




*a New Day for Federal Service*

# Phased Retirement An Employee Perspective

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# 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.

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# 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

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# 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



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# 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

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# 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


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# 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:

$\$68,275 \times 50\%$


$\$34,137$  annually       $\$2,844.75$  monthly

Current Annuity:

$\$45,296.30 \times 50\%$

$\$22,648$  annually       $\$1,887.00$  monthly



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# 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:


$\$68,275 \times 50\%$

$\$34,137$  annually       $\$2,844.75$  monthly

Current Annuity:

$\$23,868 \times 50\%$

$\$11,934$  annually       $\$994.50$  monthly



# Example of the Income of a FERS Phased Retiree

## Total Employee Income in Phased Retirement:

- **Annual**

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

- **Monthly**

$$\$2,844.75 + \$994.50 = \$3,839.25$$

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# 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



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# 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

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# 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.

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# 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

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# What Type of Activities Meet the Mentoring Requirement

- Knowledge Transfer
- Knowledge Management
- Succession Planning
- Career Development



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# 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.

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# 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.

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# 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

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# 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



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# 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

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# 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

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# 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

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# How Does Phased Retirement End?

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



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# What If Want To Participate?

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