

CIVIL SERVICE RETIREMENT SYSTEM (CSRS) 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 CSRS BENEFITS

The basic CSRS annuity is computed based on your "high-3" average salary and length of service (which includes unused sick leave if you retire on an immediate annuity).

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, and the period represented by your unused sick leave, then eliminate from the total any fractional part of a month. Unused sick leave is never usable in establishing *eligibility* to retire, but it is added to your length of service for computation purposes. Use the attached chart to convert your sick leave hours to months and days of creditable service.

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:

1.50%	X	first 5 years
1.75%	X	next 5 years to 10 years
2.00%	X	remaining years over 10 years

You can use the attached chart to convert your years and months of total service to a factor for calculation.

To Calculate Annuity, multiply the factor that reflects your length of service by your high-3 average salary.

Ex. 30 years of service and \$20,000 high-3 average salary.

$$\begin{array}{r} 1.50\% \times 5 = 7.50\% \\ + 1.75\% \times 5 = 8.75\% \\ + 2.00\% \times 20 = 40.00\% \end{array}$$

Total percentages are 56.25%

$$56.25\% \times \$20,000 = \$11,250 \text{ (Basic Annuity)}$$

SHORTCUT FORMULA

If you have more than 10 years of service, you can use a shortcut formula that will give you an amount very close to that obtained above.

The shortcut formula is total years of service minus 2 X 2% X high-3 average salary.

Ex. 30 years of service and \$20,000 high-3 average salary.

$$30 - 2 = 28 \times 2\% = 56\%$$

$$56\% \times \$20,000 = \$11,200 \text{ (Basic Annuity)}$$

REDUCTIONS TO ANNUITY

The basic annuity may be reduced if:

- You retire before age 55 (unless you retire for disability or under the special provisions for law enforcement officers, air traffic controllers, and firefighters);
- You didn't make a deposit for service performed prior to 1 October 1982, during which no deductions were taken from your pay (non-deduction service after that date is not used in the computation of benefits if the deposit is not paid);
- You didn't make a redeposit of a refund for a period of service that ended before 1 October 1990, (if you receive a refund of retirement deductions for service performed after 1 October 1990 and do not make a redeposit, it is not used in the computation of benefits);
- You elect survivor benefits for a spouse and/or former spouse;
- You elect survivor benefit for a person with an insurable interest; and
- You are an offset who is eligible for Social Security benefits.