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

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 = $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

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

3. Complete the phased retirement election form for approval by your agency