

## Retirement Quiz Answers

Here are the answers to the quiz in the Dec. 15, 2006 Retirement Planning column:

1. **False.** Early retirement is only offered for the benefit of the government, not for employees who simply wish to retire a few years early. When OPM determines that an agency is undergoing a major reduction in force, a reorganization or transfer of function, an eligible employee may apply to retire on an immediate annuity if he or she satisfies several conditions. You can learn more about early retirement [here](#) and [here](#).
2. **c.** There is no mandatory retirement age for most federal employees. However, there are some limits on employees in special positions. Law enforcement officers and firefighters for example, must retire at 57. For air traffic controllers, the mandatory age is 56.
3. **d.** Resigning employees are eligible to receive a refund of their retirement contributions. FERS employees should be aware that taking a refund of retirement contributions is a "one-way ticket out" and there would be no future retirement credit allowed if the employee is later re-employed in federal service. CSRS refunds may be redeposited if re-employed. Learn more about refunds [here](#) and [here](#).

Also, as of Oct. 1, 1994, employees may choose an "alternative form of annuity" if they are eligible for a nondisability annuity and have a life-threatening illness or other critical medical condition. Employees who qualify for the AFA under this rule will receive only a single lump-sum payment. You can find more information [here](#).

4. **d.** Both CSRS and FERS provide survivors' benefits to the spouse, dependent children and beneficiary of an employee who dies before retirement. The benefit amount depends on who survives the employee, how long they served in government and which retirement system they were under. More information is [here](#).
5. **False.** Look at it this way: Suppose Harry retired under CSRS in 1986 and died on Nov. 25, 2006. His November retirement payment would have been due to be paid on Dec. 1. Since Harry is no longer living, this final annuity payment would be paid to his designated CSRS beneficiary, if a valid beneficiary designation is on file with the Office of Personnel Management. Otherwise, this payment is paid according the standard order of precedence for federal payments. So it's always a good idea to keep your beneficiary designation updated. More information on this subject is available [here](#).
6. **c.** The main ingredients to computing a CSRS or FERS basic retirement benefit are the high-three average salary and total creditable service. It is important that the employee has made retirement contributions covering the creditable service, but this is a secondary factor in the computation. To learn more about computing your retirement, go [here](#) and [here](#).
7. **c.** A retirement estimate is only accurate if the service used to compute the estimate is documented and creditable. Your agency will compute your retirement estimate based on the records filed in your official personnel folder. Only you know where you have worked; by reviewing your personnel file, you can confirm that a complete history of your federal career has been verified.
8. **e.** Employees may choose to receive a reduced retirement to provide a survivor's benefit to their spouse,

former spouse or a person who has an "insurable interest" in the retiree. Dependent children's benefits are payable without a reduction to the retirement benefit. More information is available [here](#).

9. **c.** CSRS and FERS retirement benefits are adjusted annually for inflation based on the Consumer Price Index for urban wage earners and clerical workers. CSRS benefits receive immediate and full cost of living adjustments annually. FERS retirement benefits are adjusted with a delayed cost of living adjustment that is a little less generous, sometimes referred to as a "diet COLA." More COLA information is available [here](#).
10. **c.** The most common reason for retiring at the end of the leave year is to maximize the lump-sum annual leave payment. By retiring at the end of the year, an employee may accumulate 25 or 26 accruals of annual leave plus the leave carried over from the previous year. If you want to read more about the best upcoming dates to retire, see my Nov. 3 column.

*This document is located at <http://www.govexec.com/dailyfed/1206/121506rpanswers.htm>*

©2007 by National Journal Group Inc. All rights reserved.