

BENEFITS BULLETIN

July 27, 2012

BULLETIN NO: 12-08
SUBJECT: CSRS Retirement Basics
TO: All Employees
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Those of you currently under the Civil Service Retirement System (CSRS) have typically been Federal employees for many years. CSRS became a closed retirement system with the introduction of FERS in 1987. To ensure that your future retirement is well planned, it is important to understand how your CSRS benefit works. Here are a few basics to get you started. Click on the links provided below for additional information.

What is the difference between CSRS and CSRS Offset coverage?

By law, CSRS employees do not pay into Social Security. However, on 1/1/1984, it became mandatory that new Federal employees pay the Social Security tax. That meant that if you left government service, had at least 5 years of CSRS coverage, and weren't reemployed in a Federal position for over a year, you could keep your CSRS coverage but were placed under a hybrid plan called CSRS Offset after 1983 - paying into both CSRS and Social Security.

The Offset becomes a factor at age 62 when you become eligible for a Social Security benefit. The amount of annuity you receive then is "offset" by the portion of Social Security benefit you earned for CSRS Offset time only. This "offset" amount is then paid to you by Social Security instead of in the basic annuity. Typically if you have had any Social Security earnings in addition to your CSRS Offset time, your total CSRS and Social Security payments will be more than your annuity was alone. Not a bad place to be!

[More information on CSRS Offset](#)

What is the CSRS Basic Annuity?

- It is a monthly annuity payable for life once [eligibility](#) is met
- The [amount of annuity](#) depends on salary, years of service, and age at retirement
- CSRS payroll deduction is 7% of salary
- CSRS Offset payroll deduction is 0.8% since you also pay into Social Security
- Eligibility requirements depend on what type of retirement you're taking - [Voluntary](#), [Early](#), [Disability](#), [Discontinued service](#), or [Deferred](#)
- [COLA's](#) begin immediately
- You can elect to provide a [survivor benefit](#)
- [More information on Retirement](#)

Additional Savings Opportunities for CSRS employees:

- You may contribute to the **Thrift Savings Plan (TSP)**
 - CSRS employees do not receive TSP matching contributions
 - There are numerous options for [withdrawal](#) at retirement
 - [More information on TSP](#)

- You may contribute to a **Voluntary Contributions Account**
 - Not eligible if you owe a deposit or redeposit
 - Earns a [variable interest rate](#)
 - Increases annuity at retirement or serves as saving/investment option
 - [More information on Voluntary Contributions](#)

Will you be eligible for a Social Security benefit?

- Yes if you earn at least [40 credits](#) in your lifetime, [eligible](#) for benefit as early as age 62
- CSRS Offset pays tax of 6.2% (currently reduced to 4.2%)
- Social Security tax is shown as “OASDI” on your Earnings & Leave Statement
- Benefit could be reduced by the [Windfall Elimination Provision](#)
- [More information on Social Security](#)

Will all of your service be creditable towards retirement?

It depends. You may need to pay a deposit and/ or redeposit to receive retirement service credit for the following:

- [Active Duty Military service](#)
- Temporary (non-deduction) service
- Peace Corps or VISTA service
- Refunded service

Contact your [Benefits Specialist](#) if you think you have any of these types of service. Payment of deposits/redeposits is voluntary. In some cases you may decide it is not worth paying. Your Benefits Specialist can provide you with comparison annuity estimates to help you make an informed decision regarding payment for your situation.

You will receive additional service credit for your sick leave balance at retirement. The balance is [converted](#) to years, months, and days and added to your total CSRS service credit to increase your overall annuity.

Questions? The information in this Bulletin is an overview and is not meant to provide complete details of the CSRS retirement system. Contact your [Benefits Specialist](#) with any questions you may have regarding CSRS, CSRS Offset, deposit service, etc.

All current & previous Benefits Bulletins are available on the Pay & Benefits webpage at <http://www.usgs.gov/humancapital/pb/benefitsbulletin.html>.