

Transitioning from the Institution of Work to Retirement

Transitioning from work to retirement is a major change in our life. Different people leave work different ways. It's not the same for everyone. This decision and the steps you will follow will be unique to you. They should not be feared. It can be a painless process if you are prepared.

The "when" of retirement is usually up to the employee.

Your eligibility for retirement usually plays a big part in the "when" decision. Generally, UN-L requires that employees have 10 years of service and be at least age 55 before they are eligible to retire. Civil Service Retirement System (CSRS) employees have other requirements regarding age and length of service. Regular CSRS retirement can occur if you are:

- 55 years old with 30 years of service, or
- 60 years old with 20 years of service, or
- 62 years old with 5 years of service.

Your notice of intent to retire should be submitted in writing to your Unit Administrator (Department Chair and/or District Director) at your earliest convenience.

It is wise to contact both the UNL Benefits Office (402-472-2600) and the UNL Extension Human Resources Office (402-472-1577) at least 3 months before retirement.

The "how" of retirement is a bit more complex.

Papers need to be signed. Make sure you give those responsible for the preparation of your retirement application package a chance to complete all of the necessary forms. We recommend at least a three-month "heads-up." This will give you, and those preparing the documents, a chance to make sure all of your creditable CSRS service is documented in your Official Personnel Folder. This file is kept in the UNL Extension Human Resources Office while you are employed with the University of Nebraska.

After you retire from Extension and begin to receive your CSRS Annuity, you may decide to re-enter the work force. If you work either part-time or full time doing "Extension work", you may be considered a "Re-employed Annuitant" and your salary may be reduced by the amount of your annuity. See <http://www.opm.gov/retire/html/faqs/faq3.html> - back for more information on the implications of becoming a Re-employed Annuitant.

Retirement Party - We recommend that you allow others to plan a retirement party for you. You may have some input into the planning. Remember, this event is not just for you. It is also meant to allow co-workers, friends and family members a chance to celebrate your career.

When making your decision to retire, consider what impact your retirement will have on the people working for you on hard-dollar or grant funding. Will their positions be eliminated?

What should you leave behind? What projects should be ended before retirement? What should you leave in your files? What directions/instructions/list of contacts for current projects would be helpful to those that take over these projects?

Emeritus Status can provide you with free parking if you retire with 10 years of service or more. An application must be submitted and approval must be granted.

For the UNL Policy governing Emeritus Status, go to:

<http://www.unl.edu/svcaa/policies/emeritus5.htm>

Is a partial retirement for you? Partial retirement (or part-time work) should be negotiated with your Unit Administrator. There is an obvious effect on your CSRS length of service and the corresponding annuity. Please contact the UNL Extension Human Resources office to examine the effects this decision will have on your future annuity.

What To Do and When To Do It

We recommend selecting a retirement date at the end of the month.

This allows OPM ample time to process your retirement application and provide that first month's annuity check on time.

The time of the year you retire really has no effect on your final CSRS annuity. For each year of additional service, your annuity will increase approximately 2%. For each month of additional service, your annuity will increase approximately 1/6 of 1%. Cost of living adjustments to CSRS annuities (normally made in January) are also pro-rated based on the length of time you were retired before January 1.

A checklist of suggested retirement steps to accomplish at 5 years, 1 year, 6 months, and 2 months before your retirement date can be found at two locations. The first is in OPM publication RI -83-11, "Thinking About Retirement?" It can be viewed with Acrobat Reader at the following web site:

<http://www.opm.gov/asd/pdf/ri83-011.pdf>

These same steps can also be found at OPM's Frequently Asked Questions web page.

<http://www.opm.gov/retire/html/faqs/faqs.htm>

Estimating your Annuity

There are several software programs available that will help you estimate your CSRS Annuity. The UNL Extension HR Office has purchased a CSRS Annuity Estimator software program, which we recommend for your use. We are happy to run estimates for you at any time. Simply contact the UNL Extension Human Resources Office.

TIAA-CREF retirement income illustrations can be requested by calling the Campus Benefit Office at 472-2600 or by calling TIAA-CREF directly at 1-800-842-2776. Other information is available online at: <http://www.tiaa-cref.org>

Fidelity Investments has a distribution packet that can be requested by calling the Campus Benefit Office at 472-2600 or calling Fidelity directly at 1-800-343-0860. Other information is available online at <http://www.fidelity.com>

A summary of University of Nebraska Retirement Benefits (contains Eligibility information, Notice of Retirement suggestions, and benefits available to retirees) can be found at: <http://hr.unl.edu/benefits/retirement.shtml>

CSRS and Social Security

Your CSRS annuity can affect Social Security benefits you might receive. There is no effect on your spouse's Social Security benefits because of your CSRS annuity. Nor will there be an effect on your spouse's Social Security benefits if they become a CSRS survivor annuitant.

If you receive a Federal pension and are also eligible for Social Security benefits based on your own employment record, a different formula may be used to compute your Social Security benefit. This formula will result in a lower benefit. This "Windfall Elimination Provision" affects workers who reach age 62 or become disabled after 1985 and are first eligible after 1985 for a Federal pension.

Another law, called the "Government Pension Offset" will also affect Social Security benefits you might receive as the spouse of someone who has Social Security earnings. Some of an employee's spousal Social Security benefit may be offset if the employee has a government pension from work not covered by Social Security. The offset does not apply to the employee's own Social Security benefit, only the benefit that comes from a spouse's employment. If the Government Pension Offset applies, the spousal Social Security benefit will be reduced by two-thirds of any Federal pension based on employment not covered by Social Security.

Learn more about these two Social Security benefit adjustments by visiting <http://www.opm.gov/retire/html/faqs/fag9.html> - pension. Both of these laws will drastically reduce any Social Security benefits you may receive.

Federal Employee Health Benefits (FEHB) and Medicare

Currently, you must enroll in FEHB at least 5 years before retirement if you wish to carry this insurance coverage into retirement. The benefit to having this coverage in retirement is that the Federal government continues to pay the employers share of the premium in retirement. If you retire on University health coverage, you can continue to carry it into retirement, but you will pay the entire premium.

You should contact the Social Security Administration at least three months before your 65th birthday to apply for Medicare benefits. The Social Security Administration will have records pertaining to your eligibility for Medicare coverage. If they do not, you can write to:

General Services Administration
National Personnel Records Center
Civilian Personnel Records
111 Winnebago Street
St. Louis, Missouri 63118

Medicare Part A is free. You have been paying premiums for this coverage and are entitled to it when eligible. Medicare Part B is not free, but it is usually recommended that you also enroll in this coverage. Once enrolled in Medicare, it becomes your primary health coverage and FEHB is the secondary coverage.

Because of the nice "gap" coverage match-ups, FEHB retirees that have enrolled in both Medicare Parts A & B find that they have very little out-of-pocket costs related to their health care needs.

More information about Medicare and FEHB can be found by -

- calling Medicare at 1-800-633-4227
- visiting this OPM web site <http://www.opm.gov/insure/mcare/ri75-12.pdf>
- calling our office (402-472-2966) and requesting "Medicare & You 2002."

Medicare Part D is not recommended for those on FEHB.

Other Resources

Frequently Asked Questions about retirement can be found at:

<http://www.opm.gov/retire/html/faqs/faqmap.html>

OPM has many publications that can be useful as you anticipate retiring. They can be found at:

<http://aps.opm.gov/publications/>