

Voluntary Early Retirement Authority (VERA) and Voluntary Early Retirement (VER)

What Is It?

Voluntary Early Retirement Authority (VERA) allows agencies that are undergoing substantial restructuring, reshaping, right-sizing, transfer of function, or reorganization to temporarily lower the age and service requirements in order to increase the number of employees who are eligible for retirement. The authority encourages more voluntary separations and helps the agency complete the needed organizational change with minimal disruption to the workforce. By offering these short-term opportunities, an agency can make it possible for employees to receive an immediate annuity years before they would otherwise be eligible.

What is the major difference between VER and Optional Voluntary Retirement?

The age and service requirements are lower under VER than under optional retirement. Early retirement may carry a penalty in the annuity computation. VER requirements include:

- At least 50 years of age with at least 20 years of credible service; or
- Any age with at least 25 years of credible service; but
- At least five years of the employee's service must be credible civilian service (not military) but employees may use military service to meet the balance of service required for eligibility.

Will my annuity be reduced if I take the VER?

CSRS/CSRS-Offset Covered Employees: If you are under age 55, your annuity will be computed using a voluntary-optional-retirement annuity calculation based on total creditable years and months of service and average high-3 salary. Then, your annuity will be reduced at the rate of 2% for each year (or by 1/6 of 1% for each full month) that you are under age 55. This reduction is permanent — your annuity is not recomputed when you reach age 55.

FERS-Covered Employees with a Frozen CSRS Component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the reduction mentioned above for CSRS/CSRS-Offset covered employees.

FERS-Covered Employees without a CSRS Component: Your FERS annuity will not be reduced. Keep in mind, however, that you will not be immediately eligible for a FERS annuity supplement if you retire before you reach your minimum retirement age (between 55 and 57, depending on your date of birth). You will begin receiving the supplement only once you reach your minimum retirement age.

How is the high-3 average salary determined in computing an annuity?

Your high-3 average salary is the highest figure obtained by averaging your basic salary during any three consecutive years of service, with each rate weighted by the length of time it was in effect. Basic salary includes higher-level pay and cost-of-living adjustments (COLAs), but it does not include territorial-cost-of-living allowance (TCOLA), overtime, bonuses, night differential, premium pay, military pay, lump-sum terminal leave, annual-leave exchange payments, etc. In most cases, the last three years of basic salary are the high-3 years. If you have a period of higher basic salary prior to the last three years of employment, OPM will compute your annuity based on that earlier period, even if that period of service was with another federal agency. The high-3 calculation for part-time employees may differ; such employees may request a National Retirement Counseling System (NARECS) annuity estimate through the HR Shared Services Center, and the high-3 amount will be shown on it.

When will my annuity start?

CSRS voluntary-retirement annuities commence the first day of the month after the employee separates from service and meets the age and service requirements. Under the three-day rule, annuities of employees who serve in a pay status for three days or fewer in the month of retirement commence on the day after separation or the day after pay ceases and the age and service requirements are met. For example, if your date of retirement is October 31st, your annuity commences on November 1st, or if your date of retirement is March 3rd, your annuity commences on March 4th.

FERS voluntary-retirement annuities commence the first day of the month after separation for retirement if the retiree meets the age and service requirements. Unlike CSRS, there is no special provision for employees who serve three days or fewer in the month of retirement or any provision allowing a voluntary retirement annuity to begin on the day after the last day of pay. For example, if your date of retirement is October 31st, your annuity commences on November 1st; if your date of retirement is March 3rd, your annuity commences on April 1st.

DSR annuities commence on the day after separation.

Deferred annuities commence on the former employee's 62nd birthday. FERS-deferred annuities based on having at least 10 years of service and reaching his or her Minimum Retirement Age (MRA) begin after reaching the MRA.

If I take the VER, will I be eligible to withdraw my retirement contributions and take a reduced annuity?

No. The Alternative Form of Annuity/Lump-Sum option is presently available to only those employees documented to have a life-threatening affliction who separate with immediate entitlement to an annuity, other than a disability annuity, and who do not have a spouse or former spouse entitled to court-ordered benefits based on the employee's federal service.

Can I continue to get the Special Retirement Supplement after age 62 if I'm not eligible or I don't apply for Social Security benefits?

FERS-Covered Employees Only: The supplement ends at age 62, regardless of whether you receive benefits from Social Security.

Where can I find more information about VER and retirement in general?

If you are eligible for VER, you will receive further information from the HRSSC. PLEASE *do not* call the HRSSC or your Local Services office as soon as the VER offer is announced or for the status of your VER application. If you apply for retirement, the HRSSC will contact you. To learn more about retirement, please visit the U.S. Office of Personnel Management (OPM - a separate government agency that administers federal retirement plans) website: www.opm.gov/retire. OPM provides extensive information about retirement options, including VER.

How would Voluntary Early Retirement affect my Social Security benefits?

In terms of Social Security, taking a VER is the same as Optional Retirement. If you qualify for Social Security, you may receive full benefits beginning between ages 65 and 67, depending on your date of birth. You may apply to receive actuarially reduced benefits as early as age 62.

Will my Social Security benefit be reduced under the Windfall Elimination Provision because I receive a CSRS annuity?

Your Social Security benefit may be reduced under the Windfall Elimination Provision (WEP). WEP lowers the percentages used to compute benefits for all workers who have fewer than 30 years of Social Security-covered employment and who have earned an annuity from employment not covered by Social Security, such as a CSRS annuity. The Social Security Administration publishes information on this provision on its website: <http://www.ssa.gov/gpo-wep/>.