

FERS retirement benefits for letter carriers who retire on August 1, 2003

The Federal Employees' Retirement System covers federal and postal employees hired on or after January 1, 1984 as well as former CSRS employees who transferred into FERS during the two special transfer open seasons (in 1987 and 1998) held since the creation of FERS as well as former CSRS employees who switched

into FERS following a separation from federal service.

FERS employees earn retirement benefits from three sources: the FERS Basic Annuity, Social Security, and the Thrift Savings Plan. Section 1 gives estimates of annuity benefits earned from service under FERS. Sections 2 and 3 provide information about how carriers can estimate Social Security and TSP benefits. ☒

1 FERS Basic Monthly Annuity Estimates

FERS annuity benefits are calculated as a percentage of average basic pay over employees' three highest consecutive years of earnings (High-3 average) and vary by length of service. The estimates below are based on the High-3 averages of CC Grade 1 and 2 carriers (formerly Grades 5 and 6) as of August 1, 2003:

Years of FERS Service	CC Grade 1 (Old Grade 5) High-3: \$42,894	CC Grade 2 (Old Grade 6) High-3: \$43,931
20	\$715	\$732
21	751	769
22	786	805
23	822	842
24	858	879
25	894	915
26	929	952
27	965	988
28	1,001	1,025
29	1,037	1,062
30	1,072	1,098
Each additional year	\$35.75	\$36.61

Notes:

Years of service includes creditable postal, federal and military service classified as FERS service. Annuity benefits for service performed under CSRS are calculated using CSRS benefit rules (see CSRS annuity chart). Unused sick leave is not credited as service under FERS.

The FERS basic annuity pays 1 percent of the High-3 average for each year of service. If annuitant is aged 62 with at least 20 years of service, add 10 percent (multiply by 1.10) to the figures above. To provide a **survivor annuity** for a spouse—worth either 25 percent or 50 percent of the unreduced annuity—deduct either 5 percent or 10 percent from the figures above.

If covered by the NALC Health Benefit Plan, a further deduction of either \$189.48 per month if for self and family (code 322) or \$104.95 if for self only (code 321) will be made. In addition, premiums for any coverage under the FEGLI Life Insurance program will be deducted.

FERS annuitants who retire on an immediate annuity prior to age 62 (except those retiring on disability or under the MRA+10 provision) are eligible to receive a supplemental annuity benefit until they reach the age of 62. The supplement approximates that portion of their future retirement benefit from Social Security derived from FERS employment.

No COLAs are payable to FERS annuitants until they reach 62 years old. **Annual COLAs** are based on increases in the Consumer Price Index (CPI). By law, FERS COLAs equal the increase in the CPI if the increase is 2.0 percent or less, 2.0 percent if the increase is greater than 2.0 percent but less than 3.0 percent and CPI minus 1.0 percent if the increase is greater than 3.0 percent.

2 Social Security Retirement Benefits

The Social Security retirement benefits of letter carriers are based on carriers' earnings in covered employment, including work under FERS and in the private sector. Reduced benefits are payable at age 62 and full benefits at between age 65 and 67, depending on workers' birth dates.

Letter carriers have three options for estimating their future benefits under Social Security:

1. Request a benefit estimate by submitting a copy of SSA Form 7004 to the Social Security Administration; Wilkes-Barre Data Operations Center, P.O. Box 7004, Wilkes-Barre, PA 18767-7004;

2. Review the Social Security statement mailed to you by the Social Security Administration each year in the month before your birthday; or

3. Access the online benefits calculator on the Social Security Administration's web site at www.ssa.gov.

For more information on Social Security, visit your local SSA office or refer to the NALC publication, *Questions and Answers on FERS: The Federal Employees' Retirement System*.

3 Thrift Savings Plan Benefits

The Thrift Savings Plan is a tax-deferred retirement savings plan available to all letter carriers, albeit under different rules for CSRS and FERS employees. The level of TSP benefits payable to carriers will depend on how many years they participate in the plan, how much they save through the TSP and the performance of their TSP investment funds.

Carriers seeking additional information about the TSP can:

1. Consult the retirement counselor in the office where they work and request a copy of the *Summary of the Thrift Savings Plan*, the authoritative publication on the TSP;

2. Access the TSP's web site at www.tsp.gov; or

3. Refer to the NALC publication, *Questions and Answers on FERS: The Federal Employees' Retirement System*.

Letter carriers wishing to estimate their future savings and future retirement benefits from the Thrift Savings Plan can access two on-line calculators provided by the Federal Retirement Thrift Investment Board through the TSP's web site at www.tsp.gov.

The first calculator allows participants to project their future TSP account balances. The second calculator permits participants to estimate the value of monthly annuity benefits payable by their projected account balances.