

SUBSCRIBE
E
E



In-The-Know Monthly eNewsletter

Understanding CSRS Offset and Spousal Survivor Benefits

By: James Marshall, Federal Benefits Specialist

Published: March 20, 2017

Recently I have encountered a few widows and widowers receiving less benefits from OPM due to what I believe to be a communication issue between OPM and Social Security. I'd like to use this article to help begin to explain how spousal survivor benefits are computed for widows/widowers of CSRS Offset retirees.

This article does not apply to individuals under FERS or CSRS. CSRS Offset only applies to those who have simultaneous retirement coverage under CSRS and Social Security with their Federal jobs. There are multiple reasons why a Federal employee would have CSRS Offset coverage, but the most common reason is due to a break in CSRS Federal retirement coverage that ended on or after January 1, 1984 and lasted more than a year.

For example, if a Federal employee was vested under CSRS with 5+ years of creditable civilian service prior to 1984, but left Federal employment for several years and returned to Federal service after January 1, 1984, upon rehire they would be required to pay a Social Security tax even if they had not been required to do so in previous Federal employment. This category of rehire would be given CSRS Offset retirement coverage if the rehiring appointment permits CSRS coverage.

There are other examples why employees are placed under CSRS Offset, but let's not try to cover them all in this article. You are not CSRS Offset unless your personnel action (SF-50) reflects CSRS Offset coverage. Sometimes the retirement coverage on the SF-50 will reflect CSRS + FICA. When this is reflected on your personnel action, this means that the amount that you contribute to CSRS is reduced by the amount that you pay into Social Security. Ask your agency retirement office if you are not sure whether you are CSRS Offset or not.

Offset is a fancy word for reduction. When you compare the contributions that CSRS and CSRS Offset employees have withheld from their pay for CSRS, even if the salary is the same, CSRS Offset employees pay less for the same CSRS pension. So at the end of a typical CSRS Offset career, the CSRS Offset employee will have paid less into CSRS than that of a CSRS employee.

If both individuals end their Federal careers with identical length of service and high-3 average salaries, both CSRS pensions are initially computed the same. However, when the CSRS Offset retiree becomes eligible for Social Security (at age 62, or date of retirement if later), the pension from OPM is offset (reduced). Otherwise, it would not be fair to give the same CSRS pension to a retiree who did not pay fully into CSRS his/her entire Federal career.

When a married CSRS Offset employee applies for his/her retirement, he/she is making a decision about spousal survivor benefits with his/her retirement application. If electing a spousal survivor benefit, the retiree is electing 55% of a specific amount per year to be paid to a surviving spouse in the event of the retiree's death. The cost for spousal survivor benefits is the same for both CSRS and CSRS Offset retirees. However, the spousal survivor benefit amount actually payable upon the death of the CSRS Offset retiree might be less in some cases.

The reason why CSRS Offset retirees pay the same amount for spousal survivor benefits is because there are situations where the surviving spouse's monthly benefit is not offset (reduced)... even when the retiree's pension was reduced for the Offset while living.

Federal Benefits instructor with NITP for over 10 years, James Marshall presents full day seminars to agencies covering all aspects of CSRS and FERS retirement benefits, FEHB and FEGLI, the TSP, FSA's, Medicare, Long Term Care and Social Security. James is also owner of Federal Retirement Planning, LLC which is a company that assists individuals with all sorts of Federal benefit related inquiries.