



John R. Smith—Director



RETIRES

Updated

Early Retirement Options

Under federal law, federal agencies, including the Postal Service, cannot grant Voluntary Early Retirement opportunities to their employees without approval from the Offices of Personnel Management. In recent years, OPM has sometimes granted Voluntary Early Retirement authority to help agencies restructure or “downsize” their workforce.

Voluntary Early Retirement

CSRS Employees: If you are covered under the Civil Service Retirement System (CSRS), you must be at least 50 years old and have at least 20 years of federal service (including military service) to be eligible for Voluntary Early Retirement, or you may retire at any age if you have at least 25 years of federal service. Your annuity payments will begin as soon as you retire, but they will be reduced by 2 percent for each year that you are younger than 55 at the time you retire.

Under either of the conditions above, you must have at least five years of creditable service under the Civil Service Retirement System (CSRS), and you must have been in a pay status for at least one of the two years immediately preceding your retirement (also known as the “one-out-of-two rule”).

FERS Employees: If you are enrolled in the Federal Employees Retirement System (FERS), you must be 50 years of age with 20 years of service or have 25 years of service regardless of age to be eligible for voluntary early retirement or discontinued service annuity. There is no age penalty for a FERS employee requesting either of these retirement opportunities.

‘Discontinued Service’ Retirement

Employees who are “involuntarily separated” may be entitled to what is known as Discontinued Service Retirement,

which provides immediate, but possibly reduced annuities.

The following are the most common circumstances under which employees may be considered “involuntarily separated” and become eligible for Discontinued Service Retirement:

- Reductions-in-Force (RIFs);
- Positions abolished, or agency lacks funding for certain positions;
- Excessing, reassigning, or transferring job functions to a facility outside an employee’s commuting area;
 - Transfer of function outside the commuting area;
 - Expiring appointments of workers hired for limited terms of service;
 - An employee’s failure to continue to meet qualification requirements for his or her position (provided that the separation is non-disciplinary and the separation is initiated by the agency);
 - Separation during probation due to performance (not misconduct).

Employees facing involuntary separation may be eligible for Discontinued Service Retirement unless they are being separated for “cause” – such as poor performance, misconduct or delinquency.

CSRS Employees: Under Discontinued Service Retirement, CSRS employees are eligible to start receiving annuities immediately, but the annuities may be reduced if you are younger than 55.

If you are an involuntarily separated CSRS employee, you are eligible for Discontinued Service Retirement if:

- You have not turned down an offer to transfer to another job in a facility within reasonable commuting distance;
- You are at least 50 years old and have at least 20 years of federal service (including military service), or you may retire at any age if you have at least 25 years of federal service;
- You are vested in the CSRS with at least five years of service;

Employees who are “involuntarily separated” may be entitled to what is known as Discontinued Service Retirement.

This is a corrected version of an article that appeared in the January/February 2003 edition of The American Postal Worker. It is also posted on the APWU web site, at www.apwu.org.

- You must be separating from a position subject to CSRS coverage; and
- You have been in a pay status for at least one of the two years preceding your retirement, (i.e., you meet the “one-out-of-two rule” requirement).

FERS Employees: Discontinued Service Retirement eligibility rules for FERS employees are the same as those for CSRS employees, with the following exceptions:

- There is no age penalty for FERS employees.
- The “one-out-of-two rule” does not apply; there is no requirement that you must have been in a pay status for at least one of the two years preceding your retirement.

Both FERS and CSRS employees may have their unused annual leave credited as service in calculating the length of their federal service in order to qualify for Discontinued Service Retirement.

FERS employees who are at least 55 years old with at least 10 years of creditable service have always had the right to apply for Voluntary Optional Retirement benefits (not to be confused with the Voluntary Early Retirement discussed above). However, under optional retirement, the employee is penalized 5 percent for each year under age 62. This penalty can be avoided if the retiring employee defers his or her annuity until he or she reaches the age of 62.

Before deciding to seek Voluntary Early Retirement or Discontinued Service Retirement, make sure you have all the facts by consulting your Human Resources Department. ■

CSRS EARLY OUT COMPUTATION ESTIMATES				
<i>(Estimates Based on Retiring During the First Pay Period of January 2003)</i>				
Level/Step	4/0	5/0	7/0	9/0
High 3	\$40,069	\$40,993	\$43,102	\$45,573
55 Years Old • 30 Years of Service				
Annual	\$22,539	\$23,059	\$24,245	\$25,635
Monthly	1,878	1,922	2,020	2,137
<i>There is a 2% reduction in the annuity for every year the employee is under 55 years of age.</i>				
52 Years Old • 30 Years of Service • 6% reduction				
Annual	\$21,186	\$21,675	\$22,790	\$24,097
Monthly	1,765	1,806	1,899	2,008
50 Years Old • 30 Years of Service • 10% reduction				
Annual	\$20,285	\$20,753	\$21,820	\$23,071
Monthly	1,690	1,729	1,818	1,922
50 Years Old • 20 Years of Service • 10% reduction				
Annual	\$13,073	\$13,374	\$14,062	\$14,868
Monthly	1,089	1,115	1,172	1,239
55 Years Old • 25 Years of Service				
Annual	\$18,532	\$18,959	\$19,935	\$21,078
Monthly	1,544	1,580	1,660	1,756
<i>The example below shows how the calculations were done.</i>				
53 Years Old • 25 Years of Service				
2% X 2 (difference between ages 55 and 53) = 4% reduction				
	\$18,531.91	\$18,959.26	\$19,934.68	\$21,077.51
	X.04	X.04	X.04	X.04
	741.28	758.37	797.39	843.10
	\$18,531.91	\$18,959.26	\$19,934.68	\$21,077.51
	- 741.28	- 758.37	- 797.39	- 843.10
Annual	\$17,791.00	\$18,201.00	\$19,137.00	\$20,234.00
Monthly	1,483.00	1,517.00	1,595.00	1,686.00

IN MEMORY

Laurzel ‘Larry’ Ayler

Laurzel “Larry” Ayler, a National Business Agent for three years and an officer with the APWU Philadelphia Area Local for many years, died Oct. 21, 2002. He was 68.

Born in Mobile, AL, Mr. Ayler attended Mobile County Training School and Springhill College. He had a two-year stint in the U.S. military, then moved to Philadelphia, where he started work for the Postal Service in 1955.

Mr. Ayler served as the APWU Philadelphia Area Local’s industrial relations director from 1976 to 1982 and as the local’s executive vice president from 1982 to 1983.

In 1983, Mr. Ayler was elected as National Business Agent, Clerk Division, for the Philadelphia Region. He retired from the USPS in 1990.

Mr. Ayler’s survivors include daughters Michele and Lauren, son Laurzel Jr., six brothers, and three grandchildren.