

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT



**Information & Instructions
for Completing an
Application for
Phased Retirement under
the Civil Service Retirement
System (CSRS)**

SF 2825
October 2014

a New Day for Federal Service

Table of Contents

	Page
Introduction	1
Phased Retirement Annuity	1
Phased Retirement Formula	2
<i>Basic Annuity Computation.</i>	2
<i>High-3 Average Pay</i>	2
Reductions for Deposits and Redeposits.	3
<i>Non-Deduction Service Performed Before October 1, 1982</i>	3
<i>Non-Deduction Service On or After October 1, 1982</i>	3
<i>Refunded Service Which Ended Before March 1, 1991</i>	4
<i>Refunded Service Which Ended On or After March 1, 1991</i>	4
Post-1956 Military Deposits	4
<i>If You Were First Employed in a Position Subject to Civil Service Retirement before October 1, 1982</i>	5
<i>If You Were First Employed in a Position Subject to Civil Service Retirement on or after October 1, 1982</i>	5
Cost-of-Living Adjustment (COLA)	5
Insurance: FEHB and FEGLI	5
Federal Long Term Care Insurance Program (FLTCIP), Federal Dental and Vision Program (FEDVIP) and Flexible Spending Account (FSA)	6
Commencing Date of Phased Retirement Annuity	6
Court Orders	6
Death While in Phased Retirement	6
Withdrawing an Application for Phased Employment/Phased Retirement	6
Instructions for Completing the Application for Phased Retirement	7

Section A - Identifying Information 7

Section B - Federal Service 7

Section C - Other Claim Information 7

Section D - Insurance Information 7

Section E - Marital Information 7

Section F - Annuity Election 7

Section G - Information about Your Unmarried Dependent Children 7

Section H - Direct Deposit and Tax Withholding Information 8

Section I - Applicant's Certification 8

Schedule A - Military Service Information 8

Schedule B - Military Retired Pay 8

Schedule C - Federal Employees' Compensation Information 8

Applicant's Certification 8

Introduction

These instructions pertain to an application for phased retirement. They should be used in conjunction with the instructions for the *Application for Immediate Retirement, Civil Service Retirement System*, Standard Form (SF) 2801. If you are covered by the Federal Employees Retirement System, you must use SF 3117 in conjunction with SF 3107 to apply for a phased retirement.

In addition to completing the application for phased retirement, you must also complete SF 3116, the Phased Employment/Phased Retirement Election form and obtain the consent of the appropriate official in your agency.

Phased Retirement Annuity

The computation of a phased retirement benefit is based on the applicable CSRS formula multiplied by the phased retirement percentage. (*See next section for formula explanation.*)

The percentage used to calculate the phased retirement annuity (*the phased retirement percentage*) is determined by subtracting the working percentage from 100 percent. The working percentage is the result after dividing the number of hours per pay period you are scheduled to work during phased employment by the number of hours per pay period you would have been scheduled to work under a full time work schedule.

Unused sick leave is not used in the computation of the phased retirement annuity. Unused sick leave will continue to accrue during phased employment according to your part time schedule and will be available for you to use until you fully retire. The amount of unused sick leave to your credit at the time you fully retire will be used in the computation of your composite retirement annuity.

Phased retirement annuity is not subject to a survivor reduction and therefore, no annuity election for a survivor can be made in the phased retirement portion of the benefit. You must make an annuity election of a survivor benefit upon fully retiring with the composite retirement annuity. If you should die while in phased employment/phased retirement status, survivor benefits will be based on death-in-service provisions that apply at the time of death.

If you have coverage under CSRS Offset (where you have both CSRS and Social Security coverage), your phased annuity will be subject to a social security offset of your CSRS annuity beginning at age 62 or beginning at the time your phased annuity starts if you are at least age 62 when your phased retirement begins. Generally, the amount of the offset is based on the amount of the Social Security benefit you are entitled to receive (or would be entitled to receive upon making application for the benefit) and the portion of that Social Security benefit attributable to your CSRS Offset service. The amount of the offset applied to your phased annuity will be adjusted by multiplying the full amount of the offset by the retirement percentage.

For the purposes of Voluntary Contributions (VC), you are considered an employee and therefore can open a VC account if you do not owe a deposit or redeposit for Federal civilian service. If you already have a VC account, you can continue to make contributions into that account.

Phased Retirement Formula

The phased retirement benefit is based on a percentage of your basic annuity computation adjusted for deposit and/or redeposit, if applicable.

Basic Annuity Computation – The amount of your phased retirement annuity depends primarily on your “high-3” average pay, length of service and phased retirement percentage.

High-3 Average Pay – The high-3 average pay is the highest pay obtainable by averaging the rates of basic pay in effect during any 3 consecutive years of service with each rate weighted by the time it was in effect.

General formula -The general formula for a CSRS benefit is

- 1.5 percent x “high-3” average pay x 5 years of service; *plus*
- 1.75 percent x “high-3” average pay x years of service between 5 and 10; *plus*
- 2 percent x “high-3” average pay x years and months of service over 10 years

Note: certain types of employees who perform service at a different (enhanced) accrual rate will be credited with 2.5% of average salary multiplied by the years and months of the enhanced service.

If applicable, this annual benefit is reduced by an actuarial reduction on a pre-March 1, 1991 redeposit or ten percent of a pre-October 1, 1982 deposit. See the next section for more detail on how service credit periods affect the computation of your benefit.

The resulting annual benefit will be multiplied by the Retirement Percentage.

Reductions for Deposits and Redeposits

A “deposit” is a payment to the retirement fund to cover a period of non-deduction service (that is, service for which no retirement deductions were withheld from salary). A “redeposit” is a payment to the retirement fund to cover a period of refunded service (that is, service for which deductions were withheld from salary but later refunded to you upon a separation from federal service). Under CSRS, the type of service and the period when it was performed determines how that service is credited. The rules for crediting deposit and redeposit periods are as follows:

Non-Deduction Service Performed Before October 1, 1982 - If a deposit is not paid or fully paid for a period of non-deduction service performed before October 1, 1982, the service period will be included in your annuity computation but the annual benefit will reduce by 10% of the deposit amount due.

- The reduction applied to the phased retirement annuity will be based on the deposit balance at the time you enter phased employment/phased retirement status. The reduction will be applied to the full annual annuity before it is multiplied by the retirement percentage.
- Upon computing your composite annuity at your final full status retirement, the deposit will be updated with additional interest accrued through your final separation date from Federal service. The reduction will be applied to the appropriate portion of the composite annuity before that portion is multiplied by the working percentage.

Non-Deduction Service On or After October 1, 1982 - If a deposit is not paid or fully paid for a period of non-deduction service performed on or after October 1, 1982, the service period will be credited towards title to your retirement but will not be included in your annuity computation.

Refunded Service Which Ended Before March 1, 1991 - If a redeposit is not paid or fully paid for a period of refund service that ended before March 1, 1991, the service period will be included in your annuity computation but your annuity will be permanently, actuarially reduced. The amount of the reduction will be based on the total amount of redeposit due divided by a factor representing your age at retirement. **Note:** If you do not make a full redeposit of this amount, the actuarial reduction (increased by any intervening Cost-of-Living Adjustment) will apply to **all** subsequent retirements, regardless of the type. This is because the actuarial reduction is considered a repayment for the period and therefore, it is no longer considered a period of redeposit service.

Refunded Service Which Ended On or After March 1, 1991 - If you do not fully pay a redeposit based on a refund for service performed on or after March 1, 1991, you will receive no credit for this service in your annuity computation. However, this period will be creditable for title and average salary purposes whether or not the redeposit is paid.

Deposits and redeposits for civilian service must be satisfied (either by payments or annuity reduction as applicable) prior to finalizing the Phased Retirement Status. Any reduction in annuity or loss of service credit at the time the amount of your phased retirement annuity is determined will be permanent. You cannot make civilian deposits or redeposits at a later time, including at the time of full retirement status. **Note:** You may make deposits for pre and post October 1, 1982 non-deduction service and you may make a redeposit for service ending on or after March 1, 1991 if you end your phased employment/phased retirement in order for you to resume regular employment status.

Post-1956 Military Deposits

If you performed military service on or after January 1, 1957, you may pay a deposit to cover the service. Military deposits for military service performed before entry into phased retirement must be paid in full prior to entry into phased retirement status. If you wish to make a military service deposit for military service performed after the effective date of phased employment and the annuity commencing date of phased retirement and before the effective date of the final composite retirement (*i.e.*, due to a call up for active military service) you must complete the deposit no later than the day before the effective date of the composite retirement annuity. If the deposit is not paid as described in this paragraph, your post 1956 military service will be credited as described below.

- If you were first employed in a position subject to civil service retirement before October 1, 1982:*** We will credit your military service until age 62 if you do not make the deposit. If you do not make the deposit and you are eligible for Social Security benefits at age 62, your annuity will be recomputed at age 62 to eliminate credit for the post-1956 military service. If you are age 62 or older when you enter into phased retirement and are eligible for Social Security benefits, no credit for post-1956 military service will be allowed in the computation of your annuity unless you pay the deposit as described in the paragraph above.

- If you were first employed in a position subject to civil service retirement on or after October 1, 1982:*** You will not receive any retirement credit for your post-1956 military service if you do not make the deposit as described in this section.

If you have questions concerning the payment of a military deposit, contact your employing agency. Failure to pay the deposit to your agency as described in this section voids any further right to pay it at a later date.

Note: You may make a post-1956 military deposit if you end your phased employment/phased retirement in order for you to resume regular employment status.

Cost-of-Living Adjustment (COLA)

Cost of living increases are effective on December 1 and are payable in the January annuity payment. They are determined by the percentage increase in the average Consumer Price Index for the “base quarter” of the year in which they are effective over the “base quarter” of the preceding year in which an increase occurred. The “base quarter” is July, August, and September. The first cost of living increase you receive will be prorated to reflect the number of months you are on the retirement roll before the increase is effective.

Insurance: FEHB and FEGLI

Federal Employees Health Benefit (FEHB) enrollment and Federal Employees’ Group Life Insurance (FEGLI) enrollment will stay with the employing agency. The FEHB employer contribution will be the same as for full-time employees. FEGLI benefit coverage amounts will be based upon the full time salary for the position.

Federal Long Term Care Insurance Program (FLTCIP), Federal Dental and Vision Program (FEDVIP) and Flexible Spending Account (FSA)

For purposes of the Federal Long Term Care Insurance Program, the Federal Dental and Vision Program, and the Flexible Spending Account Feds program, you are considered an employee and can continue these programs with the employing agency.

Commencing Date of Phased Retirement Annuity

The commencing date of a Phased Retirement Annuity is the first day of the pay period after phased retirement is approved by the authorized agency official in your agency or the first day of a later pay period specified by you with the concurrence of the authorized agency official.

Court Orders

Phased retirement annuities will be subject to court orders providing for division, allotment, assignment, execution, levy, attachment, garnishment, or other legal process on the same basis as other annuities.

Death while in Phased Retirement

If you should die while in phased employment, your survivor benefit will be processed as a death in service. As such, your survivors can make any deposits and/or redeposits that may be outstanding.

Withdrawing an Application for Phased Employment/Phased Retirement

You may cancel your approved election to enter phased employment/phased retirement status and withdraw the application for retirement by submitting a signed written request to the agency and obtaining the approval of an authorized agency official before the effective date of the phased employment/phased retirement.

Instructions for Completing the Application for Phased Retirement

Section A – Identifying Information

You must complete all items in this section except for item #8, regarding a disability application, which is not applicable. Please refer to the Instructions on Standard Form (SF) 2801 for detailed information pertaining to completing this Section.

Section B – Federal Service

You must complete all items in this section except for item #2, which is not applicable since you will not be finally separating from your agency. Please refer to the Instructions on SF 2801 for detailed information pertaining to completing this Section.

Section C – Other Claim Information

You must complete all items in this section. Please refer to the Instructions on SF 2801 for detailed information pertaining to completing this Section.

Section D – Insurance Information

Skip this section. This section does not apply to phased retirement as you will continue both FEHB and FEGLI as an employee, if applicable.

Section E – Marital Information

You must complete #2 to indicate whether you have a court order for a living former spouse for whom you were divorced on or after May 7, 1985, and to whom a court order gives a portion of your retirement benefits based on your Federal employment. (*See Court Order Section above for discussion of Court Orders and phased retirement benefits.*)

Completing item 1 through 1f is optional. Your marital information is not used in your phased retirement and will be collected as of your full retirement status.

Section F – Annuity Election

Skip this section. Your annuity election is not a component of your phased retirement but will be a mandatory element of your full retirement status and will be required at that time.

Section G – Information about Your Unmarried Dependent Children

Complete this section, if applicable. Information about your children in your annuity claim file may help to expedite the processing of claims for survivor benefits in the event of a death in service. Please refer to the Instructions on Standard Form (SF) 2801 for detailed information pertaining to completing this Section.

Section H – Direct Deposit and Tax Withholding Information

You must complete all items in this section. Please refer to the Instructions on SF 2801 for detailed information pertaining to completing this Section.

Section I – Applicant’s Certification

Be sure to sign (do not print) and date your application after reviewing the warning.

Schedule A – Military Service Information

If applicable, you must complete all items in this Schedule. Please refer to the Instructions on SF 2801 for detailed information pertaining to completing this Schedule. Please note that you must pay your military deposit in full to your agency not later than the day before the effective date of your phased retirement. You will not have an opportunity to pay a deposit for previous military service during your phased employment or as of your full retirement status.

Schedule B – Military Retired Pay

If applicable, you must complete all items in this Schedule. Please refer to the Instructions on SF 2801 for detailed information pertaining to completing this Schedule.

Schedule C – Federal Employees’ Compensation Information

If applicable, you must complete all items in this Schedule. Please refer to the Instructions on SF 2801 for detailed information pertaining to completing this Schedule.

Applicant’s Certification

Be sure to sign (do not print) and date this portion if you have completed any part of it.



U.S. OFFICE OF PERSONNEL MANAGEMENT
1900 E STREET, NW
WASHINGTON, D.C. 20415

www.opm.gov/retirement-services