



**Tips and Tidbits**  
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**Question: What are the requirements for Deferred Retirement for employees covered by the Civil Service Retirement System (CSRS)?**

To qualify for a deferred retirement annuity (which generally is available starting at age 62), former employees must meet the general service requirements and separate from federal service for any reason before becoming eligible for an immediate annuity. These general eligibility requirements stipulate that employees must:

- (1) not be eligible for an immediate annuity within one month of separation;
- (2) have at least five years of creditable civilian service;
- (3) have been covered under the CSRS retirement system for 1 out of the 2 years immediately preceding the separation on which the retirement is based. Military service is not used to meet the 5-year minimum civilian service requirement; and
- (4) not request a refund of retirement deductions after separating from service (or transferring to a non covered position).

The annuity, if approved by the Retirement Operations Center, Office of Personnel Management, is based on the length of service and average salary in effect at the time of separation. Unused sick leave to the former employee's credit at date of separation is not used to compute the deferred annuity. The annuity is paid monthly, and, once the annuity begins, the retiree will receive annual cost of living adjustments beginning at age 62.

CSRS deferred annuitants are not eligible to continue Federal Employee Health Benefits (FEHB) or Federal Employee Government Life Insurance (FEGLI) coverage after separation from federal service. Accordingly, the coverage stops at the end of the pay period in which the separation occurs. No survivor annuity is payable to a former employee's spouse, former spouse, or dependent child(ren) if the former employee has applied for a deferred annuity but dies before attaining age 62. The same is true if the former employee attains age 62, but dies before filing an application for retirement. The only benefit payable in either case would be a lump-sum payment of the retirement contributions, without interest.

Former employees are entitled to the vested portion of their Thrift Savings Plan (TSP) account if separated from Federal service for more than 30 days. Separated CSRS employees are immediately vested in all amounts of their accounts. Upon separation, the following withdrawal options are available:

- (1) leave the money in the plan;
- (2) transfer the account balance to an IRA;
- (3) purchase a monthly annuity; or,
- (4) withdraw the account balance in a lump sum on installments.

Regardless of the years of federal service completed prior to separation, if the account balance is \$3,500 or less, the balance is payable, minus 20 percent withholding for Federal income tax in a lump sum or “cashout” unless another option is chosen. Generally, the payment is received within two months of separation.

In order to apply for deferred annuity, the former employee should complete an [Application for Deferred Retirement \(SF 1496A\)](#) approximately two months before reaching age 62, and submit the completed form to the following address:

Office of Personnel Management  
Civil Service Retirement System  
Retirement Operations Center  
P. O. Box 45  
Buyers, PA 16017-0045

If the retiree wants to make a deposit for post-1956 military service so that credit for this service can be included in the computation of the deferred annuity, the employee must pay the deposit to the employing agency before separation from federal employment, as OPM cannot accept the payment.

Please contact your servicing HR Specialist with questions or for additional information.

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