Introduction

Retirement Projection tables depict estimates of the number, percent, and cumulative percent of retirements by year for the period from Fiscal Year (FY) 2006 through FY 2010, and are based on yearly retirement patterns for the period from FY 2003 through FY 2004.

Full-time permanent employees on-board as of October 1, 2001 were tracked over the next three years to determine probabilities of retirement in each of the three years. In order to determine the probability of retirement, we controlled for the following variables: gender, occupation category, retirement system, and length of retirement eligibility. Controlling for these factors creates 468 subcategories each having a unique combination of the four variables. In each subcategory, the two one-year probabilities for FY 2003 through 2004 were averaged to obtain a composite one-year probability estimate. We excluded FY 2002 probabilities because retirements that year were significantly lower than we expect to see in the next several years.

By assuming that future yearly retirement probabilities within each subcategory would remain the same as the 2003-2004 period, each employee on-board as of October 1, 2004 was assigned a retirement probability for each of five future years. These probabilities vary from year to year since an employee's retirement eligibility changes every year.

Retirement projections for each year are determined by summing the yearly retirement probabilities for each employee.

More on methodology

Retirement Eligibility Rules

1. CSRS covered personnel are eligible to retire immediately if they are:

        (a) At least 55 years of age, and have at least 30 years of service

    Or

        (b) At least 60 years of age, and have at least 20 years of service

    Or

        (c) At least 62 years of age, and have at least 5 years of service

2. FERS covered personnel are eligible to retire immediately if they:

        (a) Have reached minimum retirement age, and have at least 10 years of service

    Or

        (b) Are at least 62 years of age, and have at least 5 years of service

3. Other employees, primarily firefighters and law enforcement personnel covered under Section 6(c), are eligible to retire immediately if they are:

        (a) At least 50 years of age, and have at least 20 years of service in these occupations

Source: Central Personnel Data File	**Questions/Comments to:** Fedstats@opm.gov

## General Methodology for Retirement Projections

1. Determine how many years out retirement projections are to be made.

2. Select a past period of actual retirement activity to use as a basis for these projections.

3. At the beginning of the past period, select employees for whom you want to make projections. Categorize these employees by type of retirement plan (i.e. Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), or Other (primarily firefighters and law enforcement personnel covered under Section 6(c)) and their retirement eligibility as of that point in time. Also categorize by any other variables to be controlled such as gender or occupation category. This procedure will result in the formation of subcategories each defined by a unique combination of all control factors.

4. In each subcategory, determine the percentage of retirements during either:
    (a) the entire past period; **or**
    (b) every individual year of the past period.

    If option (b) is selected, the retirement eligibility category for each employee must be recomputed at the end of each year. The subcategory for each employee must also be changed to reflect the new eligibility category. Employees who have retired or otherwise separated during a particular year must be excluded from any subsequent calculations. The individual year percentages (probabilities) must be averaged to obtain a one-year retirement probability.

    Note: To accomplish this step, employment histories for each employee will be required.

5. Categorize the current population (on which the projection is to be based) by retirement system, eligibility, and any other control factors.

6. In each subcategory, apply the retirement rates/probabilities computed in step 4 to project future retirements. The subcategory retirement projections are then aggregated to obtain overall projections. If option 4(b) is selected, retirement probabilities for each individual must be recomputed after each year. Conditional probability must then be used to calculate the probability of retirement in each future year. For a given year, employee probabilities for that year are aggregated to obtain yearly projections.

Contents
Note: The following tables cover retirements in Fiscal Year 2004

Projected Non-Seasonal Full-Time Permanent Retirement Rates
Fiscal Years 2006-2010
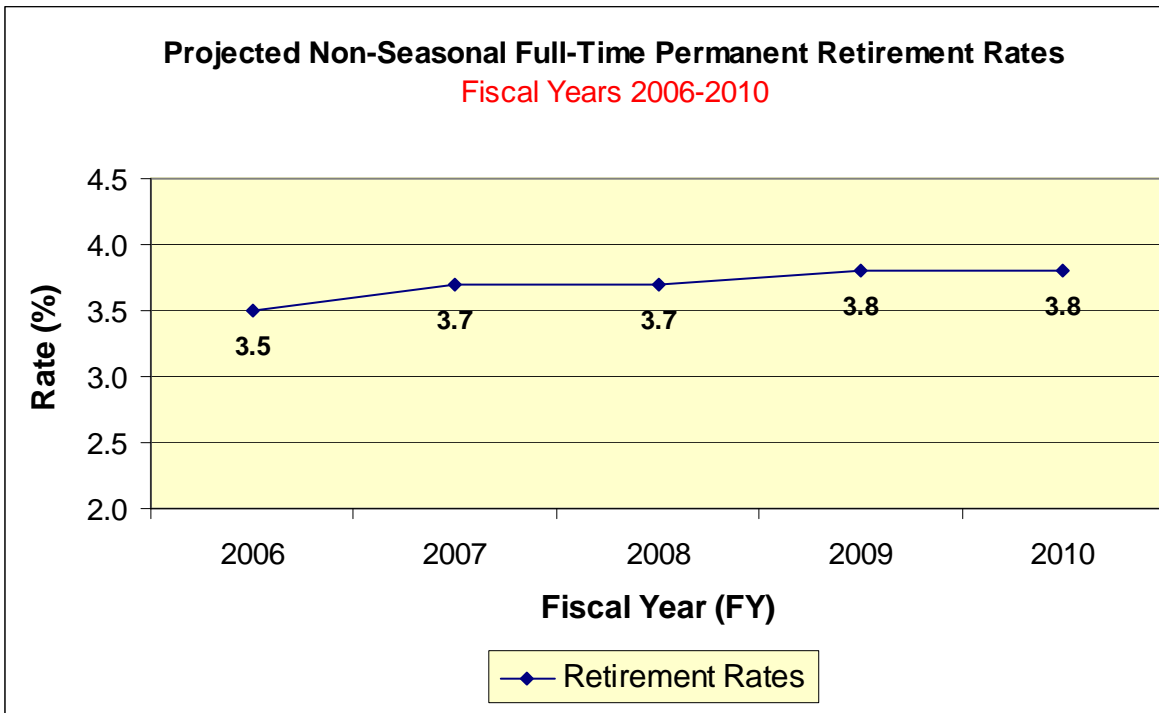
Retirement	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Rate	3.5	3.7	3.7	3.8	3.8
Number	55,508	57,472	58,607	59,071	58,971

Projection Notes:

• Projection rates are based on a Non-Seasonal, Full-Time Permanent (NSFTP) base of 1.57 million.

• Office of Personnel Management (OPM) projects 3.5 percent of the NSFTP workforce (approximately 55,500) will retire in Fiscal Year 2006.

• OPM projects 18.5 percent of the NSFTP workforce will retire through Fiscal Year 2010 (approximately 290,000)

• In the past 5 years the actual retirement rate was 14.7 percent of the NSFTP workforce (approximately 229,000)

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Cumulative Full-Time Permanent Retirement Rates
Fiscal Year 2000-2010
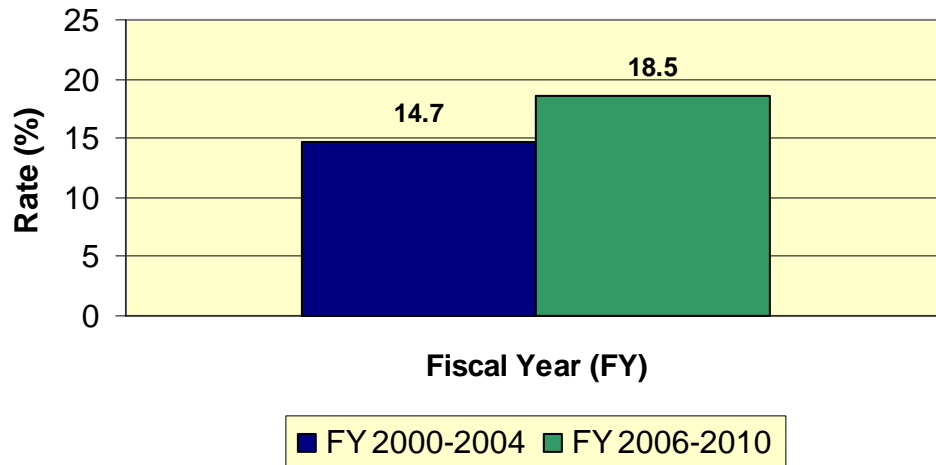
Retirement	FY 2000-2004	FY 2006-2010
Rate	14.7%	18.5%

Retirement Rates by Selected Occupations		
Occupation	Fiscal Year 2000-2004 Actual	Fiscal Year 2006-2010 Projection
Information Technology	13.0%	16.9%
Scientist/Engineer	11.2%	14.6%
Financial Management	14.4%	17.9%
Acquisition	15.0%	17.6%
Law Enforcement	11.2%	13.4%