

DLA BENEFITS UNIT

Information for Employees who are retiring from Federal Service

Note: Many employees elect to retire December 31 – January 3rd, because the retirement annuity will begin the day after retirement and any lump sum payment for accrued annual leave will be paid in the next tax year.

If you want to retire between December 31 – January 3rd, you should submit your retirement application to the Human Resources Office, Benefits Unit within 60 to 90 days of retirement. This allows the Benefits Unit to ensure timely processing of your application. In addition, submitting your application within 60 to 90 days allows adequate time to resolve any issues which may affect your annuity.

1. **What is the best day of the month to retire?** The best day to retire is one that allows for your salary as an employee to stop on one day and your annuity as a retiree to begin the next day.
 - a. **Civil Service Retirement System (CSRS) Employees.** If your retirement plan is CSRS (Block 30 on your SF 50 Notification of Action, retirement codes 1, 6, C or E) the best day to retire is the 1st, 2nd, 3rd, or last day of the month since your retirement annuity will begin the following day. If you retire on any other day of the month your retirement annuity will begin on the 1st day of the following month and you will have a period of time where you are not receiving civil service salary or retirement annuity.

Example:

Date of Retirement	Date Annuity Begins
December 29, 30, 31	January 1
January 1	January 2
January 2	January 3
January 3	January 4
January 4 - 31	February 1

- b. **Federal Employees Retirement System (FERS) Employees.** If your retirement plan is FERS (Block 30 on your SF 50, retirement code K, L or M), the best day to retire is the last day of the month. If you retire on any other day of the month, your retirement annuity will begin on the 1st day of the following month and you will have a period of time where you are not receiving civil service salary or retirement annuity. Example:

Date of Retirement	Date Annuity Begins
December 29, 30, 31	January 1
January 1 – 31	February 1

2. **When can I retire and still receive payment for all of my use or lose annual leave?** If you want to receive payment for any annual leave that you have accrued, you should retire before the end of the leave year. You will receive the lump sum payment in the following tax year which may be

advantageous if your taxable income for the following year is less than your taxable income for the current year. Consult your tax advisor for specific advice on the effect to your taxes.

3. **Will I earn annual and sick leave for the pay period I retire?** If you want to accrue leave during the pay period in which you retire, you must be in a pay status for the entire biweekly pay period.
4. **How much sick leave does a FERS employee get credit for upon retirement?** A FERS employee who retires through December 31, 2013, will receive 50% credit for unused sick leave. If you retire on or after January 1, 2014, and are covered under FERS, you will receive 100% credit for any unused sick leave in your annuity computation. Sick leave cannot be used to satisfy the minimum length of service for retirement eligibility.
5. **Will OPM deduct state taxes from my annuity?** OPM does not automatically withhold state income tax. OPM has agreements with some states to allow the withholding from annuity payments. You can contact OPM directly if you wish to have state taxes withheld from your annuity or complete a memo to OPM directing them to take a specific dollar amount from your monthly annuity. The state tax form should not be used. You may obtain a copy of the memo from your HR retirement counselor.
6. **Is there a retirement seminar I can attend before I retire?** Contact your training coordinator to see if there are any seminars being offered in your area. You can view a free retirement eSeminar in the Employee Benefits Information System (EBIS). Log into your EBIS account at <http://www.hr.dla.mil/resources/benefits/ebis/default.asp> and select the eSeminars icon at the top of the page to find a list of seminars offered.
7. **I have decided to retire, what do I need to do first?** Request a retirement estimate at <http://www.hr.dla.mil/resources/benefits/retire.asp> to see what your retirement annuity would be and to make sure you are getting credit for all your military and/or civilian service.
8. **How do I apply for retirement?** You must complete the retirement application and supporting documents. The retirement application and procedures are available on the Human Resources web site forms page: <http://www.hr.dla.mil/forms/>. You may also contact your Human Resources Benefits team at <http://www.hr.dla.mil/ContactUs/>.
9. **What can I do to avoid delays in the processing of my retirement and receipt of my retirement annuity?** You can expedite the processing of your retirement by ensuring that the following information is complete and included with your application:
 - a. Complete either the CSRS Application for Immediate Retirement (SF 2801) or FERS Application for Immediate Retirement (SF 3107) in its entirety paying particular attention to the following:
 - (1) Sign and date the application in Section I.
 - (2) If you are married, attach a copy of your marriage certificate.
 - (3) If you are married and do not elect a full survivor annuity, your spouse **MUST** consent to the election by signing and dating the SF 2801-2/SF 3107-2 , Spouse's Consent to Survivor Election, in the

presence of a notary. Please ensure the date of your spouse's signature and the date of the notary's signature are the same.

- (4) If you have a living former spouse to whom a court order gives a survivor annuity, attach a certified copy of the court order and any amendments.
- b. If you are enrolled in Federal Employees Group Life Insurance (FEGLI), complete and sign the SF 2818, Continuation of Life Insurance. If you are **not** enrolled in Options A,B and/or C, you must check the "I do not have" blocks.
- c. If you have active military service:
 - (1) Attach a copy of your DD 214, Certificate of Release or Discharge from Active Duty.
 - (2) If you have previously made a deposit for your active military service, attach a copy of the receipt.
 - (3) If you have not previously made a deposit for your active military service but wish to do so, you must make it to your agencies payroll office before you retire. It cannot be paid to the Office of Personnel Management (OPM) after you retire. Since it may take months to complete the deposit, you should factor this time into your planning for retirement.
 - (4) If you are receiving a retirement annuity from a military reserve component, attach a copy of your retirement letter.
 - (5) Additional information about making a deposit for active military service is available on the Human Resources web site at: <http://www.hr.dla.mil/resources/benefits/military.asp>.
- d. If you have civilian service where retirement deductions were not withheld (deposit service) or were withheld and refunded (redeposit service):
 - (1) If you have paid the deposit/redeposit to OPM, include a copy of the receipt in your retirement application package.
 - (2) If you have not made the deposit/redeposit, you can pay it to OPM after you retire. If you are within six months of retirement, your completed SF 2803, (CSRS Application to Make deposit/redeposit), or SF 3108, (FERS Application to Make Service Credit Payment) should be sent in with your application for retirement.
 - (3) For Additional information about crediting deposit/redeposit service see RI83-3, (Retirement Facts 3-Deposits/Redeposits) which can be found at www.opm.gov/forms/pdfimage/RI83-3.pdf or contact your Human Resources office at <http://www.hr.dla.mil/ContactUs/> .

10. What does the Human Resources Office do with my Retirement application? After the Human Resources office receives your original retirement application, the retirement counselor will: notify you of receipt of the application; review the application, and will let you know if your application requires any changes or is missing anything. If you do not hear from your Retirement Counselor within 7 business days, you should contact them at <http://www.hr.dla.mil/ContactUs/>.

The counselor will review your Electronic Official Personnel Folder (EOPF) and prepare the agency portion of the application. The package will then be sent to DFAS who will attach your final pay records to the package. The pay records will be through the **end** of the pay period in which you retire. They will then forward the completed package to the OPM for their review and final adjudication.

11. How does my payroll office process my final pay? Your last pay check will be sent to your financial institution on the next pay date after you retire. You will receive a lump sum payment for your annual leave within 2 pay dates of retirement. Social Security (if applicable), Medicare, Federal and State income taxes are withheld from lump sum annual leave payments.

12. **How long does it take for OPM to process my retirement application?** If your retirement records are complete, the average OPM retirement processing time is 6 months. You should consider the time required by OPM to process your application in your financial planning for retirement.

As soon as OPM receives your retirement package, you will be placed in an interim pay status so you will have income until OPM finishes processing your application. The average amount of interim pay is 60% - 80% of your expected annuity. The only withholding from interim pay is for Federal income tax. Your health and life insurance coverage will continue while you receive interim pay. Once OPM finishes processing your retirement application, they will withhold health and life insurance premiums retroactive to the date your annuity began.

13. **How do I know my claim was processed?**

When OPM receives your retirement application, they will notify you and will provide a Civil Service Annuitant (CSA) number. You must use that identification number whenever you contact OPM about your annuity.

14. **How do I take my Vision and/or Dental into retirement with me?** You should not need to take any action with your FEDVIP plan when you retire. Most payroll offices inform BENEFEDS when an employee retires. You will receive a letter informing you BENEFEDS has been notified of your retirement and that your FEDVIP plan premiums will be deducted from your annuity once adjudication has been finalized. **If you do not receive this letter soon after your last pay period before retirement, please contact [BENEFEDS Customer Service](#).**

While in interim pay, you may receive direct bills from BENEFEDS for your premiums. You need to pay those premiums directly to them during this time in order to keep your coverage active. If this is the case, you will be sent a letter informing you about the direct bill process. If you do not pay by the due date on the letter, your coverage will be canceled.

15. **Contacting OPM after retirement.** Once you receive your CSA (Civilian Service Annuitant) number, you can contact OPM by calling their Retirement Information Office at either the nationwide toll-free number, 188 US OPM RET (1-888-767-6738) or for customers within the Washington, DC calling area (202) 606-0500, or for hearing impaired customers, 1-800-878-5707 (TDD). When you call, you can use the automated phone system that is available 24 hours a day, seven days a week, or talk to a Customer Service Specialist from 7:30 a.m. to 7:45 p.m. Eastern time, Monday through Friday. You can also contact OPM through the on-line web service at <http://www.servicesonline.opm.gov/>. OPM's main retirement web site is www.opm.gov/retire.