

# Leaving Government Now and Taking Retirement Later

By Tammy Flanagan

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Not all federal employees retire from federal service. Some work in government for several years, but leave before they're eligible for immediate retirement benefits. Under the Federal Employees Retirement System, those who have at least five years of creditable civilian service may be eligible for a deferred retirement at age 62 or earlier, if they have completed 10 years or more of creditable service. Only five of those years must be civilian service.

I've written a couple of columns in the past about deferred retirement:

- [Leaving Early](#) (May 19, 2006)
- [Deferred vs. Postponed](#) (June 29, 2007)

I recently received the following question, which made me realize it's probably a good time to take up the issue again:

I am a federal employee with 31 years of service in the FERS system. I have the service years required to retire but not the age. I have another seven years until I reach my minimum retirement age (MRA). I have been thinking about leaving the federal government to pursue other interests. I have read scenarios for retirement where the employee has the age but not the service years but have not found any information about acquiring the service years but not the age. What options do I have in my case?

If you resign before your MRA (55-57, depending on your year of birth) with 31 years of service, you would be eligible for a deferred retirement under FERS when you reach the MRA. The computation of your benefit would be based on the following formula:

Total years and months of service x 1% x your high-three average salary

The salaries used to compute your high-three average would be those for the highest three consecutive years of basic pay (including locality pay) during your career -- probably your last three years of federal service. The computation of total years and months of service for a deferred retirement will not include credit for sick leave. If you were to be rehired before you claim your deferred FERS retirement, your sick leave balance would be reinstated.

Here's a [pamphlet](#) for former federal employees who were covered by FERS and eligible for a deferred retirement. It includes the complete list of eligibility rules for FERS deferred retirement. Here's the [form to apply for deferred retirement](#).

And here's how taking a deferred retirement would affect some other federal employee benefits:

## **Federal Employees Health Benefits Program**

After separation from a career in government, federal employees are allowed [temporary continuation of coverage](#) (TCC) for 18 months following a 31-day extension of their existing coverage. You would pay the government share in addition to the employee share of the cost during TCC. You would not be eligible to reinstate your insurance when you apply for deferred retirement.

### **Federal Employees Group Life Insurance**

After a 31-day extension, your life insurance can be [converted to an individual policy](#).

### **Federal Long Term Care Insurance Program**

FLTCIP coverage, if you have it, is [portable](#). As long as you continue paying premiums, your FLTCIP coverage will continue after you separate from federal service. If you were paying premiums by payroll deduction and you leave the government, you will have to make arrangements with Long Term Care Partners, which operates the FLTCIP, to start paying premiums directly or by automatic withdrawal from your savings or checking account.

### **Federal Employees Dental and Vision Insurance Program**

Separated employees are no longer [eligible for FEDVIP coverage](#).

### **Thrift Savings Plan**

You can leave your TSP account invested after you separate if the balance is at least \$200, but you will no longer be able to add new money to the account or borrow from it. You can [transfer or roll over money](#) from other retirement accounts into your TSP account. You will need to be careful about withdrawals from the TSP if you separate from federal service prior to age 59 1/2, because it may cause you to be affected by a 10 percent early withdrawal penalty. Here's more information about [maintaining your TSP after you separate from federal service](#).

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<http://www.govexec.com/pay-benefits/retirement-planning/2015/03/leaving-government-now-and-taking-retirement-later/108511/>