



Federal Employees Retirement System (FERS) What You Need to Know about Phased Retirement April 5, 2024

Congratulations on your decision to join the phased retirement workforce. The process for phased retirement can vary for each Center, so if you have specific questions about obtaining approval to participate in phased retirement or executing a Phased Retirement Agreement, please contact the [Human Resource Representative](#) at your Center.

You are encouraged to read this document in its entirety. However, a list of the contents has been included below to assist you in navigating this document.

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General Information

Retiree Annuity Supplement

If applicable, the Retiree Annuity Supplement may be paid after you end phased retirement status and fully retire. It is not payable during phased retirement.

Social Security

You can receive Social Security retirement benefits and work at the same time. However, if you are younger than full retirement age and make more than the yearly earnings limit, your social security benefits will be reduced. Starting with the month you reach full retirement age, your benefits will not reduce no matter how much you earn.

- The Social Security Administration (SSA) reduces your social security benefit if you are under [full retirement age](#) for the entire year, by deducting \$1 from your social security benefit payments for every \$2 you earn above the annual limit. For 2015 that limit is \$15,720.
- In the year you reach full retirement age, your social security benefit will be reduced by \$1 for every \$3 you earn above a different limit, but only on earnings you receive before the month you reach your full retirement age.
- Starting with the month you reach full retirement age, you can get your benefits with no limit on your earnings.
- The SSA has calculators available to assist you. Use the [Retirement Age Calculator](#) to find your full retirement age based on your date of birth. Use the [Retirement Earnings Test Calculator](#) to find out how much your benefits will be reduced if you work.
- When your social security benefit is determined, SSA calculates how much to deduct from your benefits, and counts only the wages you make from your job, including bonuses and vacation pay. SSA does not count pensions, annuities, investment income, interest, veterans or other government or military retirement benefits.
- Your social security benefit may increase as long as you continue to work, even if you are receiving social security benefits, because you will continue to pay social security taxes on your NASA earnings. However, the SSA will check your record every year to see whether the additional earnings you had will increase your monthly benefit. If there is an increase, SSA will send you a letter telling you of your new benefit amount.

Update Beneficiary Forms

You are encouraged to review your current designation of beneficiary forms and update them, if necessary. Additional instructions are found below on which forms may be applicable to you.

- **[Standard Form \(SF\) 3102, Designation of Beneficiary – Federal Employees Retirement System](#)**
 - This form is used to designate beneficiaries to receive any lump-sum benefit from the Federal Employees Retirement System (FERS) which may be payable after your death. To view your current beneficiaries, log on to the electronic Official Personnel File (eOPF) system. This form is located online at www.opm.gov on the Standard Forms page. Once complete, return the original form to the NSSC.
- **[SF 2823, Designation of Beneficiary – Federal Employees' Group Life Insurance \(FEGLI\) Program](#)**
 - This form is for employees currently enrolled in FEGLI. To view your current beneficiaries, log on to the eOPF system. This form is located online at www.opm.gov on the Standard Forms page. Once complete, return the original form to the NSSC.
- **[SF 1152, Designation of Beneficiary – Unpaid Compensation of Deceased Civilian Employee](#)**
 - This form is for the payout of unpaid salary and leave accrual in the event your death occurs while you are still a Federal employee. To view your current beneficiaries, log on to the eOPF system. This form is located online at www.opm.gov on the Standard Forms page. Once complete, return the original form to the NSSC.
- **[TSP 3, Thrift Savings Plan \(TSP\) Designation of Beneficiary](#)**
 - To identify your beneficiary for your TSP account, you must contact TSP directly by calling 877-968-3778. This form can be found at www.tsp.gov. Once completed, return the form original to TSP's address indicated on the form.

Court Orders and Garnishments

Phased retirement annuities will be subject to court orders providing for division, allotment, assignment, execution, levy, attachment, garnishment, or other legal process on the same basis as other annuities.

If you have a court order awarding a portion of your annuity to a former spouse, you must

submit a certified copy of the divorce decree with your phased retirement application. The court order will be forwarded to the Office of Personnel Management (OPM) for interpretation and application.

Phased retirement annuities, like regular Federal annuities, will not be subject to commercial garnishments. Only your part-time NASA salary received during phased retirement will continue to be subject to commercial garnishment.

Your NASA salary and monthly annuity check are both subject to non-commercial garnishments. NASA is obligated to notify the party who caused the legal process to be served that you are now entitled to a phased retirement annuity and to direct the party to the designated agent at OPM who is responsible for the disbursement of retirement benefits. The onus is then on the obligor to submit additional income withholding orders or other garnishment orders to OPM directly if the obligor also seeks to garnish your phased retirement annuity.

Outside Employment

During a period of phased retirement, you are still bound by ethics rules and restrictions on outside employment. Contact your Ethics Counselor for additional information.

Creditable Federal Service

Service Records

Ensure that all documents to support relevant periods of service (DD214s for military service, statements for deposit payments for civilian service, etc.) are included with your retirement application. Pay particular attention to missing DD-214(s) and paid receipts for deposit(s)/redeposit(s).

Civilian Service Deposits and Redeposits

A deposit is a payment to the retirement fund to cover a period of non-deduction service (that is, service for which no retirement deductions were withheld from salary). A redeposit is a payment to the retirement fund to cover a period of refunded service (that is, service for which deductions were withheld from salary, but later refunded to you upon a separation from Federal service).

Deposits and redeposits for civilian service must be satisfied (either by payments or annuity reduction as applicable) prior to the Office of Personnel Management (OPM) finalizing your phased retirement, which typically occurs 30 days after the effective date of your phased

retirement. Any reduction in annuity or loss of service credit at the time the amount of your phased retirement annuity is determined and will be permanent. You cannot make civilian deposits or redeposits at a later time, including at the time you enter full retirement. Note: You may make deposits and redeposits for eligible periods of service (identified below) if you leave phased retirement to return to regular employment.

Straight FERS Case: If you do not make a deposit for non-deduction service, you will not receive credit for that service both to determine eligibility for retirement and for computation of your annuity benefit. Generally, you may not make a deposit for non-deduction service performed after December 31, 1988. If you do not make a redeposit on service for which you took a refund of your contributions, the period of refunded service will be credited for retirement eligibility but will not be credited in the computation of your annuity benefit.

FERS Cases with a CSRS Component: The effect of unpaid deposits and/or redeposits based on service attributed to FERS is described in the paragraph above. Deposits and redeposits based on service attributed to a CSRS component are credited according to CSRS rules as follows:

- Non-Deduction Service Performed Before October 1, 1982
 - If a deposit is not paid or fully paid for this type of service, the service period will be included in your annuity computation, but the annual benefit will be reduced by 10% of the deposit amount due. Upon computing your composite annuity at your final full status retirement, this amount will be updated with additional interest through your final separation date.
- Non-Deduction Service Performed On or After October 1, 1982
 - If a deposit is not paid for this type of service, the service period will be credited towards eligibility for retirement, but will not be included in your annuity computation.
- Refunded Service Which Ended Before March 1, 1991
 - If a redeposit is not paid for this type of service, the service period will be included in your annuity computation, but your annuity will be permanently, actuarially reduced. The amount of the reduction will be based on the total amount of redeposit due divided by a factor representing your age at retirement. Note: If you do not make a full redeposit of this amount, the actuarial reductions will apply to all subsequent retirements, regardless of the type. This is because the actuarial reduction is considered a repayment for the period; therefore, it is no longer considered a period of redeposit service.

- Refunded Service Which Ended On or After March 1, 1991
 - If a redeposit is not paid for this type of service, the service period will be credited towards eligibility for retirement, but will not be included in your annuity computation.

Military Deposits

If you wish to make a military deposit for honorable, active duty military service you performed prior to entering phased retirement, the deposit must be completed before the effective date of your phased retirement. It typically takes at a minimum 90 days to complete the process of paying a military service deposit, so plan accordingly. You will not have another opportunity to make a service deposit for military service once you enter into phased retirement, unless you leave phased retirement and return to regular full-time employment.

Straight FERS Case

- If you performed military service on or after January 1, 1957, you may pay a deposit to cover the service. Military deposits for military service performed before entry into phased retirement must be paid in full prior to entry into phased retirement status.
- If you perform active military service during phased retirement (i.e., due to a call up for active military service during phased retirement) you must complete the deposit before separation from phased retirement.
- You will not receive any retirement credit for your post-1956 military service if you do not make the deposit.

FERS Cases with a CSRS Component

- If you were first employed in a position subject to CSRS retirement before October 1, 1982, you will receive credit for your military service until age 62 if you do not make the deposit. At age 62, if you are eligible for a Social Security benefit, your annuity will be recomputed to eliminate credit for the post-1956 military service. If you are age 62 or older when you enter into phased retirement and are eligible for Social Security benefits, no credit for post-1956 military service will be allowed in the computation of your annuity unless you pay the deposit prior to entering phased retirement.
- If you were first employed in a position subject to CSRS on or after October 1, 1982, you will not receive any retirement credit for your post-1956 military service if you do not make the deposit prior to entering into phased retirement.

Waiver of Military Retired Pay

If you are retired military and elect to pay a military service deposit to receive credit for your military service, you must also waive your military retired pay prior to entering phased retirement to receive credit for your active military service towards your FERS annuity. However, if you are receiving military retired pay based on either scenario below, the requirement to waive your military retirement pay does not apply:

- Based on a disability incurred in combat with an enemy of the United States or caused by an instrumentality of war, or
- As a member of the reserve components of the Armed Forces.

Completing Application Materials

Application for Immediate Retirement, SF 3107

Section A – Identifying Information

- You must complete all items in this section except for item #8, regarding a disability application, which is not applicable.
- When you complete your retirement application, always use your “official” name as used on your payroll records. It is important that your name matches the payroll record. Ensure that you use the full name to include suffixes, such as Jr., III, etc. It is also important to list all other names you have used during your federal employment, such as your maiden name. This will assist OPM to locate and identify all of your service records.
- OPM and payroll will send information to the address that appears on your retirement application. If you plan to move within 45 days after retirement, please ensure that your new address appears on the application. It is important that you keep both OPM, the Thrift Savings Plan service office, and NASA apprised of your current address after entering phased retirement.

Section B – Federal Service

- You must complete all items in this section except for item #2, which is not applicable since you will not be finally separating from NASA.

Section C – Marital Information

- You must complete #2 to indicate whether you have a living former spouse(s) to whom a court order gives a portion of your retirement benefits based on your Federal employment.
- Completing 1 through 1f is optional. Your marital information is not used in your

phased retirement and will be collected when you enter full retirement.

Section D – Annuity Election

- Skip this section. Your annuity election is not a component of your phased retirement, but will be a mandatory element of your final full retirement and will be required at that time.

Section E – Insurance Information

- Skip this section. This section does not apply to phased retirement as you will continue both health benefits and life insurance as an employee, if applicable.

Section F – Other Claim Information

- You must complete all items in this section.

Section G – Information about Your Unmarried Dependent Children

- This section is optional.

Section H – Payment Instruction

- You must complete all items in this section. Your annuity payments will be deposited into the account that is reflected in this section. When you start receiving your annuity, you may arrange with OPM to have up to two allotments taken from your annuity payments.
- Federal Tax: If you want to elect a federal tax withholding rate that is different than your current NASA federal tax withholding election, you will need to submit a W-4P, Withholding Certificate for Pension or Annuity Payments with your phased retirement application. If you do not want to make a change to your current tax election, no action is required on your part. The NSSC will forward a copy of your most recent W-4 to OPM to process with your phased retirement application.
- State Tax: After your phased retirement annuity has been finalized, you may contact OPM to have state tax withheld by supplying OPM with a specific dollar amount. OPM has agreements with some states to allow the withholding of state income taxes from annuity payments. Upon retiring, should you have tax questions pertaining to the filing of your taxes, please refer to <http://www.irs.gov/pub/irs-pdf/p721.pdf>.

Section I – Applicant's Certification

- You must complete all items in this section.

Phased Retirement Election, SF 3116

This will be completed in coordination with your Center Human Resources Office. Once it is finalized, you will receive the original copy. You must forward the original copy to the NSSC with your other phased retirement application materials.

Phased Retirement Agreement

This will be completed at the Center level, and will need to be finalized and executed prior to entering into phased retirement.

Withdrawing an Application for Phased Retirement

You may cancel your approved election to enter phased retirement and withdraw the application for phased retirement by submitting a signed written request to your Center and obtaining the approval of the authorized NASA official before the effective date of your phased retirement.

What to Expect During Phased Retirement

Annuity Commencing Date and Payment Schedule

The commencing date of a phased retirement annuity is the first day of the pay period after phased retirement is approved by your Center. Phased retirement annuity payments will be issued by OPM on the 1st business day of every month. You should receive your first annuity payment approximately 6 to 8 weeks after you enter phased retirement. The first interim payment will be equal to approximately 56-70% of your phased retirement annuity. The interim payment schedule will continue until all records have been verified by OPM. At that time, you will receive a full annuity payment and retroactive annuity amounts that were not paid during the interim pay cycle.

Mentoring Requirement

You must spend at least 20% of your time on mentoring activities. This requirement must be met at least on a quarterly basis. You will track all your mentoring activities in WebTADS. You will code your hours to the hour code type "PRM".

Work Schedule

You must work 40 hours per pay period. Approved leave counts towards the 40 hour requirement. Compensatory time earned, credit hours earned, and religious compensatory time earned, do not count towards the 40 hour requirement. Subject to supervisory approval, if you are subject to a work schedule that allows the accrual of credit hours you may carry over a maximum of 10 credit hours each pay period. If you work a significant amount of excess hours beyond the 40-hour work schedule, the Office of Personnel Management may determine that the intent of phased retirement is being undermined and order NASA to return you to regular employment. In rare circumstances, a supervisor can approve overtime

if an emergency situation arises that poses a significant, immediate, and direct threat to life or property.

Leave

You will maintain your annual and sick leave balances upon transition into phased retirement. You will earn 4 hours of annual leave and 2 hours of sick leave each pay period while in phased retirement. You will still be subject to the maximum annual carryover of 240 hours.

Once you fully retire, any remaining annual leave will be paid out approximately 5 to 6 weeks after full retirement. Any remaining sick leave will be used in the computation of your final retirement annuity.

Cost of Living Adjustments (COLA)

You will not be eligible for a cost of living increase until you reach age 62. However, if you have a Civil Service Retirement System (CSRS) component, you will be entitled to an immediate COLA on that portion. If you have a CSRS component or are age 62 in the year you retire, the first cost of living increase you receive will be prorated to reflect the number of months you are on the retirement rolls before the increase is effective. COLAs are effective December 1 and are payable in the January annuity payment.

Federal Employee Benefits

Thrift Savings Plan (TSP)

When transitioning to phased retirement you will retain your eligibility (and your latest TSP election on file, if any) will continue through your transition. The Internal Revenue Code places specific limits on the amount that you can contribute to employer-sponsored plans like the TSP each year. You are also eligible to continue making “catch-up contributions” each year.

TSP contributions will be based upon the basic pay you receive during each pay period, and not on the phased retirement annuity payable by OPM. You will receive the same matching contributions as you did as a regular employee, which is a maximum of 5% matching. The matching will be based on your part-time salary.

If you have a TSP loan there is no requirement to pay off your loan prior to entering phased retirement, and your current payroll deductions will continue automatically.

You will not be eligible for post-employment withdrawals. However, if you are age 59 ½ or older, you may be eligible for an age-based in-service withdrawal. For more information on this type of withdrawal, contact a TSP representative at 1-877-968-3778, Monday through Friday between 7am to 9pm EST.

You will not be subject to Internal Revenue Service (IRS) required minimum distributions or the TSP withdrawal deadline while in phased retirement.

Federal Employees Health Benefits (FEHB)

The employer share of your health benefits premiums will continue to be paid as if you are a full-time employee. Your share of the premiums will continue to be deducted, on a pre-taxed basis, from your NASA salary. Your premiums will remain the same. You are still eligible to make changes to your health insurance plan during Open Season or after experience a [Qualifying Life Event](#).

Federal Employees' Group Life Insurance (FEGLI)

Your life insurance does not change as a result of phased retirement. Your premiums and coverage will be the same as if you were a full-time employee.

NASA Employees Benefit Association (NEBA)

Your life insurance does not change as a result of phased retirement. Your premiums and coverage will be the same as if you were a full-time employee.

Federal Employees Dental and Vision Insurance Program (FEDVIP)

If you are enrolled, your coverage will continue and premiums will remain the same. All premiums will still be withheld from your biweekly NASA salary. You are still eligible to make changes to your plan after experiencing a [Qualifying Life Event](#) or enroll during Open Season.

Federal Long Term Care Insurance Program (FLTCIP)

If you are enrolled your coverage will continue. If you are not currently covered by FLTCIP, you may apply for this coverage directly with FLTCIP Partners via the Web site www.ltcfeds.com. You are subject to full underwriting, which means FLTCIP may require detailed health information. Applications may be submitted at any time.

Federal Flexible Spending Account (FSAFEDS)

As a phased retiree, you may participate in FSAFEDS. The amounts you elected to save in your flexible spending account(s) for the year you enter phased retirement will not change. Unlike health insurance, FSAFEDS enrollments do NOT carry over from year to year, so to participate, you must re-enroll during Open Season. If you wish to change the amounts you save in your flexible spending account(s), you may do so at that time.

Extension of Initial Phased Retirement Period

Time Limits

You may request an extension of your initial phased retirement time period, up to a total time of no more than 3 years. Your written request should be submitted no less than 60 days before the end of the initial period. If your request is disapproved, you may not grieve this decision or appeal it to the U.S. Merit Systems Protection Board (MSPB).

Requirements for Request

Your request must include the same content as an initial application for phased retirement. The same criteria for approval apply, along with management's assessment of your initial phased retirement period. An extension must be effected before the end date of the initial phased retirement period. A new Phased Retirement Agreement (or an addendum to the original) must be executed.

Ending Phased Retirement

Return to Regular Employment

You may submit a written request to return to regular employment to your supervisor, who will forward through the appropriate channels at your Center for a decision. There is no guarantee your request will be approved. A request can be submitted at any time; however, you should submit this request at least 90 days before the end of the phased retirement agreement period. If the request is denied, the other option is to apply for open vacancies and be selected for a full-time position through a vacancy announcement.

Transfer to another Federal Agency

If you are transferring to another Federal agency during your period of phased retirement, you may either continue in phased retirement upon your transfer, with the approval of the gaining agency, or return to regular employment. Prior to the effective date of your transfer,

you must complete Part 3 of SF 3116, Phased Employment/Phased Retirement Status Elections.

Enter Full Retirement

At least 60 days before the end of your approved phased retirement period (or your chosen earlier full retirement date), submit a **Reservation to Retire Request** via the [HR Services Catalog](#).

If you do not complete the required forms and have not returned to regular employment at NASA or another agency within 3 days after the end date of your phased retirement period, you will be considered voluntarily retired and separated from NASA on that basis. You will then have to apply directly to the Office of Personnel Management (OPM) to receive your full retirement annuity.

OPM Contact Information

OPM Phone Numbers – Once you receive your CSA number, you may contact OPM by calling their Retirement Information Office at any of the following numbers:

- Nationwide toll-free number: 1-88 US OPM RET (1-888-767-6738)
- Nationwide toll number: 1-724-794-2005
- Customers within the Washington, DC calling area: 202-606-0500
- Hearing impaired customers: 1-800-878-5707 (TDD)

Customer Service Specialists – When you call, you can talk to a Customer Service Specialist from 7:40 a.m. to 5:00 p.m. Eastern Time, Monday through Friday.

OPM Internet Access – You can contact OPM on the Internet at <https://www.servicesonline.opm.gov>. To use these features, you will need your CSA number and your password provided to you after OPM completes processing of your retirement. You may also obtain a password by calling a Customer Service Specialist, who will arrange to have a password mailed to you. Some of the things you can do by using the website include:

- Change your Federal and State Income Tax withholding
- Change your mailing address
- Change your Password
- Establish an allotment to an organization

- Set up a checking or savings allotment
- Change your direct deposit
- Update your email address/opt-in to receive information electronically
- View/Print annuity statement/verification of income
- View/Print 1099-R Tax Forms
- View/Print verification of life insurance (FEGLI)
- View the status of your case while in interim pay

OPM Mailing Address – If you need to write to OPM, remember to include your CSA on each page of your correspondence. The mailing address for general correspondence is:

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, Pennsylvania 16017-0045

If you have any questions concerning this document, please contact:

NSSC Customer Contact Center

1-877-677-2123 (1-877-NSSC123) or nssc-contactcenter@nasa.gov