - age 60 with at least 10 years of Member service - age 50 with at least 20 years of federal service, including at least 10 years Member service (with reduction) ^e
Same as general employee formula	Same as general employee formula	Same as optional retirement formula	Same as optional retirement formula
None	None	None	Same as optional retirement
Same as general employees	Same as general employees	Same as general employees	Immediate survivor annuity upon death of former Member
7.5% of salary	7% of salary	7.5% of salary	8% of salary
Law enforcement officers must retire at age 57 or as soon thereafter as they complete 20 years of service ^l	Air traffic controllers must retire at age 56, regardless of years of service ^m	None	None
Firefighters must retire at age 55 or as soon thereafter as they complete 20 years of service ^l			

(continued)

Appendix I
Features of the Civil Service Retirement
System (CSRS)

CSRS features^a

Reemployment of annuitantsⁿ

General federal employee

Annuity continues upon reemployment, but the salary is reduced by the amount of the annuity

as long as required contributions are made^o an individual employed:

- at least one year can receive a supplemental annuity upon separation, and
 - at least five years can have the annuity recomputed based on total service and a new high 3
-

Appendix I
Features of the Civil Service Retirement
System (CSRS)

Law enforcement officer and firefighter^b	Air traffic controller^b	Congressional staff^c	Member of Congress^c
Same as general employees	Same as general employees	Same as general employees	Annuity suspended upon reemployment and Member again makes required contributions Upon separation, the annuity recommences and is either (1) recomputed with credit for additional service regardless of how long the Member was reemployed or (2) reinstated with the cost-of-living adjustments that occurred during reemployment

^aIn general, employees or Members must have at least 5 years of federal civilian service to receive any CSRS benefits. The CSRS features that are the same for all employee groups are not included in this table. These features include disability retirement, cost-of-living adjustments, etc. The CSRS was closed to new hires as of January 1, 1984.

^bIn order to qualify for the special retirement benefits granted to law enforcement officers, firefighters, and air traffic controllers, an employee must be (1) age 50 and have served at least 20 years as a law enforcement officer, firefighter, or air traffic controller, or (2) any age and have served at least 25 years as an air traffic controller. Otherwise, the general employee provisions apply.

^cCongressional staff and Members have the option of not participating in CSRS. Beginning in 1984, Members were required to pay Social Security taxes regardless of whether they participated in CSRS.

^dAccording to OPM records, 50-60 percent of congressional staff who had retired from Congress with immediate nondisability annuities and were on the CSRS retirement rolls as of October 1, 1994, retired involuntarily under the early retirement provision. About 10 percent of general employees who had retired with immediate nondisability annuities retired involuntarily.

^eMembers cannot receive an annuity under these age and service requirements if they resign or are expelled from Congress.

^fThe high 3 is the largest annual rate resulting from averaging an employee's or Member's rates of basic pay in effect over any 3 consecutive years of creditable service.

^gThe high 3 for law enforcement officers includes availability pay or pay for administratively uncontrollable overtime.

^hFor congressional staff with at least 5 but fewer than 10 years of congressional and military service calculated at the 2.5% formula, a 1.75% multiplier is applied to each year of other noncongressional federal service until the total of congressional and noncongressional service reaches 10 years. The 2% multiplier is then applied to all other noncongressional federal service. If the 2.5% service is 10 years or greater, the 1.75% multiplier is not used and the 2% multiplier is applied to all noncongressional federal service.

Appendix I
Features of the Civil Service Retirement
System (CSRS)

ⁱUnder CSRS, an employee's full months of unused sick leave accumulated under a formal leave system is included in the total years and months of creditable service but not in determining retirement eligibility or the high 3. Members and most congressional staff do not have a formal leave system.

^jEmployees who are fired for cause cannot receive an early retirement annuity. They must wait until age 62 to receive benefits.

^kTo be eligible for deferred retirement, employees or Members must not have received refunds of all their contributions to the retirement fund.

^lLaw enforcement officers and firefighters may be retained to age 60 when the agency head believes the public interest requires that they stay.

^mAir traffic controllers may be retained to age 61 when the agency head believes the public interest requires that they stay.

ⁿUnder special circumstances such as exceptional difficulties recruiting and retaining qualified employees or when a direct threat to life and property exists, the provisions to deduct the annuity from the salary of a reemployed annuitant, to not recompute an annuity for fewer than 5 years additional service, to withhold contributions, or to suspend the annuity of a reemployed Member may be waived on a case-by-case basis.

^oReemployed annuitants may elect to have the required contributions withheld from their pay or to pay the contributions retroactively.

Source: Chapter 83 of title 5 of the United States Code and parts 831 through 838 of the Code of Federal Regulations.

Features of the Federal Employees Retirement System (FERS)

This appendix lists FERS provisions that differ for the various employee groups they cover. Not only do the provisions vary by employee group, but they also vary by the type of retirement. The types of retirement shown in table II.1 include:

- optional retirement in which employees may opt to retire and receive an immediate annuity;
- early retirement in which employees may retire and receive an immediate annuity before attaining the age and service requirements for optional retirement. The circumstances include (1) involuntary separations such as loss of employment through job abolishment or reduction-in-force and (2) voluntary separations occurring when an agency is undergoing a major reorganization, a major reduction-in-force, or a major transfer of function where a significant percentage of employees will be separated or have their salary grades reduced;¹ and
- deferred retirement in which employees leave federal service before qualifying for optional or early retirement, i.e., before qualifying for an annuity that can begin immediately. Their annuities are deferred until they reach a specified age.

¹Early retirement, both voluntary and involuntary, is not available to Members of Congress. Early voluntary retirement is not available to congressional staff.

Appendix II
Features of the Federal Employees
Retirement System (FERS)

Table II.1: Features of the Federal Employees Retirement System (FERS)

FERS features^a	General federal employee
Optional retirement	
Age and service requirements	MRA ^d , 30 years Age 60, 20 years Age 62, 5 years MRA, 10 years (with reduction)
Formula for determining the annuity amount	1.1% of high 3 ^f for each year of service if age 62 or older with 20 years 1% of high-3 for each year of service if under age 62, or age 62 or older with less than 20 years
Reduction in annuity amount	None at ages MRA and 30 years, age 60 and 20 years, or age 62 and 5 years For employee retiring at MRA and 10 years, annuity reduced by five-twelfths of 1% for each month employee is under age 62 (5% a year)
Maximum benefit allowed	None
Early retirement^h	
Age and service requirements	Age 50, 20 years Any age, 25 years
Formula for determining the annuity amount	Same as optional retirement formula
Reduction in annuity amount	None

Appendix II
Features of the Federal Employees
Retirement System (FERS)

Law enforcement officer and firefighter^b	Air traffic controller^b	Congressional staff^c	Member of Congress^c
Age 50, 20 years as a law enforcement officer or firefighter	Age 50, 20 years as an air traffic controller	Same as general employees	MRA, 30 years
Any age, 25 years as a law enforcement officer or firefighter	Any age, 25 years as an air traffic controller		Age 60, 20 years
			Age 62, 5 years
			Age 50, 20 years ^e
			Any age, 25 years ^e
			MRA, 10 years (with reduction)
1.7% of high-3 ⁹ for each of first 20 years as law enforcement officer or firefighter	1.7% of high-3 for each of first 20 years as air traffic controller	If less than 5 years of congressional service, same as general employee formula	Same as congressional staff formula
1% of high-3 for each year over 20 years as law enforcement officer or firefighter and any other federal service	1% of high-3 for each year over 20 years as air traffic controller and any other federal service	If 5 or more years of congressional service: 1.7% of high-3 for each of first 20 years of congressional service 1% of high-3 for each year over 20 years of congressional service and any other federal service (including military service)	
None	None	Same as general employees	None at ages MRA and 30 years, age 60 and 20 years, age 62 and 5 years, age 50 and 20 years, or any age and 25 years For Member retiring at MRA and 10 years, annuity reduced by five-twelfths of 1% for each month Member is under age 62 (5% a year)
None	None	None	None
Same as general employees	Same as general employees	Same as general employees	None. See optional and deferred retirement provisions
Same as general employee formula	Same as general employee formula	Same as optional retirement formula	None
None	None	None	None

(continued)

Appendix II
Features of the Federal Employees
Retirement System (FERS)

FERS features^a	General federal employee
Deferred retirementⁱ	
Age and service requirements	Annuity payable when former employee reaches the age requirement for optional retirement: - MRA with at least 30 years - age 60 with at least 20 years - age 62 with at least 5 years - MRA with at least 10 years (with reduction)
Formula for determining the annuity amount	Same as optional retirement formula
Reduction in annuity amount	None at age 62, age 60 and 20 years, or MRA and 30 years For MRA and 10 years, annuity reduced by five-twelfths of 1% for each month the former employee is under age 62 (5% a year)
Survivor benefit	If at least 10 years of service, annuity begins on the day after the former employee would have been - age 62, if less than 20 years service - age 60, if 20 through 29 years service - MRA, if 30 or more years service Alternatively, annuity can begin the day after death, but annuity computed actuarially equivalent to waiting for above age and service combinations
Other features	
Employee contribution rate	Currently 0.8% of salary (7% of salary less the Social Security tax rate, other than Medicare)
Mandatory retirement age	None

**Appendix II
Features of the Federal Employees
Retirement System (FERS)**

Law enforcement officer and firefighter^b	Air traffic controller^b	Congressional staff^c	Member of Congress^c
Same as general employees	Same as general employees	Same as general employees	Same as general employees
Same as general employee formula	Same as general employee formula	Same as optional retirement formula	Same as optional retirement formula
Same as general employees	Same as general employees	Same as general employees	Same as general employees
Same as general employees	Same as general employees	Same as general employees	Same as general employees
Currently 1.3% of salary (7.5% of salary less the Social Security tax rate, other than Medicare)	Same as law enforcement officers and firefighters	Same as law enforcement officers and firefighters	Same as law enforcement officers and firefighters
Law enforcement officers must retire at age 57 or as soon thereafter as they complete 20 years of service ⁱ	Air traffic controllers must retire at age 56 or as soon thereafter as they complete 20 years of service ^k	None	None
Firefighters must retire at age 55 or as soon thereafter as they complete 20 years of service ^j			

(continued)

Appendix II
Features of the Federal Employees
Retirement System (FERS)

FERS features^a

Reemployment of annuitants^l

General federal employee

Annuity continues upon reemployment, but the salary is reduced by the amount of the annuity

As long as required contributions are made^m, an individual employed:

- at least one year can receive a supplemental annuity upon separation, and
 - at least five years can have the annuity recomputed based on total service and a new high 3 upon separation
-

Appendix II
Features of the Federal Employees
Retirement System (FERS)

Law enforcement officer and firefighter^b	Air traffic controller^b	Congressional staff^c	Member of Congress^c
Same as general employees	Same as general employees	Same as general employees	Same as general employees

^aIn general, employees or Members must have at least 5 years of federal civilian service to receive FERS benefits. The FERS features that are the same for all employee groups are not included in this table. These features include disability retirement, cost-of-living adjustments, etc.

^bIn order to qualify for the special retirement benefits granted to law enforcement officers, firefighters, and air traffic controllers, an employee must be (1) age 50 and have served at least 20 years as either a law enforcement officer, firefighter, or air traffic controller, or (2) any age and have served at least 25 years as either a law enforcement officer, firefighter, or air traffic controller. Otherwise, the general employee provisions apply.

^cCongressional staff and Members have the option of not participating in FERS. Beginning in 1984, Members and newly hired congressional staff must pay Social Security taxes regardless of whether they participate in FERS.

^dMRA is the minimum retirement age. The MRA is age 55 for an individual born before January 1, 1948, and gradually increases until it reaches age 57 for employees born after December 31, 1969. For example, an individual born in 1950 has a MRA of 55 years and 6 months.

^eMembers cannot receive an annuity under these age and service requirements if they resign or are expelled from Congress.

^fThe high 3 is the largest annual rate resulting from averaging an employee's or Member's rates of basic pay in effect over any 3 consecutive years of creditable service.

^gThe high 3 for law enforcement officers includes availability pay or pay for administratively uncontrollable overtime.

^hEmployees who are fired for cause cannot receive an early retirement annuity. They must wait until they meet the age and service requirements for deferred annuities.

ⁱTo be eligible for deferred retirement, employees or Members must not have received refunds of all their contributions to the retirement fund.

^jLaw enforcement officers and firefighters may be retained to age 60 when the agency head believes the public interest requires that they stay.

^kAir traffic controllers may be retained to age 61 when the agency head believes the public interest requires that they stay.

Appendix II
Features of the Federal Employees
Retirement System (FERS)

^lUnder special circumstances, such as exceptional difficulty recruiting and retaining qualified employees or a direct threat to life and property exists, the provisions to deduct the annuity from the salary of a reemployed annuitant, to not recompute an annuity for fewer than 5 years of additional service, or to withhold contributions may be waived on a case-by-case basis.

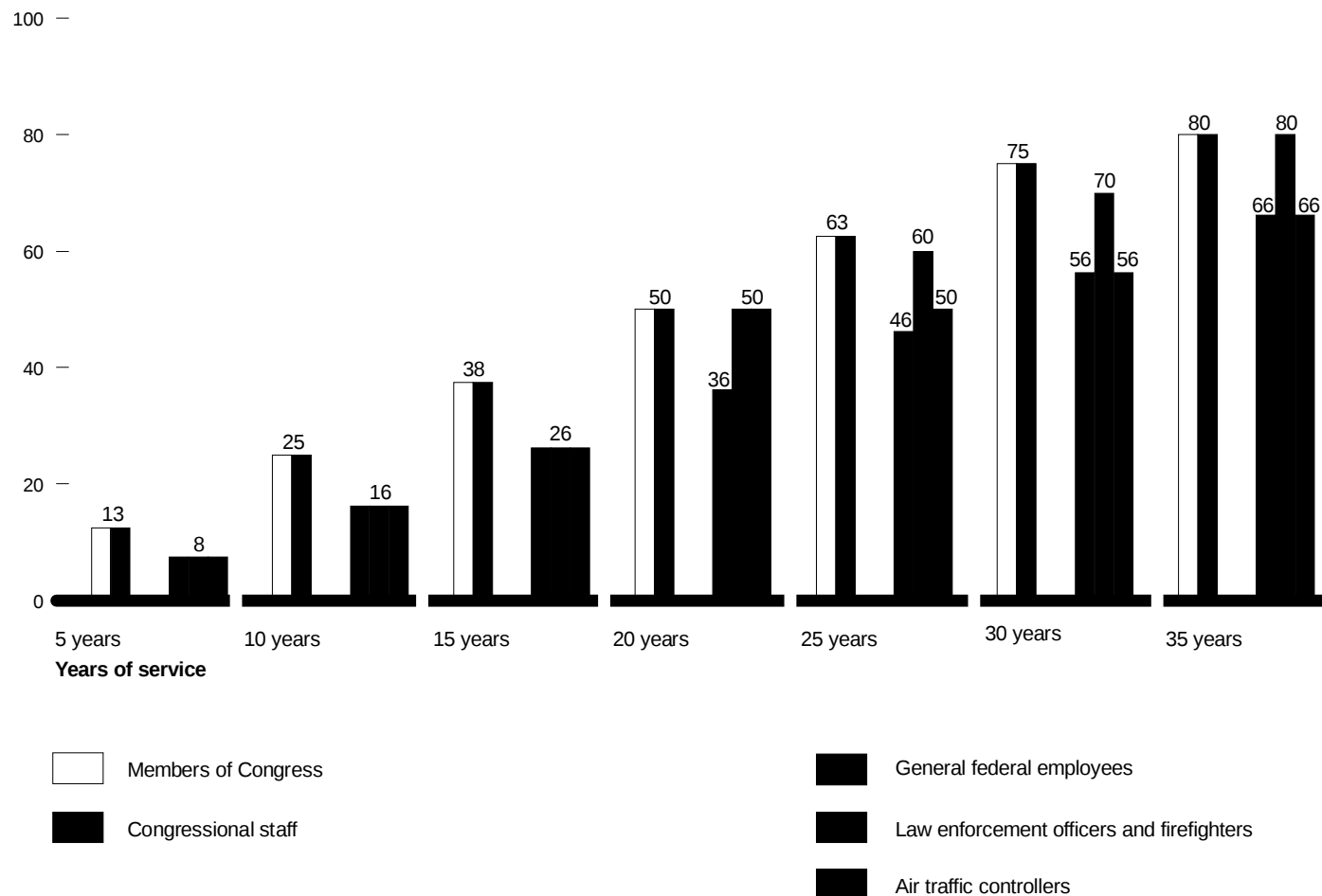
^mIn FERS, deductions are withheld from reemployed annuitants' pay.

Source: Chapter 84 of title 5 of the United States Code and parts 841 through 846 of the Code of Federal Regulations.

Data on CSRS Annuity Levels

Figure III.1: Maximum CSRS Annuities Immediately Available to Employee Groups Under the Optional Retirement Provisions

Percent of high 3



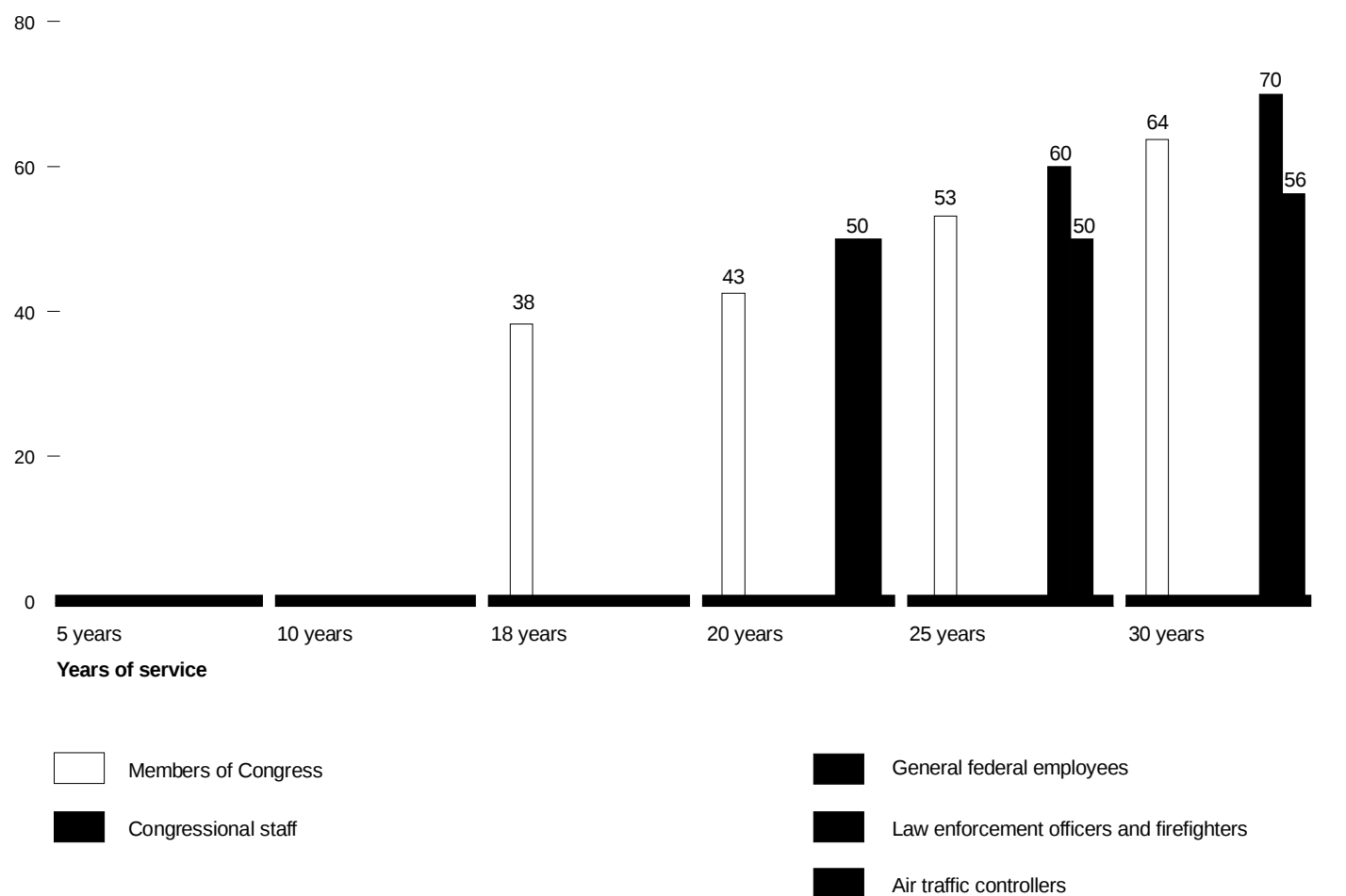
Note 1: The CSRS optional retirement provisions are described in appendix I. Under these provisions an individual may voluntarily retire with an immediate annuity, which may be unreduced or reduced depending on his/her age and years of service at the time of retirement. Special early out voluntary retirements, disability retirements, and involuntary retirements are not considered optional.

Note 2: These bars represent the maximum percentage of high-3 that is available at the years of service shown. The ages required to obtain these maximum percentages vary by group.

Note 3: The percentages shown above the bars are rounded. For example, the 56 percent shown for general federal employees and air traffic controllers at 30 years of service is actually 56.25 percent.

Figure III.2: CSRS Annuities Immediately Available at Age 50 for Employee Groups Under the Optional Retirement Provisions

Percent of high 3

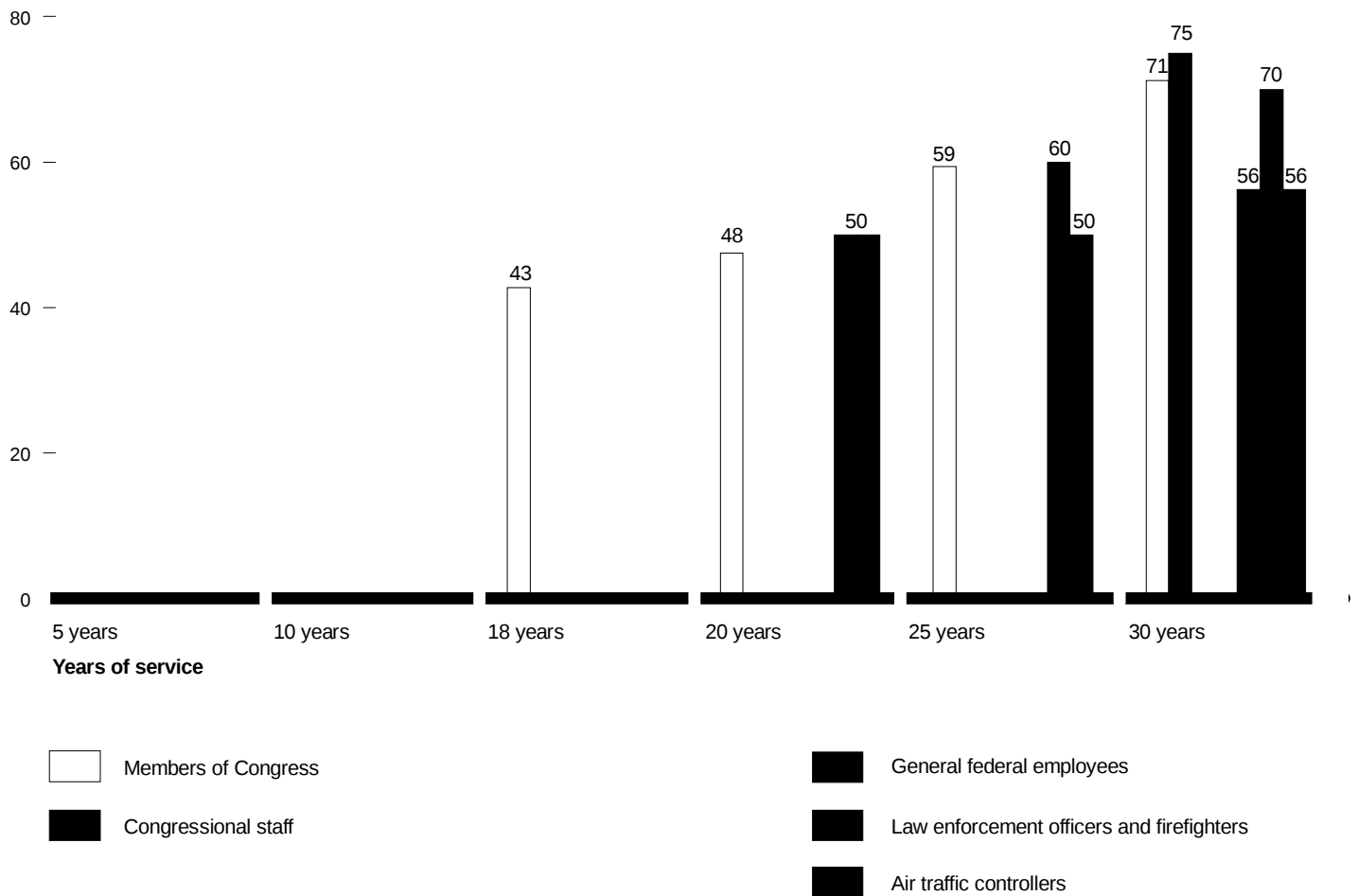


Note 1: A missing bar means the employee group cannot retire at that age and years of service under the optional retirement provisions.

Note 2: The percentages shown above the bars are rounded. For example, the 56 percent shown for air traffic controllers at 30 years of service is actually 56.25 percent.

Figure III.3: CSRS Annuities Immediately Available at Age 55 for Employee Groups Under the Optional Retirement Provisions

Percent of high 3

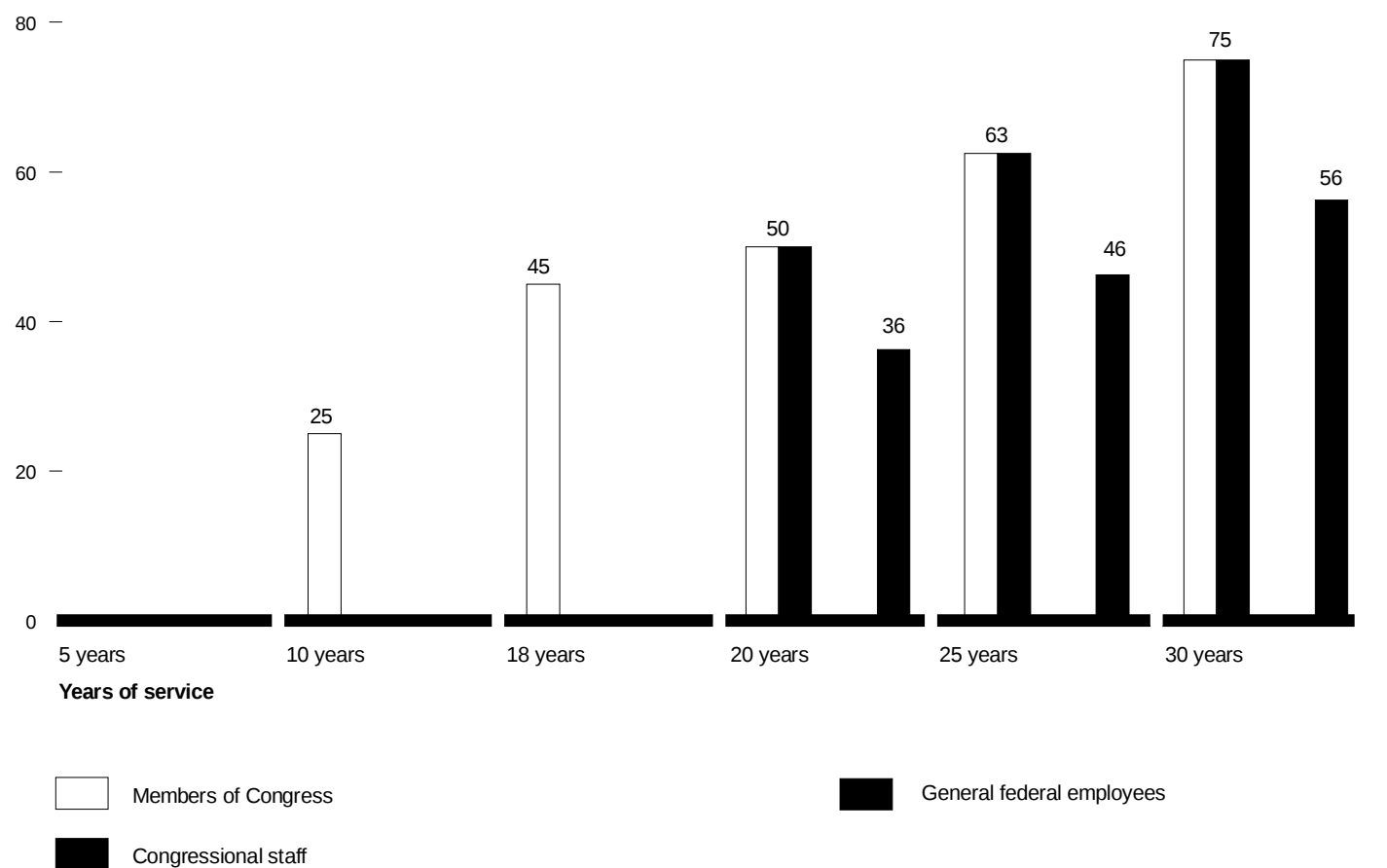


Note 1: A missing bar means the employee group cannot retire at that age and years of service under the optional retirement provisions.

Note 2: The percentages shown above the bars are rounded. For example, the 56 percent shown for general federal employees and air traffic controllers at 30 years of service is actually 56.25 percent.

Figure III.4: CSRS Annuities Immediately Available at Age 60 for Employee Groups Under the Optional Retirement Provisions

Percent of high 3



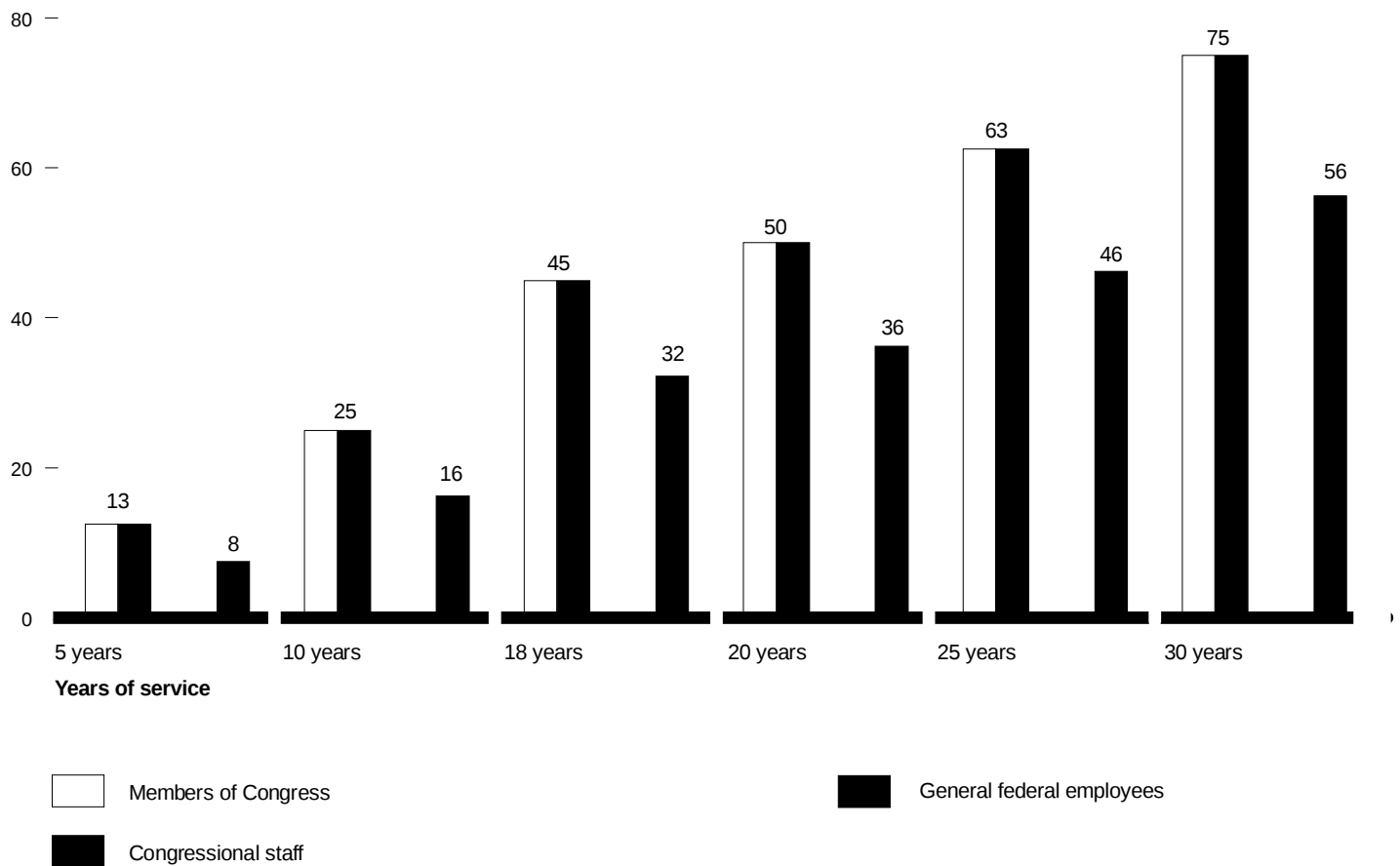
Note 1: A missing bar means the employee group cannot retire at that age and years of service under the optional retirement provisions.

Note 2: The percentages shown above the bars are rounded. For example, the 56 percent shown for general federal employees at 30 years of service is actually 56.25 percent.

Note 3: Law enforcement officers, firefighters, and air traffic controllers are not shown in this figure. In most cases, they have already retired because of their mandatory retirement ages.

Figure III.5: CSRS Annuities Immediately Available at Age 62 for Employee Groups Under the Optional Retirement Provisions

Percent of high 3



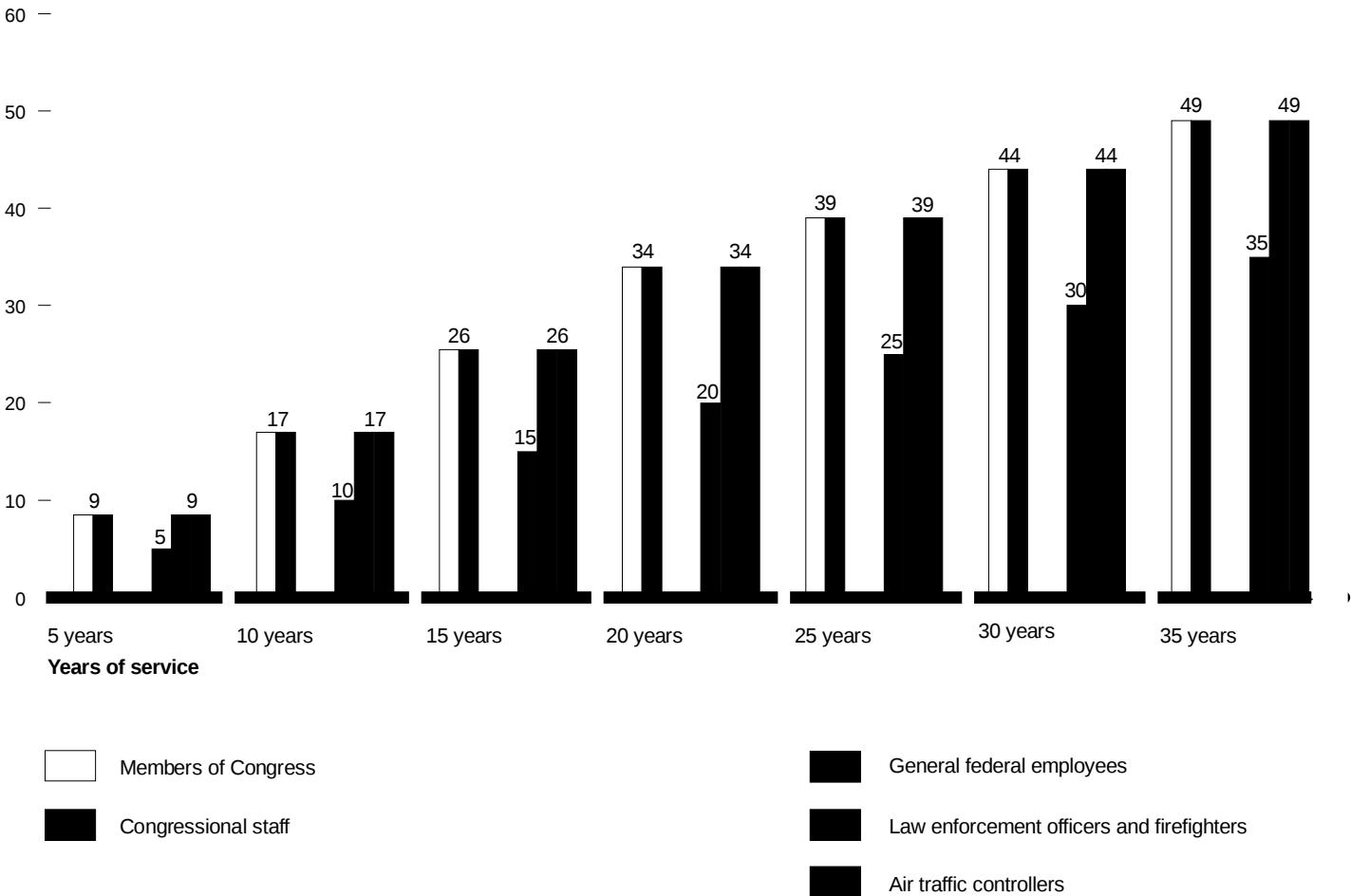
Note 1: The percentages shown above the bars are rounded. For example, the 56 percent shown for general federal employees at 30 years of service is actually 56.25 percent.

Note 2: Law enforcement officers, firefighters, and air traffic controllers are not shown in this figure. In most cases, they have already retired because of their mandatory retirement ages.

Data on FERS Annuity Levels

Figure IV.1: Maximum FERS Annuities Immediately Available to Employee Groups Under the Optional Retirement Provisions

Percent of high 3



(Figure notes on next page)

Appendix IV
Data on FERS Annuity Levels

Note 1: The FERS optional retirement provisions are described in appendix II. Under these provisions an individual may voluntarily retire with an immediate annuity, which may be unreduced or reduced depending on his/her age and years of service at the time of retirement. Special early out voluntary retirements, disability retirements, and involuntary retirements are not considered optional.

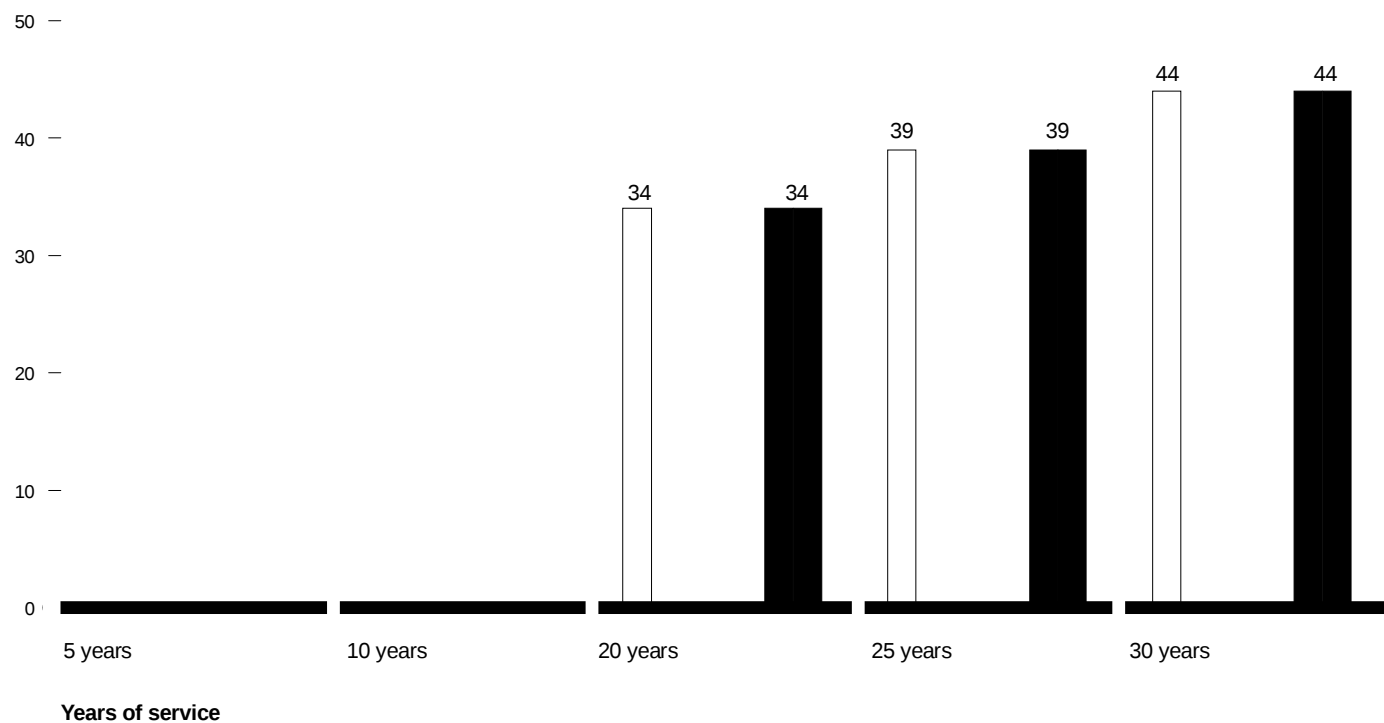
Note 2: These bars represent the maximum percentage of high-3 that is available at the years of service shown. The ages required to obtain these maximum percentages vary by group.

Note 3: The percentages shown above the bars are rounded. For example, the 9 percent shown for Members of Congress at 5 years of service is actually 8.5 percent.

Note 4: If a general federal employee is age 62 with at least 20 years of service, the percentages are 22 percent with 20 years, 27.5 percent with 25 years, 33 percent with 30 years, and 38.5 percent with 35 years, because the multiplier increases from 1 percent for each year of service to 1.1 percent for each year of service.

Figure IV.2: FERS Annuities Immediately Available at Age 50 for Employee Groups Under the Optional Retirement Provisions

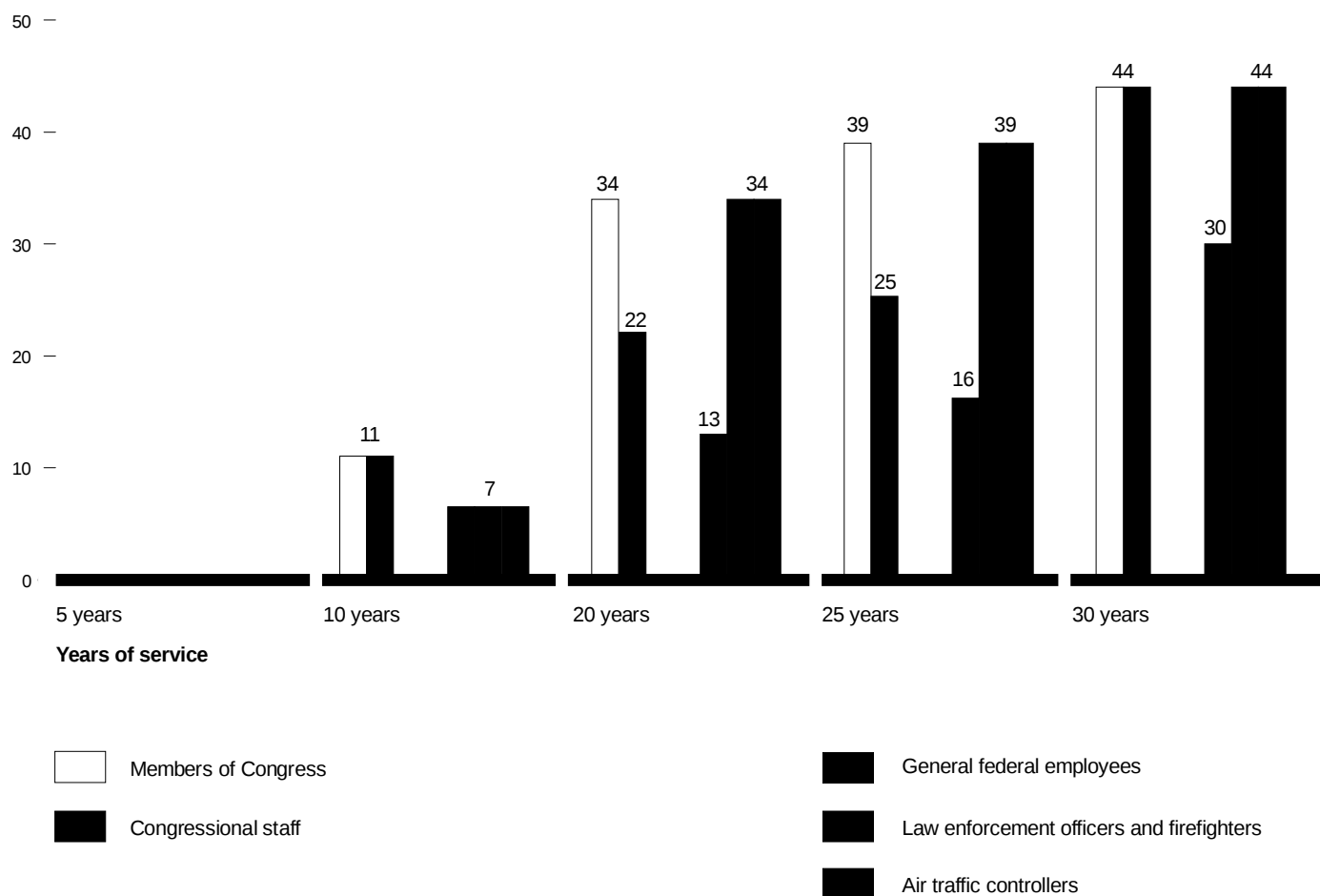
Percent of high 3



Note 1: A missing bar means the employee group cannot retire at that age and years of service under the optional retirement provisions

Figure IV.3: FERS Annuities Immediately Available at Age 55 for Employee Groups Under the Optional Retirement Provisions

Percent of high 3

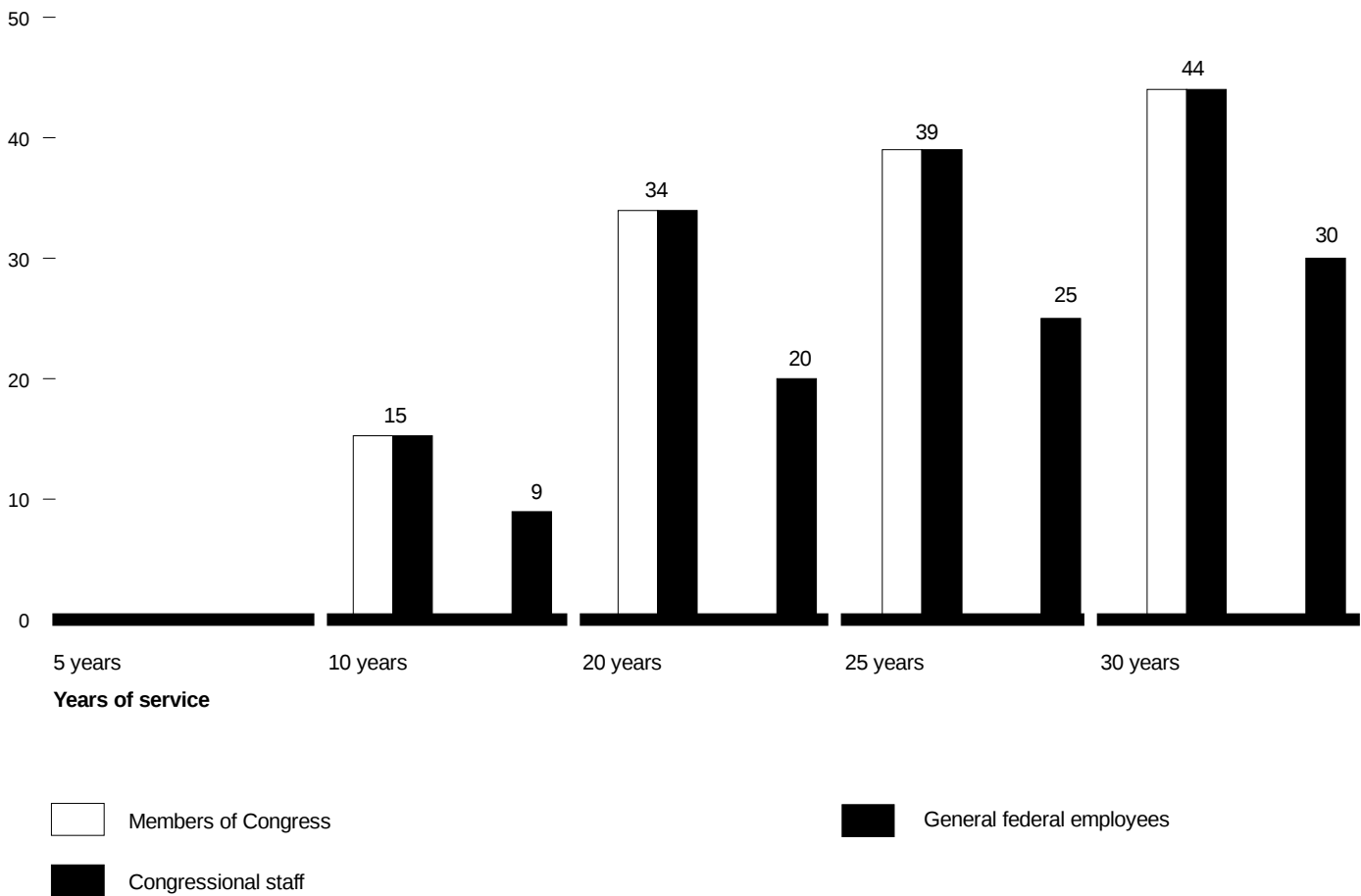


Note 1: A missing bar means the employee group cannot retire at that age and years of service under the optional retirement provisions.

Note 2: The percentages shown above the bars are rounded. For example, the 7 percent shown for general federal employees at 10 years of service is actually 6.5 percent.

Figure IV.4: FERS Annuities Immediately Available at Age 60 for Employee Groups Under the Optional Retirement Provisions

Percent of high 3



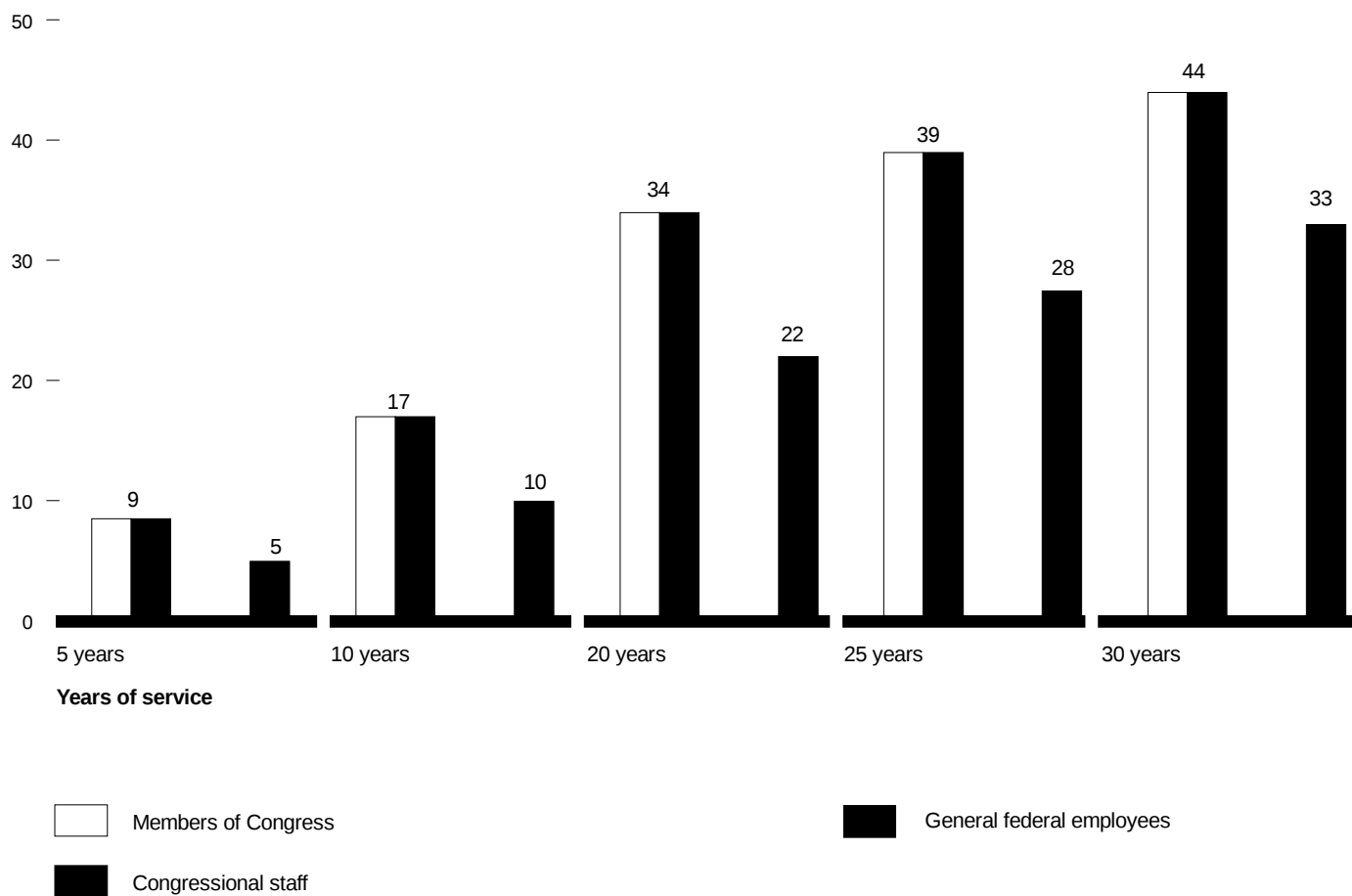
Note 1: A missing bar means the employee group cannot retire at that age and years of service under the optional retirement provisions.

Note 2: The percentages shown above the bars are rounded. For example, the 15 percent shown for Members of Congress at 10 years of service is actually 15.3 percent.

Note 3: Law enforcement officers, firefighters, and air traffic controllers are not shown in this figure. In most cases, they have already retired because of their mandatory retirement ages.

Figure IV.5: FERS Annuities Immediately Available at Age 62 for Employee Groups Under the Optional Retirement Provisions

Percent of high 3



Note 1: The percentages shown above the bars are rounded. For example, the 9 percent shown for Members of Congress at 5 years of service is actually 8.5 percent.

Note 2: Law enforcement officers, firefighters, and air traffic controllers are not shown in this figure. In most cases, they have already retired because of their mandatory retirement ages.

Appendix IV
Data on FERS Annuity Levels

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