

How to Retire

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Our Vice-President Darrell Maus surprised me with the statistic with at within 5 years, 62% of the current active letter carrier force will be eligible to retire, a number expected to quickly climb. He told me that the Branch is receiving a lot of calls on retirement, so asked me to write an article on how to retire. After all, this is the goal toward which we all aim. However, the process is the stuff of rumor and myth.

I caution readers that this article is general, not exhaustive. That would take a 500-page book. Furthermore, as I write this, Congress is monkeying around with our pensions and benefits which may render anything I write nonsense. But I hope this will give you some kind of focus or direction to make the process easier, and help you with what to expect.

Actually several others have written about this. In the past few years, the Branch Nine News has several terrific articles, from Pam Donato, Ron St Clair, Don Anderson or others, so I can only offer you some information based on my own experience, and that of others.

There's a lot of information available, both good and bad, rumor and gossip. So where can you find reliable answers? Obviously, never believe anything "Mis-Management" tells you. But there is a lot of good information available from trustworthy sources, such as your friends who have experienced the process; or of course the NALC. Go to the website (www.nalc.org, look for the "Departments" tab, and find "Retirement", where a wealth of information and links pop up at your service). The office of the NALC National Director of Retired Members (1-800-424-5186) is always available to help you. To those of you who are technology-challenged, please call or write me at the Branch office. We have some general brochures which we will be glad to send to you. Certainly Mike or Darrell are experts in most of these matters as well. I will answer any of your questions I can; and if I don't know an answer, I know where to find out. Don't be afraid to ask.

But generalities aside, retiring is one of the handful of the most important decisions of your life. Further, the experience is very individual, and unfortunately there really is no one-size-fits-all solution. There are as many variations as there are letter carriers. Some of you have military time, some do not; some have a large amount in Thrift Savings, some do not; some are under the CSRS system, and some under FERS. Many of the decisions can only be made by you and you alone, so where to go for good advice?

One bit of good news is that while going through retirement process, you are NOT dealing with the nitwits that are currently running Postal Service operations into the ground. The process is run by the Office of Shared Services (1-877-477-3273), whom I have talked to on many occasions. In nearly every case, I've found them to be very helpful, very friendly, and they think of a lot more ways to help than I could think of to ask. They are stationed in Greensboro, North Carolina, and everyone I've talked to has been very pleasantly surprised by their dealings with them.

Before I get started, please be aware of two 5-year deadlines. First, once you are within 3 years of your eligibility date, you can get a “Computer Generated Annuity Estimate”. This can be done any time you are within 5 years of your eligibility date by calling Shared Services 1-877-477-3273, and going to option 5. They will ask when you are thinking of retiring, and you give them a date. This IN NO WAY obligates you to retire then. It’s just so they can send you a printed-out computation of what your retirement benefits would look like on that date. Incidentally, if you are already eligible to retire, you are probably receiving this twice per year anyway. This form will have most of the necessary calculations in that: your annuity, with or without survivor’s benefits; what your health care deduction would be under your current plan; and various life insurance options you may want to choose. They will also include a projection of what your annual and sick leave may look like on that date. Some things are not included, such as your federal and state tax liability, so be sure to keep that in mind.

VERY IMPORTANT: Because many people still get tripped up by this. If you intend to carry a health-care plan from the Federal Employee Health Benefit Plan into retirement, you **MUST** be enrolled in the FEHBP for five years before you retire. There are no exceptions. You cannot just pick it up at any time after retirement. Further, although there is a provision for retirees “suspending” their membership in the FEHBP (to pursue a Medicare Advantage plan of some sort, for example), once you drop out of the FEHBP after retirement, you can **NEVER** get back in.

Obviously, if you want the superb NALC Health Benefit Plan, you must also be an NALC member when you retire.

But dealing with the Retirement Specialist of the Office of Shared Services has been a very pleasant surprise in virtually all cases I am familiar with. With Postal Management, you can be confident only that they are trying to cheat us for their personal benefit. But surprisingly, the Retirement Counsellors are on YOUR side. Once you declare your intention to retire, OPM will mail you “The Blue Book”, which is a large 8x11 book full of information and all the forms you will need, again largely personalized. If there is some arcane form you need, OPM will have it in there. And when I have dealt with them over the phone, they usually have answers to questions I hadn’t even thought of yet.

While you’re waiting for your Blue Book, start thinking of any questions you might have, and write them down. The first thing the Retiree Counsellors will want you to do is to call them and arrange a phone interview with one of them. Again, I was pleasantly surprised how knowledgeable and helpful this person was. My wife was on another line, and we peppered him with all sorts of questions. He had all the answers. Further, he actually went through my Blue Book with me, and told me what to put down for information. Although I didn’t do so, I could have filled out all the necessary forms while on the phone.

Let me give you an example of a bit of confusion he helped me with. He asked me when my official retirement date was? I told him I assumed January 1, because that’s when I wanted my first annuity check. Well, he said, what is the last day you will be working? I said December 3. “In that case,” he corrected me, “your official retirement date will be December 4” --- because if I retired January 1, I wouldn’t get a pension check until February 1. I did as he said, and everything worked perfectly. So I strongly encourage you to lean on the expertise of these people.

Be sure to be aware of your sources of income. For CSRS retirees, these are basically twofold: your annuity and your Thrift Savings. FERS employees have those two sources (although your pension will be about half of the CSRS pension) and also Social Security, so educate yourself regarding social security benefits (www.ssa.gov). Further, once you hit age 65, you will be signing up for Medicare; however, that is independent of a federal retirement, so I will not treat it here. Just be aware of that obligation. Anyhow, the above are generally your sources of income, although depending upon your individual circumstances you may have some other kind of private pension or military or whatever.

It seems that few people use this, but please be aware that you are entitled to make this phone appointment for when you are on the clock WHILE AT WORK, and management is required to give you 2 hours to do so. Please be aware that this is a little confusing: if you choose to be paid Administrative Leave while making that call, you must make the call from your work site. However, I personally wanted my wife on the line (because my retirement would obviously impact her life too), and preferred the relaxed atmosphere of our home. So I made the appointment to take the call at home while off the clock and thereby forsook the chance for Administrative Leave.

There are a couple of other forms that you yourself may need to send in with the official forms. If, for example, you are electing Survivor's Benefits for your spouse, OPM asks that you enclose a copy of your Marriage Certificate. If you are a Veteran, they ask for a copy of your DD 214. In both these cases, all they need is a xeroxed copy of the original - not notarized or certified or anything.

One more issue: how far in advance of your retirement day must you mail in your forms to Shared Services? The actual answer is a matter of individual option. I have seen manuals telling prospective retirees that they should let their supervisors know 6 months in advance. That's fine, if you wish to do that. But if circumstances are that you can't take the insanity any more, one counsellor told me just to have the forms in a week in advance, so they have a couple of days to process them.

Once you have mailed in all the forms from your "Blue Book", then you have only to wait until your last day.

However, many carriers realize that this is one of the most significant changes in their lives, or the circumstances may alter, so they may re-think the decision to retire. It's called "cold feet". Something that is in the back of many minds is, what if I decide to back out? Can I back out?

Yes, you can back out, even after sending all the signed forms from your Blue Book to OPM, and getting all your calculations "in stone", and so forth. The absolute latest you can cancel the process is normal punch-in time of the day after your last day. In other words, if your last Day is May 1, but your circumstances change so that you decide not to retire, you may come in and punch in at your normal starting time on May 2, and the entire process is annulled. This may cause some headaches to management, but who cares? This is your life. However, any time after May 2, if you haven't canceled, you can no longer do so.

What can you expect then? For one thing, your next paycheck will finish you with the Postal Service. It's your final check where you will receive back pay for any over-payments to Retirement (if you have more than 41 years and 11 months), or a payoff for your annual leave. You receive a cash payout for up to 440 hours (be aware that they will calculate on a prorated basis how much you have earned this year). Anything over 440 hours, you lose.

Incidentally, with that check, you are separated from the Postal Service. Thank God!!! From then on, your “boss” is the Office of Personnel Management (www.opm.gov), an federal agency independent of the Postal Service. All your further dealings will be with them.

What about sick leave? For CSRS employees (and after January 1, 2014, for FERS employees as well), you don’t get a cash payout as you do for your annual leave; but however much sick leave you have banked is added to your service time, for calculating your pension. For example, I retired with 37 1/2 years; but I had almost a year of sick leave built up, so am credited with 38 1/2 years on my pension. If you are “maxed out” at 41 years and 11 months, they will still add your sick leave on to your pension calculation, so you may be credited with 42 or 43 years or whatever.

You may have heard that OPM is experiencing some delays in getting retirements finalized. Unfortunately this is occasionally true. I haven’t heard of anyone taking more than 4 or 5 months at most. However, stuff happens like that idiotic government shutdown/sequester in 2013 when all OPM personnel were furloughed, and the the whole process ground to a halt.

Very shortly after you retire, you will receive a “CSA number” from OPM. It will be on all your future correspondence with OPM, so keep it handy. In fact, they send you one wallet-sized to keep in your billfold. If you call or write them, this is the first piece of information they want.

What happens between the time you separate yourself from the Postal Service and you start receiving your regular monthly annuities? Do you receive any money at all?

Fortunately, yes. OPM will make a rough estimate of what your pension will likely be, and you will receive about 70% of that amount every month. This will continue for the 2 to 4 months (hopefully no longer) until OPM gets your paperwork finalized. However, nothing is deducted from this interim annuity for either taxes or health care, so it’s not as big a “hit” as you might fear.

I might mention that whatever health care program you have when you retire will be carried forward in full force during this interim period, even though you are not paying for it during that interim period until your paperwork is finalized. If you have chosen to change it in retirement (as some do), this will take effect once OPM notifies you that your paperwork is completed.

Then when your paperwork is finalized, you will receive a “catch-up” check advising you what your permanent annuity check will be, and also taking out what health care costs have accrued. However, everyone I have heard of is generally pleased with the amount they receive.

Once OPM had “finalized” your pension paperwork, you may still have a little work to do. For one thing, you will need to check your tax status. Do you want more or less taken out for federal taxes? How about state taxes, which aren’t covered at all?

Here’s just a little trick I learned: call OPM. For example, someone had told me to have a certain amount kept out for state taxes. I called OPM and talked to a lady, and asked her how I have an amount withheld for Minnesota state taxes? She said, “You go on the website of the Minnesota Department of Revenue, download the appropriate form, and mail it to us ... or, you could just tell me now, and I’ll punch it into the computer.” I gratefully told her, she put it into her computer, and I never had another worry about it.

One final plea. Shortly after you retire, you will receive a letter and form 1189 both from the national NALC and from Branch 9 inviting you to sign up for continued membership in retirement. In fact, Branch 9 will send you a second and final notice after 6 months, in case it slips your mind. If after a year you have not responded to either, you are severed from the NALC permanently.

But I cannot urge you strongly enough to sign up for the union. It costs (at this writing) \$4.52 per month, which is taken out of your monthly annuity. In short, you will spend less in dues in a year after retirement, than you spend in a pay period while an active carrier.

Membership in the Branch is the only way you are allowed to attend Branch events, whether social, ceremonial, or business. It also means you will continue to be eligible to vote in Branch affairs, attend social functions, receive The Branch Nine News to keep track of your old friends, or avail yourself of the many things the NALC does, from advocating on your behalf before Congress, being available by phone for your benefit, or working in so many ways to make your retirement better. I have sat in on several sessions when a carrier had died, but the Branch helped his survivors with the paperwork to OPM. And besides, as I said in a recent article, if you expect to keep your NALC Health Insurance but drop out of the union after retirement, you are in for the worst and most expensive surprise of your life.

I know there are a thousand things I must have neglected, overlooked, or forgotten. But I hope this will give you some general idea of what to expect and how to handle certain contingencies.

If you want to ask me anything, either call or write me at the Branch office, or write me an e-mail at rodney@branch9nalc.com. My phone number is 651-270-7807. I may not know the answer off-hand, but so long as you're an NALC member, I'll find out for you.

Otherwise, check out the pleasures of sleeping in. Branch 9 wishes you a long, happy, and prosperous retirement ... You've earned it!