

Best Dates to Retire 2017

By Tammy Flanagan

September 22, 2016

[Download the Best Dates to Retire 2017 Calendar](#)

As has been my custom since I started to write this column more than 10 years ago, I am presenting the annual best dates to retire under CSRS, CSRS Offset and FERS for next year. Federal employees can retire the day they become eligible or any day thereafter, but there are some days that are better than others to choose as your date of final separation from government.

Selecting the best date to retire is becoming more complicated because federal retirement has become more complicated. Until 1984, there was only the Civil Service Retirement System, under which a single retirement check was the sole source of retirement income for most federal retirees. Only about 4 percent of current federal employees remain under CSRS.

Today, the more flexible Federal Employees Retirement System provides income from a smaller basic benefit, a retirement savings account (the Thrift Savings Plan) and Social Security. In many cases, FERS employees have had private industry and military service in addition to their federal careers that may have produced additional sources of retirement income.

Here are some things to consider if you're contemplating retiring in 2017:

- If you're a FERS employee, you may not be retiring with as much service as retirees under CSRS. Someone with five or 10 years of service will have a different motivation for selecting a retirement date than someone with 30 or 40 years of service. Forfeiting a month of retirement based on five or 10 years of service will have less of an impact than foregoing one based on a full career.
- Coordinating your TSP and Social Security benefits could provide you with more flexibility in choosing a retirement date.
- There are as many reasons for someone to retire in June as there are in January, March or November. Think about what is motivating you to retire, and whether you want to continue working a little longer. Consider two or three different dates during the year and run the numbers for each of them. Your human resources office should be able to provide retirement benefit estimates for more than one date.

Let's look at some general categories of dates that are particularly good to keep in mind if you're thinking about retiring in 2017.

End of the Month

If you retire on the last day of any month, your CSRS (or CSRS Offset) or FERS retirement benefit will commence the following day.

Example 1: Janet plans to retire on June 30, 2017. She will be paid her salary through close of business June 30 and her first FERS retirement benefit will be paid on Aug. 1, for the month of July.

Example 2: Ed wants to retire on his birthday: Feb. 8, 2017. His salary will be paid through close of business Feb. 8, but he will not receive any compensation from Feb. 9-28. His retirement under CSRS will start on March 1 (with the first payment on April 1.) Bottom line: It would be better if Ed waits until Feb. 28 to retire.

First Three Days of the Month (CSRS Only)

The annuities of CSRS or CSRS Offset employees who serve in pay status for three days (or fewer) in the month of retirement commence on the day after separation or the day after pay ceases and age and service requirements are met. For the purposes of applying the three-day rule, all days--including non-work days--are used to determine how many days an employee is in a pay status during a month.

Example: Angie plans a retirement date of March 3, 2017. Her CSRS annuity commences on March 4, the day after her retirement date. Angie will be paid her salary for March 1 through March 3, and then will receive 27/30 of the March CSRS retirement benefit. In addition, since retiring on March 3 completes 80 hours of work for that leave period, she will accrue her final eight hours of annual leave and four hours of sick leave for the last leave period of her career. This date works out very well for Angie.

End of a Leave Period

The end dates of leave periods are popular and logical days to retire. But be careful--not all of them are great.

Annual leave and sick leave accrues at the end of every leave period. If the retirement date is at the end of a leave period, a final accumulation of annual and sick

leave is credited to the leave account. Unused annual leave is paid as a [lump sum payment](#) when an employee separates from federal service. This payment is made by the agency and is subject to withholding for taxes (federal, state, local, FICA and Medicare, as applicable).

Unused sick leave will be used in the [calculation of the CSRS or FERS annuity](#) by converting the hours of unused sick leave into months and days of service credit. Sick leave cannot be used for retirement eligibility; only for calculation of the retirement benefit. Retirement benefits are computed on whole years and months of service; partial months are dropped off after the sick leave is calculated into the equation. When an employee separates before completing the scheduled hours for the leave period, no partial leave credit is granted.

Example 1: John is planning to retire at the end of April 2017. He will be paid his salary through close of business on Friday, April 28. A good date for his retirement could be either April 28 or April 29 since he works a Monday-Friday schedule. He has chosen to retire on April 29 so he will receive retirement service credit through that date. The extra day of service could potentially increase his retirement calculation by one month (1/12 of 1 percent of his high-three average salary) if he only needs an additional day of credit to equal another full month of service credit. This may not be likely, but choosing to retire on April 29 will not affect his benefits negatively.

Example 2: Janice has decided to retire on Saturday, July 29, 2017. She will accrue leave through the leave period ending on July 22. She will be paid her salary through close of business on Friday, July 28. Her CSRS retirement will commence on Aug. 1.

This is not a bad date to retire, but a better date for Janice to consider would be Thursday, Aug. 3. Since she is covered under CSRS, her retirement will commence on Aug. 4, and she would be due her first CSRS annuity payment on Sept. 1 for 27/30 of the August payment. Her salary would be paid through Aug. 3. Although the leave period doesn't end until Saturday, Aug. 5, if she works a flexible work schedule and completes her 80 hours of work by Thursday, Aug. 3, she will accrue her final annual and sick leave accrual as well.

By moving her retirement date from July 29 to Aug. 3, she will receive four additional days of salary, an additional accrual of annual and sick leave (if she can finish her 80 hours of work by Aug. 3), and be entitled to the remainder of her August CSRS retirement benefit.

Other Good Dates

Some other factors to consider:

- The best dates to maximize the lump sum payment of annual leave for CSRS employees are Jan. 3, 2017 or Jan. 3, 2018.
- The best dates to maximize the lump sum payment of annual leave for FERS employees are Dec. 31, 2016 or Dec. 31, 2017.

The end of the leave year dates are Jan. 7, 2017 and Jan. 6, 2018. These mark the last day to be paid for "use or lose" annual leave. Most federal employees can carry over 240 hours from one leave year to the next. But the leave year and the calendar year do not always end on the same date. In their last year of service, some employees will save the leave they carry over and also the leave they accrue during the last year of employment so they can be paid a lump sum payment for as much as 448 hours of accumulated and accrued annual leave (240 hours carried over from the prior year, plus up to 208 hours accrued at the rate of 8 hours per leave period, times 26 leave periods).

Are you ready to see how all of the above factors play out on the 2017 calendar? Click the link below:

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