Headquarters Human Resources Employee Relations Newsletter

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~ RETIREMENT ISSUE ~

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This newsletter is brought to you by the Headquarters Human Resources Benefits and Employee Relations Team. We are committed to ensuring employees receive the highest level of guidance and support on all benefits, employee relations and ethics issues. In an effort to keep you up-to-date in these areas, we have created this newsletter and plan to publish issues on a regular basis throughout the year.

If you have any questions about the material in this newsletter, have a suggestion for future newsletters or a question on any other related issues, please give one of us a call:

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Post Employment: Rules for Work in the Private Sector

Are you thinking of retiring or leaving the Service and looking for a private industry position? If so, there are a few things you need to be aware of regarding post employment rules.

After you leave the Service, you can generally work for any employer. You can also contact any part of the Government solely on your own behalf –– by phone, by letter, or in person.

You can't try to influence any Federal agency or court on behalf of anyone else (including a new employer) concerning certain kinds of matters –– like contracts, grants, or lawsuits –– if you or a subordinate worked on those same matters during your Government service. You do not have to be a "lobbyist" to be affected by the law, and you may be affected even if you are working for a good cause or are not being paid for your work.

The length of the restriction depends upon how you were involved in the matter while you still worked for the Government. If you were personally and substantially involved in the matter, then the restriction is permanent. If you merely supervised others who did the actual work, then the restriction lasts for two years from the date you leave Government service. The two-year restriction does not apply unless you supervised the matter during your last year of Federal service.

You also can't share in profits that your new employer earned as a result of representing clients before any Federal department, agency, or court at a time when you were still a Government employee. The restriction may affect you even though you were never involved in the matter during your Federal service. This restriction is most likely to affect former employees who join law, accounting, or public relations firms as partners.

If you worked in the procurement field or as a contracting officer:

If you participated in a procurement work or in the administration of a contract, you may be able to work for a contractor that does business or seeks to do business with the Service. However, for one year you may not accept compensation from a contractor to serve as an employee, officer, director, or consultant if, while working for the Government, you had responsibilities or took actions relating to a large procurement involving that contractor. The bar against accepting compensation may apply to you whether you participated in the pre-award or post-award phase of the procurement. For example, you may not accept compensation from a particular contractor if, in connection with a contract awarded to the contractor for more than $10,000,000, you served as the procuring contracting officer at the time of award, or as the program manager or administrative contracting officer for the contract. You also may not accept compensation from the contractor for one year if, for example, you approved a contract payment or payment of a claim to that contractor for more than $10,000,000. You may accept compensation from a division or affiliate of the contractor that does not produce the same or similar products or services as the entity responsible for the contract.

If you have had access to certain sensitive procurement information, you may not disclose that information before the award of the contract to which the information relates (unless permitted by some other law).

If you worked with foreign governments:

If you worked on certain trade or treaty negotiations during your last year of Government service and had access to certain restricted information, you should contact Headquarters Human Resources for specific guidance because you may be barred for one year from aiding or advising anyone (other than the United States) concerning those negotiations.

If you are a high level management official:

Even if you have served in a high-level Government position, you generally may work for any employer, including a foreign government, after you leave the Service. (Headquarters Human Resources can help you determine whether you are a senior employee. In general, senior employees include Presidential appointees and most members of the Senior Executive Service.) You are also free to contact any part of the Government solely on your own behalf; by phone, by letter, or in person. However, if you have served in a senior employee position, your future activities may be affected by restrictions in addition to the other restrictions discussed above. These additional restrictions last for one year from the date you leave your senior employee position and apply even if you aren't paid for your work. Specifically:

- You may not try to influence any department or agency in which you served during your last year of Government service, on behalf of anyone else (including a new employer), concerning any official matter –– even if you were never involved with the matter as a Government employee. (Some former senior employees, however, are allowed to contact certain components of their former department or agency.)

- You may not assist a foreign government or foreign political party in its attempt to influence a decision of any department or agency. You may also be prohibited from representing a foreign entity before Congress.

Thinking of Retirement?

Have you been thinking of retirement, but are unsure what you need to do prepare? Here is some information to help your decision. To begin, below is a brief summary of the three retirement systems:

Civil Service Retirement System (CSRS) is a single defined benefit system, which means that a specific formula determines the amount of the retirement benefit. At retirement, CSRS employees will be entitled to a pension based on their total length of creditable service and their high-three average salary. To qualify for CSRS voluntary retirement you must meet the age and service requirements of age 55 with 30 years, age 60 with 20 years, or age 62 with 5 years.

Civil Service Retirement System Offset (CSRS Offset) is similar to CSRS. CSRS Offset was established for employees who were rehired in a position covered under CSRS after a break in service of more than 1 year and meet the five year test. The same CSRS formula is used to determine a pension based on total length of creditable service and their high-three average salary, but the CSRS annuity is reduced, or offset, by the value of the Social Security benefit if you become eligible for a Social Security benefit. The same age and service requirements for CSRS retirement apply to CSRS Offset retirement.

Federal Employees Retirement System (FERS) is a three-tiered component plan. To qualify for FERS voluntary retirement, you must meet the age and service requirements of MRA (Minimum Retirement Age) with 30 years, age 60 with 20 years, age 62 with 5 years, or MRA and 10 years of creditable service.

1) Basic Benefit – determined by your total length of creditable service and high-three average salary.

2) Social Security – benefit payments provided to workers and their dependents who qualify as beneficiaries under the Old-Age Survivors and Disability Insurance (OASDI) programs of the Social Security Act.

3) Thrift Savings Plan - long-term, tax-deferred retirement savings and investment plan. FERS employees receive agency automatic contributions (1%) and matching contributions (up to 4%).

Important Information That May Increase Your Annuity

You may be able to increase your annuity by making a deposit for military service and non-deduction time or by re-paying a refund of retirement contributions. Choosing to pay a deposit or redeposit is your decision. To avoid possible delays of processing your retirement, you may pay a deposit or redeposit (including interest) at any time, but not usually within 6 months of retirement.

The following information can help you understand the impact of these deposits:

Post-1956 Military Service Deposits are to gain service credit for active military service performed after 1956. All honorable, active duty military service can be credited for retirement purposes under CSRS and FERS. To have military service credited for retirement purposes, it must have occurred before separation for retirement. The most common document used to verify military service is the DD-214.

- **CSRS (Offset or CSRS portion of transFERS)** – If you were employed under CSRS *before 10/01/82,* you have the option to pay a military deposit for the period of military service. You will receive credit for the military service for retirement purposes. However, if you will be eligible for a Social Security benefit at age 62 and have not paid a military deposit, your CSRS annuity will be recomputed to eliminate the post-1956 military service. If you will not be eligible for a Social Security benefit at age 62, then you will receive full credit for the military service and no deposit is required.

  If you were first employed under CSRS *after 10/01/82,* and do not pay a military deposit, the military service cannot be credited for any purposes in the CSRS annuity. Post-1956 military service deposit is generally 7% of basic military earnings.

- **FERS** – Automatic FERS employees must pay a military deposit for the military service to receive credit for retirement purposes. If no military deposit is paid prior to retirement, the military service cannot be credited for any purposes in the FERS annuity. Post-1956 military deposit is generally 3% of basic military earnings.

Nondeduction Service or FICA service is federal civilian service during which no retirement deductions were withheld. Temporary appointments and Peace Corps service are common types of nondeduction service. CSRS and FERS employees can pay a deposit for the period(s) of nondeduction service to receive credit for retirement purposes.

- **CSRS (Offset or CSRS portion of transFERS)**- If the service was performed *before 10/01/82*, and a deposit is paid, the nondeduction service is fully creditable for both retirement eligibility and annuity. If a deposit is not paid, OPM will reduce your annual CSRS annuity by 10% of the unpaid deposit amount owed. If the service was performed *after 10/01/82*, and a deposit is not paid, the nondeduction service is only creditable for retirement eligibility and not in the CSRS annuity.

- **FERS** – If the service was performed *before 01/01/89,* and a deposit is paid, the nondeduction service is fully creditable for retirement eligibility and FERS annuity. If a deposit is not paid, the nondeduction service is not creditable for any retirement purposes. If the service was performed *after 01/01/89,* the nondeduction service cannot be used for retirement purposes nor can a deposit be made for this service.

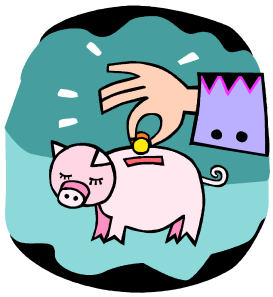
Refunded Service Redeposit –is used to gain service credit for Federal service during which retirement contributions were withheld, but were later refunded to the employee after separation. CSRS employees can pay a redeposit for refunded service to receive credit for retirement purposes. FERS employees can not make a redeposit.

- **CSRS (Offset or CSRS portion of transFERS)**– If the period of refunded service ended *before 10/01/90,* you have the option to pay a redeposit for the service. If a redeposit is paid, the refunded service is fully creditable for retirement eligibility and in the CSRS annuity. If a redeposit is not paid, the period of refunded service is creditable for retirement eligibility and CSRS annuity, but OPM will actuarially reduce the monthly CSRS annuity. If the period of refunded service ended *on or after 10/01/90,* and a redeposit is paid, the refunded service is fully creditable for retirement purposes. If a redeposit is not paid, then the refunded service is creditable only for retirement eligibility and not in the CSRS annuity.

- **FERS** – Refunded service under FERS cannot be credited for retirement eligibility or in the computation of the FERS annuity.

If you are interested in making a deposit/redeposit in order to receive credit for retirement purposes or in receiving a retirement annuity estimate, please contact Kimm Slayton or Kathy Cannavino in Headquarters Human Resources at 703-358-2121 or 703-358-2576.

Thrift Savings Plan



Thrift Savings Plan (TSP) (www.tsp.gov) – If you are covered by the Federal Employees' Retirement System (FERS), the TSP is one part of your 3 tier retirement package (Social Security and FERS are the other two). If you are covered by the Civil Service Retirement System (CSRS) or are a member of the uniformed services, the TSP is a supplement to your retirement annuity or military retired pay. As a Federal employee or member of the uniformed services, you have the opportunity to participate in the TSP. It is a tax-deferred retirement benefit that is similar to 401 (k) plans, and gives you the opportunity to participate in a long-term savings and investment plan. Employees can contribute up to IRS limits that apply for the current year.

The TSP is a defined contribution plan. The retirement income that you receive from your TSP account will depend on how much you (and the Service, if you are a FERS employee) have contributed to your account during your working years and the earnings on those contributions. As a FERS employee, you have three

sources of TSP contributions: employee contributions, Agency Automatic (1%) contributions, and matching contributions. You receive matching contributions on the first 5 percent of pay that you contribute each pay period. The first 3 percent is matched dollar-for-dollar, the next two percent will be matched 50 cents on the dollar. You can start, change, stop and resume TSP contributions at any time via http://www.employeeexpress.gov.

A contribution allocation specifies the way contributions to your account will be invested among the TSP funds. The TSP investment options include two fixed income funds (the G and F Funds), three stock funds (the C, S, and I Funds), and five lifecycle funds (L 2040, L 2030, L 2020, L 2010, and L Income). The contribution allocation applies to all future contributions, as well as loan payments and transfers or rollovers of funds from other plans into the TSP. It does not affect the money already in your account. (To change the way your existing account balance is invested, you must make an interfund transfer.) You can change the allocation of your TSP contributions among the different investment funds at any time via http://www.tsp.gov.

Social Security

Social Security Benefits - there are two laws that can affect CSRS retirees who may be entitled to a Social Security benefit. We do not advise employees on Social Security benefits, and recommend that you contact your local Social Security Office to discuss your benefits. To learn more about Social Security benefits, please visit www.ssa.gov.

Government Pension Offset (GPO) provision affects your Social Security benefit as a spouse. If you receive a pension based on work in which no Social Security taxes were withheld (e.g., CSRS retirees) then some or all of your Social Security benefit as a spouse, based on the spouse's earnings record, will be offset. The GPO equals 2/3 of the amount of the government pension (e.g., CSRS annuity). The government pension (CSRS annuity) is not affected. The GPO affects both family benefits and survivor benefits.

Windfall Elimination Provision (WEP) affects your Social Security benefit. If you earn a pension from work not covered by Social Security taxes (e.g., CSRS annuity), yet qualify for an earned Social Security benefit based on work in which you paid Social Security taxes (e.g., working as a waitress before college), then your Social Security benefit will be reduced on a modified formula. The WEP does not affect your survivor benefits under Social Security

Do you have questions about Social Security?

There will be a Social Security presentation regarding retirement planning on August 23, 2006, from 10:00 a.m. – 11:00 a.m., room 2064, Arlington, VA. Please mark this on your calendar to attend if you are interested in learning about your Social Security benefits.

If you have any benefits, ethics, or employee relations related questions, please contact us at:

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