

# Reduced & Deferred Annuities (Voluntary)

- **Reduced Annuities-** for employees who retire too early
  - MRA/10- Reduced annuities are payable to FERS employees at the MRA with 10 – 29 years of creditable service.
    - If under age 62, an employees annuity will be reduced by 5% per year for every year under 62
    - *Ex. If an employee retires at 58 with 10 years and a high-3 of \$45,000:  $1.0\% \times \$45,000 \times 10 = \$4,500$  – 20% (four years under 62) = annuity of \$3,600.*
  - Voluntary Reduced annuities are NOT available to CSRS employees
- **Deferred Annuities-** for employees who separate employment prior to reaching the age/service requirements
  - Both former CSRS & FERS employees with at least 5 years of service are eligible for an annuity at age 62. The computation is based on the High-3 at separation and is not adjusted for inflation. This eliminates the reduction penalty mentioned above for FERS employees.
  - They are also eligible for survivor annuities for their spouses.
  - Money must be left in the retirement fund to be eligible.
  - Health benefits and life insurance cannot be maintained through this time. They do however retain the right to reenroll when the annuity begins.

# Involuntary Retirement

- Agencies may offer an “early out” option to employees for a variety of reasons. The minimum age/service requirements are:
  - age 50 with 20 or more years of service or
  - any age with 25 or more years of service
- FERS employees do not face any age reduction penalty.
- CSRS employees under age 55 WILL have their annuities reduced by  $\frac{1}{6}^{\text{th}}$  of 1 percent for each full month they are under 55 (2% a year). This reduction is not credited back at age 55 either.
- Discontinued Service Retirement (DSR) is when an employee retires against their will. They have the same requirements as above but are also subject to additional requirements as well.
  - Charges of misconduct or poor work performance do not qualify for DSR