



United States Office of Personnel Management  
Retirement Services

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## Benefits Administration Letter

**Number:** 25-103

**Date:** November 28, 2025

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### **Subject: Understanding the Impact of Reemployment on the FERS Annuity Supplement**

This Benefits Administration Letter (BAL) explains how reemployment affects the Annuity Supplement for Federal Employees Retirement System (FERS) annuitants, as outlined in [5 U.S.C. 8421](#), [5 U.S.C. 8421a](#), and [5 CFR 842 Subpart E](#). Specifically, it addresses what happens when a FERS annuitant returns to Federal service while still receiving the Annuity Supplement.

### **Background**

The Annuity Supplement is an additional monthly benefit provided to eligible FERS annuitants who retire before age 62 under an immediate annuity. The benefit represents what a FERS annuitant would receive from the Social Security Administration (SSA) for their FERS civilian service as if they were eligible to receive Social Security benefits. The Annuity Supplement is separate from the basic FERS annuity and is paid in addition to the monthly annuity.

Eligibility for the Annuity Supplement is determined by the type of retirement and the employee's age at retirement. The Annuity Supplement is not payable to employees who retire under deferred, disability, or MRA+10 retirement provisions, or to those employees who retire at age 62 or older.

For more information about eligibility and calculation of the Annuity Supplement, please refer to CSRS and FERS Handbook, [Chapter 51 – Retiree Annuity Supplement](#).

## Dual Compensation Waivers

FERS annuitants who are reemployed in Federal service under a dual compensation waiver are excluded from the salary offset and retirement deduction requirements under [5 U.S.C. 8468](#) and [5 CFR Part 837](#).

An annuitant reemployed in Federal service with a dual compensation waiver will receive their full reemployment salary and monthly annuity. A dual compensation waiver does not provide exemption from any other annuity provisions, such as the Annuity Supplement earnings limit or disability earnings survey.

Annuitants reemployed subject to a dual compensation waiver are not eligible for additional annuity benefits (such as a supplemental annuity or redetermined annuity payable under [5 CFR 837 Subpart E](#)) when they separate from reemployment.

For more information, please refer to CSRS and FERS Handbook, [Chapter 100 – Reemployed Annuitants](#).

## Annuity Supplement Excess Earnings Limit

Annuitants who have reached their minimum retirement age (MRA) and are receiving the monthly Annuity Supplement must report earned income if it exceeds the annual earnings limit in a calendar year. Under [5 U.S.C. 8421a](#) and [5 CFR 842.505](#), the Annuity Supplement will be reduced when earnings exceed the annual limit. The earnings limit and exemption amounts are determined by the Social Security Administration ([42 U.S.C. 403](#)). The earnings limit for 2025 is \$23,400.

Earned income generally includes wages subject to Federal employment taxes and the net profit of self-employment. This income is typically reported on IRS Form W-2. Income reported on IRS Form 1099 is **not** considered earned income and should **not** be reported.

<b>Earnings include</b>	<b>Earnings do not include</b>
<ul style="list-style-type: none"> <li>• Gross salary when reemployed in Federal service (the income reported is the amount before the salary offset is applied),</li> <li>• Salary or pay received for working (including overtime, vacation pay, bonuses, and commissions),</li> <li>• Net earnings from self-employment, and</li> <li>• Deferred income (income earned but not received during the calendar year).</li> </ul>	<ul style="list-style-type: none"> <li>• Income earned prior to retirement,</li> <li>• Annuity or pension payments (including Federal retirement benefits, military retired pay, etc.),</li> <li>• Social Security benefits,</li> <li>• Veteran's benefits,</li> <li>• Unemployment compensation,</li> <li>• Workers' compensation,</li> <li>• Interest and dividends from savings accounts, stocks, personal loans, or home mortgages,</li> <li>• Insurance proceeds, gifts, inheritances, estates, trusts, endowments, prizes, awards, gambling, or lottery winnings,</li> <li>• Alimony/child support,</li> <li>• Scholarships or fellowships,</li> <li>• Pay for jury duty,</li> <li>• Capital gains from sale of personal property,</li> <li>• Amounts received in court actions, and</li> <li>• Rent or royalties, unless received in the course of your trade or business.</li> </ul>

## **Exceptions to the Excess Earnings Limit**

The earnings limit and reduction rules do not apply to employees who retire before reaching their MRA under the special retirement provisions for law enforcement officers, firefighters, air traffic controllers, and military reserve technicians ([5 U.S.C. 8421a\(b\)\(4\)\(B\)\(ii\)](#)). However, once these individuals reach their MRA, they will be subject to the earnings limit.

The Annuity Supplement earnings limit and reduction provisions in [5 U.S.C. 8421a](#) do not apply to an air traffic controller who retired under [5 U.S.C. 8412\(e\)](#) and is reemployed as an:

- Air traffic controller instructor, or supervisor thereof, under contract with the Federal Aviation Administration (FAA), including an instructor or supervisor working at an on-site facility (such as an airport), or
- Air traffic controller pursuant to a contract made with the Secretary of Transportation under [49 U.S.C. 47124](#).

## **Additional Information and Resources**

For questions regarding the information in this BAL, please contact the Benefits Officers Development and Outreach group at [benefits@opm.gov](mailto:benefits@opm.gov) or call (202) 606-0788.

Sincerely,

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