

Statement of Interest for Voluntary Early Retirement

If you occupy a position covered by the National Agreement between the U. S. Postal Service and the American Postal Workers Union, AFL-CIO, meet the eligibility requirements below and wish to indicate your interest in considering voluntary early retirement (VER), you should complete and return this form **no later than the close of business August 5, 2003**, in the enclosed self-addressed envelope to:

VER Statement of Interest
Selection Evaluation Recognition
475 L'Enfant Plaza, Room 9671
Washington DC 20260-4250

I understand this statement of interest:

- Is not a commitment to file for VER.
- Is not an application for VER.
- Will result in my personnel office validating my age and service for VER eligibility.
- Will generate a VER offer letter if I meet the eligibility requirements. This offer will include an annuity estimate, a service history report, the Acknowledgement of Irrevocability form, and an application for VER.

I believe I meet the following eligibility requirements for VER:

- I am or will be age 50 or older as of November 1, 2003 with at least 20 years of creditable service as of October 31, 2003. Note: Total service must include at least five years of creditable **civilian** career and non-career service. Military service is also creditable once the five-year requirement has been met.

or

- I have or will have at least 25 years of creditable service as of October 31, 2002. Note: Total service must include at least five years creditable **civilian** career and non-career service. Military service is also creditable once the five-year requirement has been met.

I am interested in VER and would like my eligibility to be validated. I understand that this VER opportunity **does not** include any incentive payments ("buyout").



D. C. CHENEY
PO BOX 490
AUBURN, WA 98071-0490

Signature: _____

Date: _____

Voluntary Early Retirement
Statement of Interest
Selection, Evaluation, and Recognition
475 L'Enfant Plaza, Room 9671
Washington, DC 20260-4250

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Washington, DC 20260-4250





July 15, 2003

ALL ELIGIBLE EMPLOYEES REPRESENTED BY THE APWU NATIONAL AGREEMENT

SUBJECT: Statement of Interest for Voluntary Early Retirement Option

The Postal Service will be undergoing substantial restructuring, reshaping, and repositioning of its bargaining unit workforce in the coming months. To minimize the number of employees potentially affected by involuntary reassignments under the appropriate national agreement articles, the Postal Service has received approval from the Office of Personnel Management under its Voluntary Early Retirement (VER) Authority to offer VER to positions covered under the National Agreement between the Postal Service and the American Postal Workers Union (APWU), AFL-CIO. You have been identified as meeting the following age and service requirements for an early retirement:

- You are or will be age 50 or older as of November 1, 2003, with at least 20 years of creditable service as of October 31, 2003. Note: Total service must include at least five years of creditable *civilian* career and non-career service. Military service is also creditable once the five-year requirement has been met.
- You have or will have at least 25 years of creditable service as of October 31, 2003. Note: Total service must include at least five years of creditable *civilian* career and non-career service. Military service is also creditable once the five-year requirement has been met.

This package is not an offer for VER, but simply a means for employees to indicate their interest in early retirement. Upon receipt of the Statement of Interest form, the Postal Service will begin the process of validating your age and service to verify your eligibility. If you are found eligible, you will receive an early retirement offer package that will include a retirement application, an annuity estimate, a service history report, and filing instructions. The effective date for all applications filed under this VER offer will be based on a determination of operational needs, but in no event will be sooner than October 31, 2003.

To assist you in your decision-making process, please find attached (1) *Summary of Benefits and Leave Provisions under VER*; (2) VER frequently asked questions; and (3) Statement of Interest form.

If you are interested in this opportunity, you should complete and return the Statement of Interest form in the attached self-addressed envelope **no later than the close of business August 5, 2003**, to:

Voluntary Early Retirement
Statement of Interest
Selection, Evaluation, and Recognition
475 L'Enfant Plaza, Room 9671
Washington DC 20260-4250

Questions regarding VER not covered by the attached information should be addressed to your local personnel office.


Susan M. LaChance

Attachments

SUMMARY OF BENEFITS AND LEAVE PROVISIONS UNDER VOLUNTARY EARLY RETIREMENT AUTHORITY

RETIREMENT

- Eligibility
 - You must be an employee in a competitive area that is undergoing a restructuring, reshaping or repositioning of the workforce that results in the elimination, excessing and/or downgrading of a position(s).
 - For employees covered by the Civil Service Retirement System (CSRS) and for employees covered by the Federal Employees Retirement System (FERS), the minimum age and service requirements are:
 - age 50 with 20 years of creditable service, or
 - any age with 25 years of creditable service.
 - For both CSRS and FERS employees, at least five years of service must be creditable civilian service.
 - CSRS employees must have been employed under CSRS for at least one year out of the last two years.
- Annuity Commencement Date:
 - CSRS/CSRS Offset Employees: An annuity begins the first day of the month following the effective date of retirement, unless the retirement is effective the first, second, or third day of the month. Then the annuity is effective the day after separation or the day after the last day in pay status.
 - FERS Employees: An annuity is effective on the first day of the month after the effective date of retirement.
 - For CSRS or FERS annuitants, an interim annuity payment (equal to approximately 80 percent of the annuity) begins within eight to ten weeks of the separation date.
- Age-based Annuity Reduction:
 - CSRS/CSRS Offset Employees: If you are under age 55, your annuity will be computed like a voluntary optional retirement using calculations based on total creditable years and months of service. Then, your annuity will be reduced at the rate of two percent for each year (or by 1/6th of one percent for each full month) that you are under age 55. This reduction is permanent—your annuity is not recomputed when you reach age 55.
 - FERS Employees: There is no age-based reduction for VERA in your annuity if you retire under the age of 55. However, if you are a FERS employee with a frozen CSRS component, then a portion of your annuity is based on a benefit that you accrued under CSRS. Therefore, that portion of your annuity is subject to the reduction mentioned above for CSRS/CSRS Offset employees.

HEALTH INSURANCE

- To be eligible to carry health insurance coverage into retirement, you must meet two criteria:
 - You must be entitled to retire on an immediate annuity under a retirement system for civilian employees.
 - You must have been continuously enrolled (or covered as a family member) in a Federal Employees Health Benefit (FEHB) program plan for the five years of service immediately before the date your annuity begins or for the full period of service since your first opportunity to enroll (if less than five years).
- Your insurance plan does not change and retirement is not an opportunity to elect a new plan.
- Your premium payment will increase to the level paid by all other federal annuitants (and federal employees) rather than receiving the more favorable Postal Service employer health benefits contribution. This means the same health plan may be approximately twice as expensive for an annuitant as it is for a postal employee.
- As an annuitant, you would pay for health coverage through monthly withholding from your annuity, instead of paying through biweekly withholding from your paycheck (12 payments annually instead of 26 payments annually). Of course, each payment is higher when you pay on a monthly basis.
- Tax regulations do not permit you to receive the tax break you receive as an employee under the pretax payment of health insurance premiums provided by the Postal Service.
- If you are ineligible to continue existing health insurance coverage into retirements, two options are offered:
 - conversion to an individual policy, or
 - Temporary Continuation of Coverage (TCC).

LIFE INSURANCE

- To be eligible to carry life insurance coverage into retirement, you must meet the following criteria:
 - You must be entitled to retire on an immediate annuity under a retirement system for civilian employees.
 - You must also have been continuously enrolled in the FEGLI program for the five years of service immediately before the date annuity starts, or for the full period of service since your first opportunity to enroll (if less than five years).
 - You must not have converted to an individual life insurance policy.

THRIFT SAVINGS PLAN

- Following retirement, you are not eligible to make additional contributions to or borrow money from your Thrift Savings Plan (TSP) account. You may continue to reallocate money among the TSP funds.
- If you retire, you will receive extensive information regarding your TSP withdrawal options and whether you may leave your money in TSP. Withdrawal of funds may take at least two months following separation and after the receipt of properly completed forms by TSP.
- There are no differences in TSP provisions for retirement under VER versus separation or optional retirement. You will have the same withdrawal choices and tax consequences as any other separated or retired employee of the same separation or retirement date and age.
- If you retire before the year that you reach age 55, then any amount that you withdraw from your TSP account before you reach age 59 ½ is subject to an early withdrawal penalty tax of ten percent. However, this penalty tax does not apply to amounts received under certain withdrawal options, such as an annuity or rollover to an Individual Retirement Arrangements.
- All employees eligible for VER are fully vested in their TSP contributions and the earnings on those contributions.
- If you have an outstanding TSP loan, this would delay a TSP withdrawal because you cannot withdraw funds from your TSP account until you have repaid your loan in full or until your loan has been declared a taxable distribution.

FLEXIBLE SPENDING ACCOUNTS

- If you are a Flexible Spending Account (FSA) participant, your participation ends as of the day after your retirement. This means that from this date on:
 - You do not owe any more FSA contributions. (Of course, you still are required to make up any contributions you missed before your participation ended).
 - You may request payment only for the expenses of eligible services or items received up to and including your retirement date. Any services or items received after that date are not eligible for payment.
 - Your deadline for submitting claims does not change – it is September 30 of the year following your year of FSA participation.
- The Postal Service FSA is not available to you as an annuitant. (Under Internal Revenue Service (IRS) tax rules, all employers may only make FSAs available to employees, not retirees).

SICK LEAVE

- For CSRS employees, the years of service used to compute the annuity are a combination of creditable federal and postal service + unused sick leave hours converted to creditable service. Sick leave is used in the annuity computation, but cannot be used to meet the service credit eligibility requirements for VER.

- For FERS employees with a frozen CSRS component in the annuity, you receive credit in the CSRS portion of your annuity only for sick leave you had when you transferred to FERS (or what you have when you retire, if it is less). Sick leave earned since you transferred to FERS is not creditable for retirement purposes.
- For FERS employees without a CSRS component, sick leave is not creditable for retirement purposes.

ANNUAL LEAVE

If you are a nonbargaining unit employee, you may be eligible for a lump sum payment for your earned and unused annual leave up to your annual leave carryover limit plus any annual leave earned and unused in the current year, as well as any unused donated leave. Note: Annual leave in excess of the carryover limit cannot be carried forward in the next leave year.

MORE INFORMATION

You may wish to consult the following web sites for more information:

- Retirement, health insurance, and life insurance: http://blue.usps.gov/cgi-bin/good_bye.cgi?url=http://www.opm.gov
- Thrift Savings Plan: http://blue.usps.gov/cgi-bin/good_bye.cgi?url=http://www.tsp.gov
- Social Security: http://blue.usps.gov/cgi-bin/good_bye.cgi?url=http://www.ssa.gov
- Medicare: http://blue.usps.gov/cgi-bin/good_bye.cgi?url=http://www.medicare.gov
- Basic salary increases: blue.usps.gov/hrisp/comp/sal_increase.htm
- Salary schedules: blue.usps.gov/hrisp/comp/salsched.htm
- Merit pay: blue.usps.gov/hrisp/comp/eas_merit2002.htm
- Leave benefits: blue.usps.gov/hrisp/comp/annlv.shtml

Questions and Answers on Benefits, Pay, and Leave Under Voluntary Early Retirement Authority

RETIREMENT

Question 1. What is Voluntary Early Retirement (VER) Authority?

Answer. Voluntary Early Retirement, or "Early Out," as it is commonly referred to, is a strictly voluntary option that allows eligible employees to retire early.

Question 2. Who is eligible for Voluntary Early Retirement?

Answer. Employees covered by the Civil Service Retirement System (CSRS) and employees covered by the Federal Employees Retirement System (FERS) are eligible if they meet the following requirements:

- (1) At least 50 years of age with at least 20 years of service, or any age with at least 25 years of service, and
- (2) At least five years MUST be creditable civilian service, not military service. Employees may use military service to meet the balance of service required for eligibility.

CSRS employees must have been employed under CSRS for at least one year out of the last two years, but the service need not be continuous.

Question 3. Are all employees who meet the above requirements eligible?

Answer. No, only those employees who are in specific locations where there is a **substantial** delayering, reorganization, reduction in force, transfer of function, or other workforce restructuring or shaping, and who are likely to be separated or subject to an immediate reduction in the rate of basic pay or are identified as being in positions that are becoming surplus or excess to the agency's future ability to carry out its mission effectively.

Question 4. What is the major difference between Voluntary Early Retirement and Optional Voluntary Retirement?

Answer. The age and service requirements are less under VER than under optional. Early retirement may carry a penalty in the annuity computation.

Question 5. I meet the service requirement with 20 years of service, but not the age requirement. Would my 50th birthday be the earliest date I could retire?

Answer. Yes, provided your birthday is within the offer window. For retirement purposes an employee legally meets the age requirement the day before a birthday. For example, an employee meeting the service requirement who will be 50 years old on October 4 would be eligible to retire if the last date of the VER offer would be October 3.

Question 6. Is there a time period for retiring under Voluntary Early Retirement?

Answer. Yes, each early out offer will have a 'window' during which applications may be accepted. The window dates will be established at the time of the offer.

Question 7. I have submitted an application for disability retirement, but I now meet the eligibility requirements for Voluntary Early Retirement. Can I cancel my application for disability and take advantage of this offer?

Answer. Yes, an application for disability retirement may be withdrawn at any time prior to approval from OPM. Also, applications may be submitted for more than one retirement for which you qualify (discontinued service, MRA, etc.), and OPM will review each separately.

Question 8. I will not meet the service requirements. Can I use my accumulated sick leave to meet the years of service requirement?

Answer. No, neither annual nor sick leave can be used to meet eligibility requirements.

Question 9. I am a FERS employee who meets the minimum retirement age (MRA) and has at least ten years of service but less than 20 years. Am I eligible?

Answer. No, 20 years of service is the minimum to qualify.

Question 10. How much money can I expect to receive on a monthly basis?

Answer. If you are offered a VER opportunity, you will receive an estimate of the annuity you will receive as of the effective date for retirements processed under your offer.

Question 11. Will my annuity be reduced?

Answer. **CSRS/CSRS Offset employees:** If you are under age 55, your annuity will be computed using a voluntary optional retirement annuity calculation based on total creditable years and months of service and average high-3 salary. Then, your annuity will be reduced at the rate of two percent for each year (or by 1/6th of one percent for each full month) that you are under age 55. This reduction is permanent — your annuity is not recomputed when you reach age 55.

FERS employees with a frozen CSRS component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the reduction mentioned above for CSRS/CSRS Offset employees.

FERS employees without a CSRS component: No reduction.

Question 12. How is high three average salary determined?

Answer. By averaging your basic pay over the three consecutive years of service with highest salary. Basic pay does not include cost of living allowance (COLA), overtime, bonuses, etc. It does include higher level pay.

Question 13. When will my annuity start?

Answer. Your annuity will begin on the first day of the month **after** the effective date of retirement.

Question 14. When I first started working, I was in a position for which no retirement contributions were deducted from my pay. How can I get credit for this time?

Answer. CSRS/CSRS offset employees: If the service was performed prior to October 1, 1982, it is creditable in full toward retirement eligibility and in computing your annuity if you make a deposit. However, if you don't make a deposit for this service, your annuity will be reduced by ten percent of the amount of the unpaid deposit, plus interest. If the service was performed on or after October 1, 1982, it will be used to determine retirement eligibility, but is not creditable for annuity computation purposes unless you make a deposit, with interest, for this service.

FERS employees with a frozen CSRS component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the creditability rules and calculations as mentioned above for CSRS/CSRS Offset employees.

FERS employees without a CSRS component: If the service was performed prior to January 1, 1989, it will not count toward retirement eligibility or in computing your annuity unless a deposit, with interest, is made prior to the final adjudication of your retirement application. **If the service was performed on or after January 1, 1989, it is not creditable under FERS, and a deposit cannot be made for this service.**

Question 15. I previously withdrew my retirement contributions. What impact will this have on my retirement annuity?

Answer. CSRS/CSRS offset employees: This period is creditable in establishing your retirement eligibility—that is, in meeting the service requirements. However, **if the service for which you received a refund terminated before October 1, 1990, you will not be required to make a redeposit and full credit will be allowed in the annuity.** However, your annuity will be actuarially reduced based on the amount you owe and your age at retirement. If the service terminated after October 1, 1990, you will be required to make a redeposit in order to receive credit in the computation of the annuity.

FERS employees with a frozen CSRS component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the creditability rules and calculations as mentioned above for CSRS/CSRS Offset employees.

FERS employees without a CSRS component: If the refunded period of service was covered by CSRS, you may deposit FERS contributions for this period. However, if the period of service was covered by FERS, no redeposit is possible, and the years are not creditable.

Question 16. If I take Early Voluntary Retirement, will I be eligible to withdraw my retirement contributions and take a reduced annuity?

Answer. No. The Alternative Form of Annuity/Lump Sum option is presently available to only those employees documented to have a life-threatening affliction, and who separate with immediate entitlement to an annuity, other than disability annuity.

[NOTE: Questions 17 through 23 apply to FERS employees ONLY]

Question 17. What is the Special Retirement Supplement?

Answer. **FERS employees only:** It is an annuity supplement only for FERS employees paid by the Office of Personnel Management (OPM), which estimates the Social Security benefit earned by your FERS years of service. It is paid until you become eligible for a Social Security benefit at age 62. However, under VER, this supplement is payable only if you have reached your MRA — your earliest optional retirement age. If you are separating at less than MRA, the supplement will not be paid until you reach your MRA.

Question 18. I am a FERS employee and my annuity has both a CSRS component and a FERS component. Can I still receive the Special Retirement Supplement?

Answer. **FERS employees only:** Yes, if you had one full calendar year of service subject to FERS computation rules.

Question 19. How is the Special Retirement Supplement computed?

Answer. **FERS employees only:** The supplement is computed as if you were age 62 and eligible for a Social Security benefit when the supplement begins. By law, OPM first estimates what your full career (40 years) Social Security benefit would be. Then it calculates the amount of your civilian service under FERS and reduces the estimated full career Social Security benefit accordingly. For example, if your estimated full career Social Security benefit is \$1,000 and you have worked five years under FERS, OPM will divide five by 40 (0.125) and multiply ($\$1,000 \times 0.125 = \125). The result would be your Special Retirement Supplement, before any reductions.

Question 20. Do salary or wages earned after I retire affect the supplement?

Answer. **FERS employees only:** Yes. Your Special Retirement Supplement, like Social Security benefits, is subject to an earnings test. It is reduced if you earn more than the exempt amount of earnings (determined each year by Social Security) in the immediately preceding year.

Question 21. Can my FERS basic benefit also be reduced because of earnings over the earnings test limit?

Answer. **FERS employees only:** No.

Question 22. How long will I continue to receive the Special Retirement Supplement?

Answer. **FERS employees only:** The Special Retirement Supplement will continue until the earlier of (1) the last day of the month before the first month for which you would be entitled to Social Security benefits or (2) the last day of the month in which you reach age 62.

Question 23. What if I don't apply for Social Security benefits at 62 or I'm not eligible for them? Can I continue to get the Special Retirement Supplement after I'm 62?

Answer. **FERS employees only:** The supplement ends at age 62, regardless of whether or not you receive benefits from the Social Security Administration.

[NOTE: End of questions that apply to FERS employees ONLY]

Question 24. If I am receiving military retired pay, how can I receive credit for military service?

Answer. To receive credit, retired pay must be waived and a post-1956 deposit must be made, unless your retirement is based on exception criteria. You should check with your personnel office if you were injured in combat or in the line of duty.

Question 25. If I decide to make my Post 1956 military deposit, when should I do that?

Answer. Deposits plus applicable interest are required prior to retirement; however, you may initiate this payment while completing the retirement application package. The payment is acknowledged and full credit is allowed.

Question 26. Where can I find more information on retirement?

Answer. If you are eligible for retirement under VER you will receive further information from your personnel office, which is your source for retirement information while you are an employee. If you would like to learn more about retirement, the U.S. Office of Personnel Management (the separate government agency that administers the federal retirement plan) provides extensive information. Do NOT call OPM, since they cannot respond to questions from employees. You may refer to the OPM web site: <http://www.opm.gov/>.

COURT ORDERS

Question 27. I'm divorced. What effect, if any, will a court order have on my application for early retirement?

Answer. None. If your court order is on file with the Office of Personnel Management (OPM), OPM will see to it that all payments are made in accordance with the court order. If a copy is not on file at OPM, you must attach a certified copy in its entirety, and any attachments or amendments, with your application for retirement.

CSRS VOLUNTARY CONTRIBUTIONS

Question 28. I previously made voluntary contributions to the Civil Service Retirement System. Will these contributions be refunded to me as excess contributions?

Answer. There will be no automatic refund, but you may apply for this at any time before you retire. Otherwise, your annuity will be increased according to the Voluntary Contribution regulations.

SOCIAL SECURITY

Question 29. How would Voluntary Early Retirement affect my Social Security benefits?

Answer. The eligibility requirements and benefits provisions for Social Security will not be affected by Voluntary Early Retirement. If you qualify, you may receive benefits beginning between age 65 and 67, depending on your date of birth. (You may apply to receive actuarially reduced benefits as early as age 62.)

Question 30. Will my Social Security benefit be reduced because I will be receiving a CSRS annuity?

Answer. Your Social Security benefit may be reduced under the Windfall Elimination Provision (WEP). WEP lowers the percentages used to compute benefits for all workers who have less than 30 years of Social Security-covered employment and who have earned an annuity from employment not covered by Social Security, e.g., CSRS Annuity. The Social Security Administration publishes information on this provision on its web site: <http://www.ssa.gov/>.

Question 31. What is the Government Pension Offset?

Answer. This provision in the Social Security law affects the Social Security benefit of a CSRS retiree who did not pay Social Security taxes, but expects to receive a Social Security benefit as a spouse or surviving spouse. This provision does NOT affect CSRS Offset and FERS annuitants. The Social Security Administration publishes information on this provision on its web site: <http://www.ssa.gov/>.

Question 32. How do I obtain more information about Social Security?

Answer. Social Security offers several pamphlets, books and fact sheets. For more information or free publications, contact your local Social Security office, or call 1-800-772-1213, or refer to the web site: <http://www.ssa.gov/>.

MEDICARE

Question 33. Am I eligible for Medicare?

Answer. Generally, if you are age 65 or older and have sufficient quarters of coverage based on your earnings, you are eligible to enroll in Medicare.

Question 34. How do I obtain more information about Medicare?

Answer. Call 1-800-MEDICARE (1-800-633-4227), or refer to the web site: <http://www.medicare.gov/>.

HEALTH BENEFITS

Question 35. What will happen to my health benefits?

Answer. Your current health benefits coverage will transfer into retirement provided you meet the eligibility requirements of:

(1) retiring on an immediate annuity, and

(2) continuous coverage in the FEHB program for the five years immediately preceding retirement or since your first opportunity to enroll (if less than five years).

Question 36. Will my health benefits cost go up?

Answer. Your premium payment will increase to the level paid by all other federal annuitants (and federal employees) rather than receiving the more favorable Postal Service employer health benefits contribution. This means the same health plan may be approximately twice as expensive for an annuitant as it is for a postal employee.

As an annuitant, you would pay for health coverage through monthly withholding from your annuity, instead of paying through biweekly withholding from your paycheck (12 payments annually instead of 26 payments annually). Of course, each payment is higher when you pay on a monthly basis.

Tax regulations do not permit you to receive the tax break you receive as an employee under the pretax payment of health insurance premiums provided by the Postal Service.

Question 37. I am covered under CHAMPUS. Will this coverage count toward the FEHB five-year requirement?

Answer. Yes, as long as you are covered under an FEHB enrollment at the time of retirement. In addition, you must have enrolled in the FEHB program within 60 days after you lost coverage under CHAMPUS in order for it to be considered as part of the continuous FEHB coverage.

Question 38. What happens if I cancel my health benefits enrollment when I retire?

Answer. If you cancel your FEHB enrollment as an annuitant, you will NEVER be able to reenroll, unless you cancel to enroll in a Medicare managed care plan or you furnish proof of eligibility for Medicaid.

Question 39. If I cancel my FEHB enrollment to be under my spouse's FEHB enrollment, will I be able to reenroll under my own coverage at a later date?

Answer. Yes. As long as you are continuously covered under an FEHB enrollment, you remain eligible to make any of the same enrollment elections/changes that an active employee would be eligible to make.

Question 40. My health benefits were terminated due to 12 months of LWOP, but I have since reenrolled. Will this period of LWOP count against the five year requirement to continue coverage?

Answer. No. The termination of your health benefits due to 365 days in LWOP status is not considered a break in the continuous coverage necessary for continuing FEHB coverage into retirement. However, the period during which the termination is in effect does not count toward satisfying the required five years of continuous coverage. In addition, you must have re-enrolled within 60 days of returning to pay and duty status, or at the end of the first pay period your pay becomes sufficient to cover your premium, in order to meet eligibility requirements.

Question 41. Where can I find more information on health insurance in retirement?

Answer. If you are eligible for VER retirement, you will receive further information from your personnel office, which is your source for such information while you are an employee. If you would like to learn more about health insurance during retirement, the U.S. Office of Personnel Management (the separate government agency that administers the federal health insurance and retirement plans) provides extensive information. Do NOT call OPM, since they cannot respond to questions from employees. You may refer to the OPM web site: <http://www.opm.gov/>.

LIFE INSURANCE

Question 42. What will happen to my life insurance?

Answer. Your current life insurance coverage will transfer into retirement provided you meet the eligibility requirements of:

- (1) Retiring on an immediate annuity, and
- (2) Continuous coverage of each election in the FEGLI program for the five years immediately preceding retirement/or since your first opportunity to enroll (if less than five years), and
- (3) You did not convert to an individual life insurance policy.

Question 43. What about the premium costs?

Answer. Provided you are eligible and choose to keep all of your current coverage, you will now be responsible for paying the premiums on your Basic insurance based on the type of reduction you choose at the time of retirement. Your Optional insurance premium rate will continue as it is, and continue to increase based on your age.

Question 44. What about the coverage amounts? Will they change?

Answer. Your Basic, Option B, and Option C coverage will begin to reduce when you reach age 65 unless you choose no reduction (or 75 percent or 50 percent reduction for Basic) at the time of retirement.

Question 45. If I take Early Voluntary Retirement, I will not meet the five year requirement to continue my FEGLI optional coverage. Can I convert this coverage to an individual policy?

Answer. Yes. You may convert the amount of your FEGLI Optional coverage to an individual policy as long as you have not assigned your insurance.

Question 46. I filed a Designation of Beneficiary, Form SF 2823, with my employing office. Will my designation remain valid after I retire?

Answer. Yes. Any valid designation on file in your official personnel folder will remain valid unless your annuity terminates or you change or cancel the designation. Changes or cancellations after retirement must be submitted directly to OPM.

Question 47. Where can I find more information on life insurance in retirement?

Answer. If you are eligible for VER retirement, you will receive further information from your personnel office, which is your source for such information while you are an employee. If you would like to learn more about life insurance during retirement, the U.S. Office of Personnel Management (the separate government agency that administers the federal life insurance and retirement plans) provides extensive information. Do NOT call OPM, since they cannot respond to questions from employees. You may refer to the OPM web site: <http://www.opm.gov/>.

THRIFT SAVINGS PLAN

Question 48. If I retire under VER, are there any special Thrift Savings Plan (TSP) advantages, penalties or rules?

Answer. There are no differences in TSP provisions for retirement under VER versus separation or optional retirement. You will have the same withdrawal choices and tax consequences as any other separated or retired employee with the same separation or retirement date and age.

Question 49. If I retire under VER, can I keep on contributing to TSP?

Answer. No. Following retirement, you are not eligible to make additional contributions to or borrow money from your Thrift Savings Plan (TSP) account. You may continue to reallocate money among the TSP funds.

Question 50. If I retire under VER, can I take out my TSP money?

Answer. Yes. If you retire, you will receive extensive information regarding your TSP withdrawal options and also whether you may leave your money in TSP.

Question 51. How long will it take me to get my money?

Answer. Withdrawal of funds may take at least two months following separation and after the receipt of properly completed forms by TSP.

If you have an outstanding TSP loan, this would delay any TSP withdrawal because you cannot withdraw funds from your TSP account until you have repaid your loan in full or until your loan has been declared a taxable distribution.

Question 52. If I withdraw money from my TSP account, will I have to pay taxes?

Answer. Yes. All persons, including those who retire under VER, will have to pay federal income taxes on any amounts withdrawn from TSP. Those taxes are due on both withdrawn TSP contributions and TSP earnings. After all, TSP is a tax-deferred savings plan, which means you didn't pay taxes when you contributed to your TSP account or on any earnings in the account.

Also, if you retire before the year that you reach age 55, then any amount that you withdraw from your TSP account before you reach age 59 1/2 is subject to an early withdrawal penalty tax of ten percent. However, this penalty tax does not apply to amounts received under certain withdrawal options, such as an annuity or rollover to an Individual Retirement Arrangement.

Question 53. I'm a FERS employee. Will I forfeit my Agency Automatic (one percent) Contributions or earnings on those contributions, or am I vested?

Answer. All employees eligible for VER are fully vested in their TSP contributions and the earnings on those contributions, including any agency automatic or matching contributions for FERS employees.

Question 54. Where can I find more information on TSP?

Answer. If you are eligible for VER retirement, you will receive further information from your personnel office, which is your source for such information while you are an employee. If you would like to learn more about TSP, the Federal Retirement Thrift Investment Board, (the separate government agency that administers TSP) provides extensive information. Do NOT call the TSP Service Office, since they cannot respond to most questions from employees. You may refer to the TSP web site: <http://www.tsp.gov/>.

FLEXIBLE SPENDING ACCOUNTS

Question 55. I participate in FSA. What happens with my FSA if I retire?

Answer. If you are a Flexible Spending Account (FSA) participant, your participation ends the date **after** the date of your retirement.

Question 56. If I retire, can I still file FSA claims?

Answer. You may request payment only for the expenses of eligible services or items received up to and including your retirement date. Any services or items received after that date are not eligible for payment.

Your deadline for submitting claims does not change — it is September 30 of the year following your year of FSA participation.

Question 57. Will I still have to pay the full contribution that I pledged if I retire?

Answer. As of the date of your retirement, you do not owe any more FSA contributions. (Of course, you still are required to make up any contributions you missed before your participation ended.)

Question 58. Can I continue my FSA account coverage into retirement?

Answer. The Postal Service FSA program is not available to you as an annuitant. (Under Internal Revenue Service (IRS) tax rules, all employers may only make FSAs available to employees, not retirees.)

LEAVE

Question 59. If I separate from the Postal Service under VER, what will happen to my accumulated sick leave?

Answer. No payments are made for accumulated sick leave.

CSRS/CSRS Offset employees: If you separate from the Postal Service under VER, you can receive additional service credit towards your retirement or survivor annuity.

FERS employees: If you separate from the Postal Service under VER, your sick leave is not credited towards additional service credit for annuity computation purposes unless you transferred to FERS from CSRS and your annuity has a CSRS component. In this situation, you can receive additional service credit based on the sick leave balance you accrued at the time you transferred to a FERS or your sick leave balance at the time of your retirement, whichever is less.

Question 60. If I separate from the Postal Service under VER, what will happen to my earned and unused annual leave?

Answer. If you are a nonbargaining unit employee, you may be eligible for a lump sum payment for your earned and unused annual leave up to your annual leave carryover limit plus any annual leave earned in the current year, as well as any unused donated leave. **Note:** Annual leave in excess of the carryover limit cannot be carried forward into the next leave year.

Question 61. If I separate from the Postal Service under VER and have earned and unused annual leave, will I be paid holiday leave for any holidays which occur after my separation date but before my annual leave would be exhausted?

Answer. Yes. Annual leave is spread over the appropriate number of days following your separation date and extended one day for each postal holiday which occurs during that time period. For example, if you have 160 hours of earned and unused annual leave and two holidays would occur in the four weeks (40 hours per week) after the date of your separation, you would receive terminal leave pay for 176 hours (160 hours of earned and unused annual leave plus 16 hours of holiday leave).

Question 62. I am a supervisor who participated in the Annual Leave Exchange Program. What effect will this have on my terminal leave payment?

Answer. As stated in the letters notifying individuals of their eligibility to participate in the Annual Leave Exchange Program:

"When an employee retires or separates from the Postal Service before earning sufficient leave to cover the amount exchanged, the excess leave exchanged will be offset against the previously accumulated leave balance when calculating the employee's terminal annual leave payment."

Question 63. If I separate from the Postal Service under the VER, what will happen if I am indebted to the Postal Service for unearned annual or advanced sick leave?

Answer.

If you are indebted to the Postal Service for unearned annual or advanced sick leave, you must refund the amount paid for the unearned leave. If you do not refund the amount of the indebtedness, deductions will be made from any funds that you are due upon your separation.

SEVERANCE PAY

Question 69. If I separate from the Postal Service under VER, am I entitled to severance pay?

Answer. No. If you voluntarily retire from the Postal Service, you are not entitled to severance pay.

UNEMPLOYMENT COMPENSATION

Question 70. If I separate from the Postal Service under VER, can I apply for unemployment compensation?

Answer. Yes. At the time of retirement, you will receive an SF-8, Notice to Federal Employees About Unemployment Insurance, advising you of your right to file a claim for unemployment compensation. While any employee who is separated may apply for unemployment compensation, most states exclude from eligibility those applicants who have voluntarily retired from employment. Furthermore, Federal law requires states to reduce the weekly unemployment amount by the weekly amount of any government or other pension, retirement, or retired pay.