

a New Day for Federal Service

Phased Retirement An Employee Perspective



What is Phased Retirement?

Phased retirement allows eligible employees to elect to transition into retirement by continuing to work on a part-time basis and receiving a portion of their annuity for the time they are not working.



How Does Phased Retirement Work?

- Phased Retirement is an agreement between employee and agency
- When phased retirement is elected, the employee:
 - Is partially retired and receives about half of their annuity
 - Is employed and works 50% part-time and receives half of their pay
 - 20% of their work time must be spent in mentoring activities



Who is Eligible to Participate in Phased Retirement?

- Must have been full-time employee for at least 3 years prior to entry in Phased Retirement
- Must be eligible for immediate retirement under specific provisions:
 - CSRS: Age 55 with 30 years of service, or age 60 with 20 years
 - FERS: MRA with 30 years of service, or age
 60 with 20 years of service



What Employees Are Excluded From Phased Retirement?

- Law Enforcement Officers, Fire Fighters, Air Traffic Controllers, Nuclear Materials Couriers, Capitol Police and Supreme Court Police and some Customs and Border Protection (CBP) Officers subject to mandatory retirement provisions
 - CBP Officers employed before 7/6/08 and who are exempt from mandatory separation provisions are **not** excluded

What Employees Are Excluded From Phased Retirement? • Special work schedules that do not

allow a recurring part-time schedule:

-Fire Fighters covered by 5 USC 5545b

-Nurses under 38 USC 7456 or 7456A



Deposits and Redeposits

Employees who wish to participate in phased retirement must pay all:

- Civilian Deposits
- Military Deposits
- Redeposits

Before they begin phased retirement

Example of the income of a **CSRS** Phased Retiree **CSRS** Employee Length of service: 35 years 9 months **Current salary:** \$68,275 x 50% \$34,137 annually \$2,844.75 monthly **Current Annuity:** \$45,296.30 x 50% \$22,648 annually \$1,887.00 monthly

Example of the income of a CSRS Phased Retiree Total Employee Income in Phased Retirement:

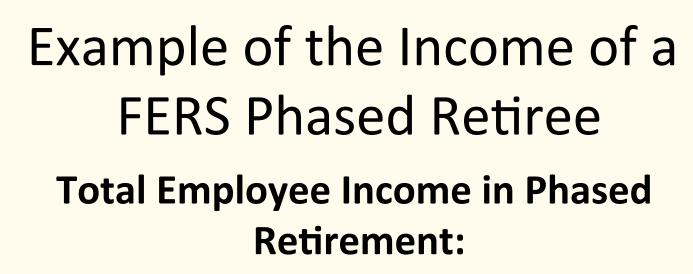
• Annual

\$34,137 + \$22,648 = \$56,785

• Monthly

2,844.75 + 1,887 = 4,731.75

Example of the Income of a **FERS Phased Retiree FERS Employee** Length of service: 35 years 9 months **Current salary:** \$68,275 x 50% \$34,137 annually \$2,844.75 monthly **Current Annuity:** \$23,868 x 50% \$11,934 annually \$994.50 monthly



Annual

\$34,137 + \$11, 934 = \$46,071

• Monthly

2,844.75 + 994.50 = 3839.25

Phased vs. Regular Retirement Final Annuity CSRS For an employee who worked 2 years under phased retirement:

Full Retirement (Composite) Gross
 Monthly Annuity Payable = \$3,811

For an employee who worked full time for 2 addition years, (not participating in phased retirement)

Monthly annuity Payable = \$4,040

Phased vs. Regular Retirement Final Annuity FERS For an employee who worked 2 years, 3 months, under phased retirement:

Full Retirement (Composite) Gross
 Monthly Annuity Payable = \$2,003

For an employee who worked full time for an addition 2 years, 3 months, (not participating in phased retirement)

Monthly annuity Payable = \$2,116

How are Federal Employees Health Benefits (FEHB) and Federal Employees Group Life Insurance (FEGLI) affected?

• For FEHB and FEGLI purposes the employee is considered to still be working full time.

What is Mentoring?

- A process that focuses on providing guidance, direction, and career advice.
 Mentoring is an opportunity for collaboration, goal achievement, and problem solving.
- Mentoring is an essential element of phased retirement
- 20% of time each pay period must be spent in mentoring activities

What Type of Activities Meet the Mentoring Requirement

Knowledge Transfer

Knowledge Management

• Succession Planning

• Career Development

Is There A Limit To How Long I Can Be In Phased Retirement?

- An agency is not required to place a limit on how long an employee may participate in phased retirement.
- An agency and the employee may agree to a time limit using a written time limit agreement.



What Is A Time Limit Agreement?

- Establishes a time period for phased retirement.
- Both the agency and the employee must agree to use the time limit agreement.



Can I File an Appeal or Grievance?

- Denial of application for phased retirement
- Disapproval of request to return to regular employment
 - Not appealable adverse actions under 5 U.S.C. chapter 75
 - -May be grievable

Do I Have the Same Procedural Rights as Before Entering Phased Retirement?

- For a non-bargaining unit employee, procedural rights remain the same as before entering phased retirement
- For a bargaining unit employee, procedural rights could change if bargaining unit status changes

What is a Phased Retiree's Work Schedule?

- Must have a working percentage equal to 50 percent of full-time (i.e., 40 hours per biweekly pay period)
- May be assigned hours of work in excess of established schedule only in rare and exceptional circumstances
- May be permitted to participate in an alternative work schedule program

How Does Phased Retirement Impact Pay?

- Pay rate determined under the rules of the pay system covering the employee
- If a phased retiree performs overtime work under exceptional circumstances, he or she is entitled to overtime pay under the normally applicable rules
- Days of part-time service are creditable towards within-grade increase waiting periods MANAGEMENT

How Does Phased Retirement Impact Leave?

- No lump-sum payment for annual leave upon transition to phased retirement
- Annual and sick leave balances are maintained
- Leave accrual is prorated
 - 4 hours of annual leave per pay period
 - 2 hours of sick leave per pay period
- Annual leave ceiling remains the same



How Does Phased Retirement End?

- Regular retirement
- Return to regular employment with the agency's approval

What If Want To Participate?

- 1. Talk to your manager
- 2. Get an annuity estimate
- Complete the phased retirement election form for approval by your agency