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 Intrigovernmental Account Balances nor as a “G” account to Treasury for FACTS purposes.
To illustrate the proper accounting for amounts offset from the pay of a reemployed annuitant, assume the following about a reemployed annuitant:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross pay</td>
<td>$4,000</td>
</tr>
<tr>
<td>To be offset and remitted to OPM</td>
<td>1,200</td>
</tr>
<tr>
<td>Basic pay after offset</td>
<td>2,800</td>
</tr>
<tr>
<td>Federal taxes withheld</td>
<td>800</td>
</tr>
<tr>
<td>Net pay</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

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.

Robert A. Yuran, Chief
Financial Policy Staff
Retirement and Insurance Service