

Voluntary Early Retirement Has Potential Side Effects

The Voluntary Early Retirement (VER) recently announced for eligible Clerk Craft employees by the USPS has generated many questions.

Members are asking, “Should I accept early-out retirement?” It is not the place of the National APWU to give advice on whether to retire or not. That is a personal decision. However, it is a decision with implications that members should consider.

APWU Pushes for Incentive

USPS management did not discuss the VER with the APWU in advance. APWU National officers initiated a Jan. 10 meeting with postal management to address concerns about the VER including why the VER was not offered to all crafts, the need to halt all plans for excessing in light of the VER and the process for retirement counseling. Management has committed to respond to the APWU’s questions, which we will share as received. In this meeting, the union also pressed its views that:

1. The USPS is not overstaffed, and service is suffering due to understaffing; and,
2. If the Postal Service moves forward with its misguided plans to reduce the workforce, they should offer a monetary incentive for those eligible for regular retirement, as well as for employees eligible for an early-out.

Incentives have been offered numerous times in the past for both bargaining unit and supervisory employees.

If you are eligible for the VER, you should have received a package from the USPS containing vital information about the opportunity for an early-out.

You are eligible for USPS-sponsored retirement counseling – both group and individual. Information on whom to contact and how to arrange counseling will be in the packet. The packet, along with your counseling session(s), will explain eligibility for any annuity supplement, your health insurance premiums, how your FEGLI life insurance can change, and other issues.

According to a previous grievance settlement with the APWU, local management must arrange a reasonably private space for employees who wish to receive on the clock, individual counseling. Your spouse can participate in the counseling session(s). Take advantage of every opportunity to learn the specifics about your retirement benefits.

Some Points to Consider

As of now, there is no financial incentive to retire early, unlike the 2009 and 2012 VERs. Also, in its Aug. 22, 2017 request to the Office of Personnel Management (OPM) for VERA approval, the Postal Service said that 10,522 APWU-represented employees will shortly be “impacted” by “differing personnel actions” and “repositioning initiatives.”

Those who take the early-out will see financial/income impacts, including:

- If you are an employee covered by the Civil Service Retirement System (CSRS), you will have your annuity reduced by 2% for each year you are under age 55.
- If covered by FERS, you will only earn 1% of your salary as an annuity for each year worked.
- If you are under the Minimum Retirement Age (MRA), you will not receive the Social Security Supplement until you reach the MRA. If under normal conditions, you retire after reaching the MRA but are not yet eligible for Social Security, you receive an “annuity supplement” until you reach the age of sixty-two (62). An “early-out” is different; so, for example, if you are age 50 and your MRA is 57 you will not receive the supplement until age 57.
- Under FERS, you will not receive Cost of Living Allowances (COLAs) on your annuity until age 62.
- With an early retirement, you can’t make additional contributions to TSP or receive employer contributions.
- Your life insurance coverage and cost may change.
- Your health insurance premiums may increase, depending on your plan.

Make your decision based on complete and accurate information about your retirement benefits. Postal management has verbally committed to the union that they have no intention of capping the number of employees who can take this VER offer.

The APWU will continue to share important information on the VER. Visit apwu.org for the most up-to-date information. If you are having trouble getting USPS-provided counseling, you can call the APWU Retirees Department at 877-279-8669.