



**Retirement and Insurance Service
Financial Management Letter**

Number: F-00-06

Date : September 15, 2000

**SUBJECT: ACCOUNTING FOR OFFSETS FROM PAY OF REEMPLOYED
ANNUITANTS**

Through our efforts to reconcile our intragovernmental account balances with our partner agencies, we have discovered inconsistencies in the way agencies account for "reemployed annuitants." As a consequence, the task of reconciling intragovernmental account balances for both OPM and our partners has become more difficult. The purpose of this letter is to provide guidance in this regard.

A reemployed annuitant is a person who is receiving a Civil Service Retirement System (CSRS) or Federal Employee Retirement System (FERS) retirement annuity and, at the same time, is earning a paycheck as a Federal employee. In most circumstances, a reemployed annuitant will continue to receive his/her retirement annuity during his/her period of reemployment. The law, however, requires that the reemployed annuitant's pay be "offset" by the amount of his/her retirement annuity. In other words, the amount of paycheck that the reemployed annuitant receives is reduced (offset) by the amount of his/her retirement annuity. The amount that is offset from a reemployed annuitant's pay must be remitted to OPM for credit to the Civil Service Retirement and Disability Fund.

We have learned that some agencies are recognizing the amount offset from the pay of a reemployed annuitant as an intragovernmental "G" transaction. As such, they charge the amount offset to SGL account 6400G. This is not correct!

The amount offset from the pay of a reemployed annuitant is not an intragovernmental transaction. The reemployed annuitant, a private citizen and nonfederal party, is the one paying the offset, and the employing agency is withholding the amount on behalf of the annuitant. The offset amount is part of gross payroll, and all gross payroll should be charged to a nongovernmental "N" account, most likely SGL account 6100N. Equally important, because it is an "N" transaction, it must not be reported to OPM on the Confirmation of Intragovernmental Account Balances nor as a "G" account to Treasury for FACTS purposes.

*Civil Service
Retirement
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*Federal Employees
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*Federal Employees
Health Benefits
Program*

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Retirement
System*

To illustrate the proper accounting for amounts offset from the pay of a reemployed annuitant, assume the following about a reemployed annuitant:

Gross pay	\$4,000
To be offset and remitted to OPM	1,200
Basic pay after offset	2,800
Federal taxes withheld	800
Net pay	\$2,000

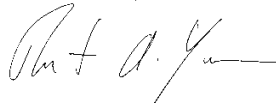
As of the end of the payroll period, the agency, which is employing the reemployed annuitant, would post the following entry:

6100N	Gross Payroll		4,000	
	2210N	Due to OPM		1,200
	2210N	Net Pay		2,800

When the reemployed annuitant is paid, the agency would the following entry:

2210N	Due to OPM		1,200	
2210N	Net Pay		2,800	
	1010	To Employee		2,000
	1010	To OPM		1,200
	1010	To IRS		800

If you have any questions about this matter, please direct them to 202-606-0606 or us at finance@opm.gov.



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 Retirement and Insurance Service