

Best Dates to Retire 2015

By Tammy Flanagan

June 12, 2014

[Download the Calendar: Best Dates to Retire 2015](#)

Are you financially ready to retire? Consider all your potential sources of retirement income: Will they provide enough money to cover your expenses for the next 20 to 30 years or more?

Are you mentally prepared? Are you looking forward to your life after retirement, rather than dreading the loss of your identity?

If you can say yes to being both financially and psychologically ready for retirement sometime next year, then it's time to begin assessing your options, which are highlighted in the new [Best Dates to Retire 2015](#) calendar. (And if you're *really* ready to go and are thinking about retiring this year, check out the [Best Dates to Retire 2014](#) column from last year.)

Whether you are planning to retire now or in the future, there are some general principles you should take into account. For example, you should consider retiring at the end of the leave year to accumulate the maximum leave accrual. That way, you'll get a generous lump sum annual leave payout. But don't be in too big a hurry: You'll accumulate additional retirement benefits if you postpone leaving for six months or a year.

Here are some other things to remember as you contemplate the calendar.

The 30-Day Retirement Month

A retirement month is not exactly the same as a work month or for that matter, a calendar month. The Office of Personnel Management pays retirement benefits based on a 30-day month, so that each month of retired pay equals 30/30 of your benefit amount, whether it is January, June or even February. If you decide to retire on Saturday, Feb. 28, 2015, you would receive credit for an additional two days of service since February has 30 days just like every other month -- at least according to OPM. Although Feb. 28 is the middle of a leave period for most federal employees next year, it is a pretty good date to retire because it is the last day of the month and it just happens to fall on a Saturday.

FERS: The Last Day of the Month

For those under the Federal Employees Retirement System, optional voluntary retirements begin the first day of the month after the retirement date. It doesn't matter if you retire on the 1st, 15th, or 30th of the month, your FERS retirement will always begin on the first day of the following month. Your salary will be paid through your date of final separation.

If you retire before the end of the month, you won't receive salary or retirement benefits for the remainder of that month. If you retire before the end of a leave period, you will not accumulate your final leave accrual. There is nothing wrong with retiring in the middle of a leave period, or even in the middle of a week, but it is especially sweet when the month ends at the end of a week and at the end of a leave period.

Here are end-of month potential dates for FERS employees in 2015, with notes about why some may be particularly attractive:

- Saturday, Jan. 31: First week of a leave period

- Saturday, Feb. 28: First week of a leave period
- Tuesday, March 31
- Thursday, April 30: End of a leave period if you work a compressed schedule/flex time
- Saturday, May 30: End of a leave period, so this is a better day than May 31 (unless you need the extra day of service to increase your creditable service by another month)
- Tuesday, June 30
- Friday, July 31: First week of a leave period
- Monday, Aug. 31
- Wed., Sept. 30
- Saturday, Oct. 31: End of a leave period
- Monday, Nov. 30
- Thursday, Dec. 31

In next week's column, I'll explore the reasons for FERS employees to consider a mid-month retirement in more detail.

CSRS: Three Extra Days

For those under the Civil Service Retirement System, the last day of a month is a good day to retire, just as it is for those under FERS. But those in CSRS (and CSRS Offset) have a little more flexibility, because they get a three-day grace period every month.

If you retire on the first, second, or third day of the month, your CSRS retirement benefit will begin the next day and you will not forfeit that month's benefit. Your first retirement payment for that month would be prorated to be 29/30, 28/30 or 27/30 of the first month's payment.

For example, if you work a Monday-Friday schedule and you retire either on Thursday, Jan. 1, Friday, Jan. 2 or Saturday, Jan. 3, 2015, your first CSRS retirement payment would be due on Feb. 1 and would represent 29/30, 28/30 or 27/30 of the January payment. Of these dates, the better date for retirement would be Friday, Jan. 2, because your final salary would be paid through close of business on that day. If you retire on Saturday, Jan. 3, you would not be paid any additional salary since it isn't a regular work day.

The only exception to this rule would be if you needed an extra day or two to make another month of service. For example, if you have 35 years, 6 months and 29 days of service (including your unused sick leave credit) on Jan. 2, then it would pay to retire on Jan. 3 to earn another day of service credit which would increase the service used to compute your retirement to 35 years, 7 months and 0 days. Your retirement is computed on whole years and months. Any leftover days (less than 30) are dropped off. One month of retired pay is worth 1/12 of 2 percent of your high-three average salary per year. So it might be worth losing a day of retired pay to increase your retirement benefit by a few dollars a month for the rest of your life.

End of the Leave Year

The principles above can be applied to any month of the year, but you've probably noticed how many federal retirements occur at the end of the year. The reason is that by retiring at the end of the leave year, you can maximize your annual leave lump sum payment.

In most cases, carry-over annual leave is limited to 240 hours. During the year, your balance of annual leave can exceed that limit, as long as you don't carry over more than 240 hours into the next leave year. If you retire before the new leave year begins and you don't use any of the leave you accrued during the final year of your employment, it's possible to have a leave balance of 448 hours (240 carried over plus 208 earned at the rate of eight hours per leave period). This balance is then multiplied by your hourly pay rate (your annual salary divided by 2,087) and sent to you in a lump sum payment (minus tax

withholding.) There are no retirement contributions or insurance premiums withheld from this payment.

Now that we've established some of the ground rules, are you ready to look at the calendar?

[Download the Calendar: Best Dates to Retire 2015](#)

By Tammy Flanagan

June 12, 2014

<http://www.govexec.com/pay-benefits/retirement-planning/2014/06/best-dates-retire-2015/86392/>