

FEDERAL EMPLOYEES' RETIREMENT SYSTEM (FERS) ANNUITY COMPUTATION

Employees who are within a year of retirement eligibility may request retirement estimates from the HRSC. If you're more than a year from retirement, use this information sheet to estimate your benefit.

If you have Internet access, the following homepage has a user-friendly retirement calculator:

<http://www.finance.gsa.gov/csrs2.htm>.

COMPUTING FERS BENEFITS

The basic FERS annuity is computed based on your "high-3" average salary and length of service.

High-3 Average Salary is an average of the base pay rates of any consecutive 3 years in your work history that will produce the highest average (usually your last 3 years of service). If you're blue collar, night differential may be included as part of your base pay. Cost of Living Adjustments (white collar), awards, and overtime are not used as part of your base pay for High-3 purposes. To estimate your High-3, follow these steps:

1. Decide on which consecutive 3-year period from your work history you will use. Then determine the pay rates you held during the period and the number of months you held each pay rate:

JUN 90 THRU NOV 90 = 6 months @ \$16.85/HR OR \$35,165.95/YR
DEC 90 THRU NOV 91 = 12 months @ \$17.45/HR OR \$36,418.15/YR
DEC 91 THRU NOV 92 = 12 months @ \$18.16/HR OR \$37,899.92/YR
DEC 92 THRU MAY 93 = 6 months @ \$18.92/HR OR \$39,486.04/YR
36 months TOTAL

(hourly rates were converted to yearly rates by multiplying by 2087)

2. Multiply each yearly salary by the number of months it was in effect:

6 months	x	\$35,165.95	=	\$	210,995.70
12 months	x	\$36,418.15	=		437,017.80
12 months	x	\$37,899.92	=		454,799.04
<u>6 months</u>	x	<u>\$39,486.04</u>	=		<u>236,916.24</u>
36 months					\$ 1,339,728.78

3. Divide the total of all the salaries by 36:

<u>\$1,339,728.78</u>				\$37,214.69 or after rounding,
36	=			\$37,215 = HIGH-3

Length of Service. To determine your length of service for computation, add all your periods of creditable service, then eliminate from the total any fractional part of a month.

BASIC ANNUITY

To compute the basic annuity, a factor (the total percentage) for annuity computation is calculated based on length of service. The general formula is:

1% OF HIGH-THREE AVERAGE PAY *times* YEARS OF CREDITABLE SERVICE

Example With 30 years of service and \$20,000 high-3 average salary:

1 % of \$20,000 = \$200 x 30 years of service = \$6000 annual annuity

REDUCTIONS TO ANNUITY

The basic annuity may be reduced if:

- You retire with your Minimum Retirement Age (MRA) with 10 years of service (a reduction of 5% per year for each year you are under age 62), unless you retire for disability or under the special provisions for law enforcement officers, air traffic controllers, and firefighters);
- You elect survivor benefits for a spouse and/or former spouse.
- You elect survivor benefit for a person with an insurable interest.

NON-CREDITABLE SERVICE

- Civilian service after 1988 when no retirement contributions were withheld (temporary service).
- Civilian service prior to 1988 when no retirement contributions were withheld (temporary service) and a deposit was not made.
- Any refunded FERS service (if you separated from civil service and filed an application to withdraw your retirement contributions).
- All years of military service which you did not make a deposit.