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## In-The-Know Monthly eNewsletter

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### TransFER Employees and Retirement

Vanessa Craddock, Federal Benefits Specialist

"What happens to those years when I worked under CSRS now that I'm FERS?"

"I should attend a CSRS retirement class before coming to the FERS training because I am in both systems, right?"

Invariably, there are many questions for those employees who switched from the Civil Service Retirement System to the Federal Employees Retirement System. Retirement training sometimes answers these, yet some issues never feel resolved. Here, in a nutshell, are some of the basics for TransFERS-employees who transferred to the FERS program.

A TransFER is a FERS employee with a CSRS component which means the employee had at least 5 years creditable CSRS service prior to transferring. Retirement eligibility now falls under the eligibility rules for FERS employees. Therefore, there is no need for two classes.

The high-3 average salary for a TransFER employee is the three consecutive years where the employee's pay is highest in his or her federal career. It is not a high-3 for the years under CSRS, then a new one for the years under FERS. The high-3 normally occurs under the years of FERS employment. The U.S. Office of Personnel Management will use a calculation for CSRS retirement to determine the benefit earned during the years of CSRS employment, and a second calculation for the FERS years of employment. These amounts are combined into one payment and generally referred to as the FERS retirement payment. The years of CSRS are therefore included.

Service that is creditable under CSRS usually includes: the years that CSRS retirement deductions were withheld, FICA service (though a deposit may be required), military service that occurred before the transfer, service under other Federal retirement systems before FERS, and unused sick leave earned under CSRS.

Service that is creditable under FERS usually includes: the years that FERS retirement deductions were withheld, FICA service (generally prior to 1/1/89 though a deposit may be required), military service that occurred after the transfer, CSRS Interim or CSRS Offset service, service under other Federal retirement systems after transfer to FERS, redeposit if employee made the transfer with fewer than five years CSRS service AND took a refund of the CSRS deductions, and unused sick leave earned under FERS.

Aside from knowing which types of service are creditable for retirement under each system, TransFER employees should know that a few other things will be treated differently for retirement. They are:

**MRA + 10 retirements:** A retirement election available to FERS employees who have the MRA but fewer than 30 years of creditable service. The retirement benefit is reduced by 5% per year for each full year that your age is under age 62. This means the *total* benefit is reduced, both the CSRS and the FERS portions.

**VERA (Voluntary Early Retirement Authorities):** The CSRS portion is reduced 2% a year for each year the employee is under age 55 if applicable. There is no age reduction for the FERS portion.

**Cost-of-living-adjustments:** The portion of retirement under CSRS receives the CSRS COLA and the FERS portion receives the FERS COLA when payable. For some years, the COLA for FERS may be up to one percent less than the COLA for CSRS retirees.

**FERS Annuity Supplement:** Payable if TransFER employee has at least one calendar year of FERS service

**Disability:** Computed using the FERS earned benefit calculation.

**Survivor:** Computed using only FERS rules

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**Social Security:** TransFER employees may have their Social Security benefits reduced due to the Windfall Elimination Provision. It will depend on how many years of substantial earnings the employee has paid into Social Security. This reduction will not show up on your Social Security benefit estimates. Contact your nearest Social Security district office with a copy of the FERS retirement estimate and latest Social Security benefits estimate to help calculate the reduction.

**Voluntary Contributions:** If a TransFER employee had a voluntary contributions account, it remains intact after the transfer; however, the employee can no longer contribute.

**Designation of Beneficiary forms:** Should be changed from the CSRS forms to the FERS forms.

Sure there may be more questions, but these basics for TransFERS will hopefully answer the most common worries!

*Vanessa Craddock is a Federal Benefits Specialist and instructor with NITP. She previously spent more than twenty-five years in Federal Benefit's Administration, most of which was as a Federal Benefits Specialist with the U.S. Office of Personnel Management.*

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2. **Our weekly radio program**, ForYourBenefit, which is a great source of timely retirement information; it airs every Monday morning at 10:05 AM on WFED 1500 AM and on the web at [www.federalnewsradio.com](http://www.federalnewsradio.com). This is your opportunity to email questions regarding the show's topic at [ForYourBenefit@nitpinc.com](mailto:ForYourBenefit@nitpinc.com) or call into the show at **202-465-3080**. [MP3 downloads](#) of past shows are also available
3. **Our Senior Benefits Director, Tammy Flanagan's weekly column** entitled "Retirement Planning", published on GovExec's website. For links to the current article and an archived list of past articles, visit [www.nitpinc.com](http://www.nitpinc.com), and click on the link to "Tammy's Weekly GovExec Articles" in the Quick Links Box in the right corner of our website.

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