

Compensation, Relocation Benefits, and Reinstatement Policies for Career Employees in Transition: Q's and A's

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Introduction

To meet the demands of an ever-changing marketplace, corporations periodically make changes to their organizations. These organizational changes are part of the normal life cycle of a business. The response of the Postal Service™ to marketplace demands is reflected in its *Strategic Transformation Plan 2006–2010*. The Plan specifies goals for enabling the Postal Service to:

- Carry out its long-standing mission of providing affordable universal service.
- Prepare the organization for the challenges of change in a dynamic marketplace.

Organizational changes that eliminate work can result in one or more of the following:

- The need for fewer authorized positions.
- Elimination of organizations.
- Closing of facilities.

These kinds of changes may affect you and your family — both financially and personally.

The Postal Service recognizes the contribution you have made to achieve these goals and is committed to making your transition as smooth as possible. This publication provides an overview of the benefits you may be entitled to — whether you stay with the Postal Service or are faced with an involuntary separation. The question-and-answer format provides an overview of the various compensation and benefit programs available to career Postal Service employees. For additional information, call the Human Resources Shared Services Center, toll-free, at 877-477-3273, and select option 5.

Note: This brochure is intended only as an overview of compensation, relocation benefits, and reinstatement policies for career employees. Policies and regulations governing these programs are provided in various Postal Service manuals and handbooks. Several of these programs are governed by federal law and regulations issued by the U.S. Office of Personnel Management. The scope and level of benefits provided by many of these programs are subject to the collective bargaining process and are defined in the applicable collective bargaining agreement.

Managing Your Benefits Online

Many of the benefits and options discussed in this publication can be managed via the Internet, as follows:

Office of Personnel Management (OPM)

<http://www.opm.gov/retire/>

This Web site provides publications and forms, resources for retirement planning, and links to other useful organizations.

Federal Employees Health Benefits (FEHB) Program

<http://www.opm.gov/insure/health/>

Get detailed information on topics such as:

- Benefits available to retirees, survivor annuitants, and former spouses.
- Temporary Continuation of Coverage (TCC).
- Premiums.

View and print plan brochures, plan provider directories, and Standard Form (SF), *Health Benefits Election Form*.

Federal Employees' Group Life Insurance (FEGLI) Program

<http://www.opm.gov/insure/life/>

Get detailed information about topics such as premiums for annuitants and designation of beneficiaries. View and print publications and forms such as:

- RI 76-12, *Information for Retirees and Their Families*.
- SF 2818, *Continuation of Life Insurance*.
- SF 2823, *Designation of Beneficiary*.

Thrift Savings Plan (TSP)

<http://www.tsp.gov/>

View and print publications and forms, learn about the TSP funds, and use a calculator to project your annuity.

<http://www.tsp.gov/account/>

Access your account balance and request certain transactions. To access your account, use your Social Security number and an 8-character password.

Change to a Lower-Level Position

1 As a nonbargaining employee, what happens to my grade and salary if I voluntarily elect to change to a lower-level position?

When the Postal Service activates its reduction in force (RIF) avoidance procedures, this is what happens:

- If you are voluntarily placed into a lower-grade position, you will retain your current grade for 2 years. After that time, you will receive the grade of the lower-level position, but you will be eligible for “indefinite protected salary.”
- While covered under the “saved grade” provision you may receive pay-for-performance lump-sum payments based on your saved grade.
- After 2 calendar years you will be placed into the lower-level position. If your salary is:
 - Within the range of the lower-level position, no further action is necessary.
 - Above the maximum of the new lower-level position, you will receive indefinite saved salary. However, your pay-for-performance increase or lump sum will be based on the lower-level position.

2 What is saved grade?

Saved grade means that you continue to be paid at the grade you formerly held. Your saved grade pay is supplemented by general increases and premium pay to include the night differential, Sunday premium pay, and Territorial Cost-of-Living Allowance (in accordance with Postal Service policies and collective bargaining unit contracts).

3 What is indefinite protected salary for nonbargaining employees?

Indefinite protected salary means that if your current salary does not fall into the salary range of the lower-level position, you will retain your current salary for as long as you occupy the lower-level position. While covered under the saved salary provision, you will be eligible for pay-for-performance lump-sum payments until the salary maximum of the lower-level position exceeds your current saved salary according to the policies applicable to employees at or above the maximum salary of their grade.

4 What salary protection is available for bargaining unit employees?

Bargaining unit employees who voluntarily decide to accept lower-level positions do not receive rate protection. They are paid according to the grade and step of their job, as determined by the salary schedule in effect at the time they accept the lower-level position. As a bargaining unit employee involuntarily placed into a lower-grade position, you will receive “saved grade” until you fail to bid or apply for a position in your former grade.

For exceptions to saved grade, see the *Employee and Labor Relations Manual* (ELM), part 421.531.

Severance Pay and Discontinued Service Annuity

5 Will I be entitled to severance pay or a discontinued service annuity?

Overview

Limitations

If you voluntarily resign from the Postal Service, you are not entitled to severance pay or a discontinued service annuity, except as specified under “Discontinued Service Annuity” on page 6. In addition:

- If you are eligible for a discontinued service annuity, you are automatically disqualified from receiving severance pay.
- You are **never** entitled to receive **both** severance pay and a discontinued service annuity.

Bargaining Employees

You may be entitled to severance pay or a discontinued service annuity if you receive an involuntarily separation due to a layoff or reduction-in-force under the terms of Article 6 of your collective bargaining agreement.

Bargaining employees impacted by involuntary reassignments outside of their local commuting area under Article 12 of their collective bargaining agreement may be entitled to a discontinued service annuity if they meet Office of Personnel Management requirements. However, they are not entitled to severance pay.

To determine your eligibility for a discontinued service annuity or severance pay, contact the Human Resources Shared Service Center (HRSSC) at one of the following:

HRSSC 1-877-477-3273, option 5

HRSSC (TDD/TTY) 1-866-260-7507

PostalEASE 1-877-477-3273

LiteBlue <http://liteblue.usps.gov>

Nonbargaining Employees

If you are a nonbargaining employee, you may be entitled to severance pay or a discontinued service annuity if your involuntary separation is due to either of the following:

- You lost your job as a result of a RIF.
- You declined a directed reassignment outside your commuting area.

Note: If you voluntarily resign before the effective date of an involuntary separation notice, you retain eligibility for severance pay or discontinued service retirement.

Severance Pay

If you have been employed continuously by the Postal Service or another federal agency as a civilian for at least 12 consecutive months immediately before your separation, you are eligible for severance pay, unless you are:

- Immediately eligible for a retirement annuity, including a discontinued service annuity or FERS – MRA+10 (see exhibit 6).
- Offered and decline a position of like seniority, tenure, and pay with the Postal Service or another federal agency within your commuting area.
- Receiving compensation at the time of separation as a beneficiary of the Federal Employees Compensation Act (Injury Compensation). However if you are receiving this compensation concurrently with Postal Service pay, your severance pay is based only on your Postal Service pay.
- Separated because you entered military service.
- Separated for cause on charges of misconduct, delinquency, or inefficiency.

If you are found eligible, a severance pay fund is established for you. The amount is determined as follows:

- It is based on 1 week of basic salary for each year of creditable service up to 10 years, plus 2 weeks of basic salary for each year of creditable service in excess of 10 years.
- Each 3-month period of service that exceeds 1 or more full years of service is computed as 25 percent of a full year.
- The basic severance pay allowance is increased by 10 percent for each year that your age exceeds 40 years at the time of separation.
- Your total severance pay fund cannot exceed 52 weeks of your basic salary.

You receive severance pay on a pay-period basis in the amount of 2 times your basic weekly salary, less withholdings, until the severance pay fund is exhausted or you are reemployed by the Postal Service or another federal agency.

Discontinued Service Annuity

Office of Personnel Management (OPM) requirements for receiving a discontinued service annuity are discussed in the paragraphs that follow. If you meet all of the following conditions, you may be eligible for an immediate, possibly reduced, discontinued service annuity.

Minimum Age and Service Requirements

You must be either of the following:

- At least age 50 with at least 20 years of creditable service.
- Any age with at least 25 years of creditable service as of the effective date of your involuntary separation.

Other requirements:

- Your creditable service must include at least 5 years of civilian service.
- Your accrued and unused annual leave or donated leave may be used to meet either the age or service-years requirement to qualify for a discontinued service retirement.
- You may be placed on approved annual leave beyond the effective date of the involuntary separation notice so that you may use enough leave to satisfy the age or service-years requirement.

- Your remaining annual leave balance, if any, will be paid in a terminal leave payment.
- You may not use sick leave to meet minimum age and service requirements.

Separation From Covered Position

You must be separated from a position that is covered by the Civil Service Retirement System (CSRS), CSRS Offset, or the Federal Employees Retirement System (FERS).

The “1-out-of-2” Requirement Under CSRS

If you are covered by CSRS or CSRS Offset, you must have been subject to retirement contributions for at least 1 year within the 2-year period immediately preceding the separation upon which the annuity is based. The year of service does not have to be continuous. (This requirement does not apply if you are covered by FERS.)

Reasonable Offer

If you refuse a reasonable offer of another position, you will not qualify for a discontinued service annuity. For discontinued service annuity purposes, a job offer is considered reasonable if the following requirements are met:

- The offer is made in writing.
- You meet the qualifications for the position being offered.
- The position offered is:
 - Within your local commuting area;
 - Within the same tenure group (career or noncareer);
 - Within the same work schedule (full time or part time); and
 - Not more than the equivalent of two grade or pay levels below your current grade or pay level.

Annuity Amount

The amount of your annuity is determined as follows:

- If you are a CSRS or CSRS Offset employee, your annuity will be computed using voluntary optional retirement annuity calculations based on total creditable years and months of service and average high-3 salary. If you are under age 55, your annuity will be reduced at the rate of 2 percent a year, or by 1/6 of 1 percent for each full month that you are under age 55. The reduction is permanent — your annuity will not be recomputed at age 55.

- If you have a life-threatening affliction or other critical medical condition (as defined in the *Code of Federal Regulations*, 5 CFR 831.2207), you may be eligible to elect an alternative form of annuity that provides for an annuity **plus** a lump-sum payment of your retirement contributions.
- If you are a FERS employee, there is no reduction in your annuity if you retire before age 55. However, if a portion of your annuity is based on a benefit that you accrued and retain under CSRS frozen service, then that portion of your annuity is subject to the reduction for CSRS and CSRS Offset employees.

6 Is it better to apply for a voluntary optional retirement or a discontinued service annuity?

CSRS and CSRS Offset Employees

To qualify for a voluntary optional retirement as a CSRS or CSRS Offset employee, you must meet one of the following age and service requirements:

- Age 55 with at least 30 years of service.
- Age 60 with at least 20 years of service.
- Age 62 with at least 5 years of service.

You must also meet the “1-out-of-2” requirement under Discontinued Service Annuity on page 6.

Your choice between a voluntary optional retirement and a discontinued service annuity may depend on whether you are interested in being reemployed by the Postal Service or another federal agency. For example:

- **Discontinued Service Annuity.** If you are a CSRS or CSRS Offset retiree, receive a discontinued service annuity, and are subsequently reemployed in a position subject to a federal retirement system, you will be affected as follows:
 - Your annuity will be terminated.
 - You will be required to reestablish your entitlement to future retirement benefits by meeting the age and service requirements and the “1-out-of-2” requirement under Discontinued Service Annuity on page 6.
- **Voluntary Optional Retirement.** If you receive a voluntary optional retirement and are subsequently reemployed in a career or noncareer position, you will be affected as follows:

- You will be considered a reemployed annuitant.
- Your annuity will continue and your salary will be offset by the amount of your annuity.

FERS Employees

If you are a FERS employee who returns to federal service (career or noncareer), your annuity will continue, but your salary will be offset by the amount of your annuity. This applies to both discontinued service annuity and voluntary optional retirement.

As a FERS employee, to receive an immediate **unreduced** annuity, you must meet one of the following age and service requirements:

- Minimum retirement age (MRA) with 30 years of service (see exhibit 6).
- Age 60 with at least 20 years of service.
- Age 62 with at least 5 years of service.

To receive an immediate **reduced** annuity, you must have reached the MRA with at least 10 years of service.

Exhibit 6

Minimum Retirement Age

If you were born...	your MRA is...
Before 1948	55 years
In 1948	55 years and 2 months
In 1949	55 years and 4 months
In 1950	55 years and 6 months
In 1951	55 years and 8 months
In 1952	55 years and 10 months
In 1953 through 1964	56 years
In 1965	56 years and 2 months
In 1966	56 years and 4 months
In 1967	56 years and 6 months
In 1968	56 years and 8 months
In 1969	56 years and 10 months
In 1970 and after	57 years

Note: For any retirement, at least 5 years of the creditable service required to qualify must be civilian service.

7 If I am not eligible for retirement, what other options do I have?

If you do not meet the requirements for a discontinued service annuity or voluntary optional retirement, you may apply for a refund of your retirement contributions in a lump-sum payment or leave your retirement contributions in the retirement fund and apply for a deferred annuity at a later date.

Note: To receive a deferred annuity, you must have at least 5 years of creditable civilian service as of the date of separation (or earned in future appointments).

As a CSRS or CSRS Offset employee, you must be at least age 62 and have at least 5 years of creditable civilian service. If your current period of career service does not meet the “1-out-of-2” requirement under Discontinued Service Annuity on page 6, then the current period is not included in your creditable years of service for annuity purposes.

As a FERS employee, you may receive an annuity whenever you attain the age and years of service listed in question 6. For example, if you have acquired 20 years of service but are under age 60 at the time of separation, your deferred retirement can begin at age 60 with no reduction.

Pay for Performance

8 Will I Receive Pay for Performance?

If you are a career nonbargaining unit employee in an Executive and Administrative Schedule (EAS) position or an A-E postmaster position on the last day of the fiscal year, you are covered by the EAS Pay for Performance (PFP) program. If you are a “separated employee in good standing,” you will receive payment as follows:

- If you were on the rolls as of the last day of the fiscal year (September 30) and you separated before the effective date of the payment (usually early January), you will receive the entire PFP payment as a lump-sum payment.
- If you separated before the effective date of the payment, your PFP check will be sent to your employing office.

For “separated employees in good standing” eligibility for PFP payments applies to the following categories: retirements, voluntary separations, estates of deceased employees, and other separation nature of action (NOA) codes except those listed in exhibit 8.

Exhibit 8
Separation NOA Codes That Result in No PFP Payment

NOA Code	Meaning of Code
310	Resignation – Charges Pending
328	Termination During Probation (Pre-appointment Condition)
329	Termination During Probation
346	Removal

For more detailed information about PFP, see
http://blue.usps.gov/hrisp/ser/pfp/pay_rules.htm.

Health Insurance

9 Can I continue my health insurance coverage into retirement?

Eligibility

If you are eligible for optional voluntary early retirement or discontinued service retirement (see questions 5 and 6), you are eligible to continue your health insurance into retirement if you have been **enrolled** or **covered as a family member** in the Federal Employees Health Benefits (FEHB) Program for either of the following periods:

- Continuously for the 5 years of service immediately preceding the commencing date of your annuity.
- For the full period (or periods) of service since your first opportunity to enroll (even if you changed plans or options several times), as follows:
 - If your retirement is effective following an involuntary separation notice (e.g., RIF or decline of a reassignment outside of commuting area), you may use your accrued and unused annual leave to meet the 5-year requirement to continue health insurance. You will remain on the rolls beyond the effective date of the involuntary separation, using only enough leave to satisfy the 5-year requirement. You will receive the remaining leave balance, if any, as a terminal leave payment.

- If you fail to satisfy the 5-year enrollment requirement due to exceptional circumstances, you may submit a request for a waiver, with supporting evidence, to OPM. Based on the evidence, OPM will determine whether or not to waive the participation requirement and allow your FEHB coverage to continue into retirement.

Deferred Annuities

If you are eligible for a FERS annuity under the “minimum retirement age and 10 years of service” provision **at the time of separation** (see question 6) but elect to postpone your annuity to lessen reductions:

- You may choose to resume your health insurance coverage on the date your annuity begins (provided you are otherwise eligible for FEHB continuation of coverage).
- During the postponed retirement period, you may convert to a nongroup contract (individual policy) as described in question 10.

If you are a CSRS employee, you must retire on an immediate annuity to receive FEHB.

10 If I am not eligible for retirement benefits, will my health insurance coverage terminate upon separation?

If you are not eligible for a voluntary optional retirement or a discontinued service annuity, your health insurance coverage will terminate following an automatic 31-day temporary extension of coverage. Your health insurance enrollment will terminate on the last day of the pay period in which you are separated from the Postal Service.

The 31-day temporary extension of coverage begins the day after the regular coverage ends. However, if you are confined in a hospital on the 31st day of the temporary extension, your benefits will continue during confinement up to a maximum of 60 more days, unless you convert to an individual policy. These temporary extensions of coverage are without cost to you, and they apply to all covered family members.

11 What are the options for continuing my health insurance coverage?

You have two options, as follows:

- Convert to a nongroup contract (individual policy) with the carrier of the plan you are enrolled in at the time of your separation.
- Elect 18 months of coverage under the Temporary Continuation of Coverage provision of the FEHB Program.

The Human Resources Shared Services Center (HRSSC) will notify you that your group health insurance coverage will terminate and provide information about continuing your health insurance coverage beyond the 31-day temporary extension.

12 How do I convert my health insurance coverage to a nongroup contract?

You must request conversion information from your plan carrier within 31 days after the day you sign your Standard Form (SF) 2810, *Notice of Change in Health Benefits Enrollment*. If you do not receive an SF 2810 within 60 days of the date your enrollment terminates, you may request conversion to a nongroup contract (individual policy) by writing to the carrier within 6 months of your separation date. The plan carrier will send you an application form and cost information for nongroup coverage. You are responsible for paying the total cost of premiums for this coverage.

13 How do I elect Temporary Continuation of Coverage (TCC)?

You must complete and submit SF 2809, *Health Benefits Registration Form*, to the HRSSC within 60 days of the following, whichever is later:

- The date of separation.
- The date you received notification from HRSSC about options available for continuing your health insurance coverage.

14 What plan choices do I have under TCC?

You may choose any FEHB plan, option, or type of coverage that you are eligible to select. A list of participating plans and corresponding monthly premium rates is provided in Booklet RI 70-5, *FEHB Guide for Temporary Continuation of Coverage and Former Spouse Enrollees*, which is available from HRSSC or online at www.opm.gov/insure. If you elect TCC, you will be responsible for the full premium cost plus a 2 percent administrative surcharge.

15 If I elect one of the options available for continuing my health insurance coverage, when is coverage effective?

The effective date of coverage for both options is the day after the expiration of the 31-day temporary extension. When TCC expires after 18 months, you will be entitled to a free 31-day temporary extension of coverage for the purposes of converting to a nongroup contract (individual policy) with the plan.

Life Insurance

16 Can I continue my life insurance coverage into retirement?

If you are eligible for a voluntary optional retirement or a discontinued service annuity and you have been enrolled in the Federal Employees' Group Life Insurance (FEGLI) Program for at least 5 years or since your first opportunity to elect it, you are eligible to continue your life insurance coverage into retirement. The "5-year or first opportunity" requirement applies **separately** to Basic coverage and to each individual option (Option A-Standard, Option B-Additional, and Option C-Family).

17 If I am not eligible for retirement benefits, will my life insurance coverage terminate upon separation?

Your life insurance coverage will terminate following an automatic 31-day temporary extension.

18 Do I have any other options to continue my life insurance coverage?

Yes. After you are separated, HRSSC issues SF 2819, *Notice of Conversion Privilege*. This notice advises that your group life insurance coverage will terminate and gives you information about your right to convert to an individual direct-pay policy. However, if you have assigned your life insurance coverage to another party, only the assignee (or assignees) may convert the insurance coverage.

19 How do I convert my life insurance to a nongroup contract?

If you are eligible, complete the appropriate eligibility statement on SF 2819 and mail it to the following address:

OFEGLI
PO BOX 2627
JERSEY CITY NJ 07303-2627

You must mail your eligibility statement within 31 days after either of the following, whichever is later:

- The date of separation.
- The date you received notification from HRSSC about your right to convert.

Note: An individual policy will not include disability or accidental death or dismemberment benefits.

20 How much will a nongroup life insurance contract cost?

The premiums for a nongroup life insurance contract will be determined by the type and amount of the coverage and your age and class of risk on the day following termination of your group coverage. You will be responsible for the total premium cost of the nongroup life insurance contract.

21 If I elect to convert to a nongroup life insurance contract, when will coverage begin?

If you elect to convert to a nongroup life insurance contract, coverage and premium payments will be effective retroactive to the day after the 31-day temporary extension ended. Any insurance policy purchased under the conversion privilege is a private business transaction between you and the insurance company.

Leave

22 If I separate from the Postal Service, what happens to my earned and unused annual leave?

If you have completed your qualifying period, which is 90 days for most employees, you may be eligible for a lump-sum payment, as follows:

- **Bargaining unit employees** may be paid for the balance of earned and unused annual leave including any unused donated leave up to the annual leave carryover limit at the time of separation.
- **Nonbargaining unit employees** may be paid for earned and unused annual leave up to the annual leave carryover limit, plus:
 - Annual leave earned and unused in the current year.
 - Any unused donated leave.

23 What happens to my accumulated sick leave balance?

No payments are made for accumulated sick leave.

24 Is my accumulated sick leave treated differently for retirement purposes?

CSRS Retirees

If you retire on a voluntary optional retirement or a discontinued service annuity under CSRS, you can receive additional service credit towards your retirement or survivor annuity.

FERS Retirees

If you retire under FERS, your sick leave is not credited toward additional service credit for annuity computation purposes.

If you transferred to FERS from CSRS and your annuity has a CSRS component, you can receive additional service credit based on the following, whichever is less:

- The sick leave balance you accrued at the time you transferred to FERS.
- Your sick leave balance at the time of your retirement.

25 What if I am indebted to the Postal Service for unearned annual or sick leave?

If you have used leave that was advanced to you before you earned it, you must repay the Postal Service for those hours. You will pay for unearned advance leave as follows:

- The amount will be deducted from any monies due to you upon your separation.
- If the amount due you is insufficient to cover the debt, you will receive an invoice.

Thrift Savings Plan

26 May I continue to participate in the Thrift Savings Plan?

Once you separate from the Postal Service, you are not eligible to make additional contributions to or borrow money from your Thrift Savings Plan (TSP) account. However, you may continue to reallocate money in your TSP account among the various investment choices: Government Securities Investment (G) Fund, Common Stock Index Investment (C) Fund, and L Funds (lifecycle funds).

27 Will I receive any information concerning my TSP withdrawal options?

Yes. When you separate, HRSSC will provide a TSP withdrawal package that includes the booklet, *Withdrawing Your TSP Account After Leaving Federal Service*, necessary forms, and tax information.

28 As a FERS employee, am I vested in the agency automatic (1 percent) contributions made by the Postal Service to my TSP account?

The rules for vesting are as follows:

- ***Agency automatic (1 percent) contributions:***

- If you have at least 3 years of federal civilian service, military service covered by USERRA, or both, you are considered vested in the agency automatic contribution and the earnings on those contributions.

- If you do not have the required 3 years of service to meet the vesting requirement, the agency automatic contributions and the earnings on them will be removed from your account and forfeited to the TSP.
- ***Your own contributions and agency matching contributions:*** you are always vested in these contributions and the earnings on them.

29 I only have a small amount in my TSP account. Do I have any options concerning these monies?

The following rules apply to TSP account balances:

- ***If your account balance is less than \$200 (but at least \$5) after you separate,*** the TSP will pay your account balance to you automatically, in a single payment. You cannot choose another withdrawal option or elect to leave your money in the TSP. If you choose to roll over these funds, you have 60 days from the date you receive the payment to complete your rollover and preserve the tax-deferred status of these funds.
- ***For amounts greater than \$200:***
 - The TSP will automatically pay your vested account balance directly to you. If you want to receive an automatic payment, you do not need to submit any withdrawal forms to the TSP.
 - If you want to elect another withdrawal option, submit Form TSP-77, *Request for Partial Withdrawal When Separated*, which is included in the withdrawal package provided to you by HRSSC.
 - If you want to keep your money in the TSP or have the TSP transfer all or part of your payment to an Individual Retirement Account (IRA) or another qualified plan, promptly return the appropriate forms included with the cash-out notice you receive from TSP.

30 Whom do I contact if I have questions concerning my TSP account?

After you separate, you must contact the TSP Service Office for assistance with TSP questions. It is extremely important to inform the TSP Service Office of any changes in your address. A change of address form is included in the withdrawal package sent to you by HRSSC. Contact the TSP Service Office at the following address, toll-free telephone numbers, or Web page:

THRIFT SAVINGS PLAN
PO BOX 385021
BIRMINGHAM AL 35238-5021

TELEPHONE: 1-877-968-3778
TDD: 1-877-847-4385
<http://www.tsp.gov/>

31 May I withdraw funds from my TSP account?

When you separate, you are eligible to withdraw funds from your TSP account. You may withdraw funds immediately or leave funds in TSP and withdraw them later.

32 What TSP withdrawal options are available?

After you separate, you can make a one-time partial withdrawal (if you have not made an age-based in-service withdrawal). You can also use any combination of withdrawal options including single payment, monthly payments, or a life annuity. You may transfer all or part of a single payment or certain types of monthly payments to an IRA or other qualified plan.

When you choose a withdrawal option, you can change to a different option **only** before funds are paid. There are two exceptions:

- After you have begun a series of monthly payments, you can change to a single final payment.
- Once a year, you can change the monthly fixed dollar amount you receive.

33 How long will it take to withdraw funds from my TSP account?

Generally, the TSP Service Office advises individuals that disbursement of funds may take up to 2 months after you separate and the TSP receives your properly completed forms. You must be separated from employment for 31 or more full calendar days before you can withdraw funds.

The TSP Service Office must receive notice of your separation status from the Postal Service before it can process a withdrawal.

The TSP Service Office makes withdrawal payments once a month, about mid-month, as follows:

- If your account is invested only in the G Fund, then the TPS simply needs to receive your withdrawal election in time to process it on the mid-month payment date.

- If your account is invested in any other fund, then the TSP Service Office needs more time for processing your election. TSP must receive your withdrawal election by the next-to-last business day of the month to process it in time for the following month's payment cycle.
- If you have an outstanding loan, this will delay payment. (Before TSP will process a withdrawal, you must repay the loan or the TSP Service Office will declare a taxable distribution.)

34 What tax consequences should I consider when withdrawing from my TSP account?

All contributions to TSP and the earnings on these contributions are tax-deferred and, therefore, considered taxable income upon withdrawal. You must understand and carefully consider the tax consequences of each withdrawal option. Be sure to review the tax information in the TSP withdrawal package.

35 Can I transfer my TSP funds directly to an IRA or another qualified plan?

Yes. When you transfer TSP funds directly to an IRA or another qualified plan, the funds are not taxed upon transfer. The funds will be taxed when you withdraw them from the IRA or another qualifying plan.

36 Are there any unique taxes that I should be aware of when I consider withdrawing my TSP funds?

If you are separated before the year in which you turn age 55 and withdraw funds from your TSP account, you may be subject to a 10 percent early withdrawal penalty tax on all amounts withdrawn before age 59½. This penalty tax applies if the withdrawal option selected is a single payment or a series of monthly payments not based on Internal Revenue Service (IRS) life expectancy tables.

The penalty tax does not apply if:

- You transfer your TSP funds directly to an IRA or other qualified plan; or
- Receive an annuity or a series of monthly payments based on IRS life expectancy tables.

37 What can I do to alleviate the tax burden if I withdraw all my TSP funds during 1 tax year?

If you receive your entire TSP account balance in 1 tax year, you may be able to use the 10-year tax option to reduce your tax liability. Review the TSP tax information provided to you upon separation.

38 Does my spouse have any rights concerning how I withdraw my TSP funds?

Your spouse does have certain rights when the value of your TSP account exceeds \$3,500, as follows:

- If you are covered by FERS, your spouse has a right for the withdrawal option to be a certain type of joint life annuity. Before the TSP Service Office will process any other withdrawal option, your spouse must sign the waiver on the TSP withdrawal form.
- If you are covered by CSRS, your spouse is entitled to be notified by the TSP Service Office of the withdrawal option you elect. Exceptions can be made when a spouse's whereabouts are unknown or when certain other exceptional circumstances exist.

Flexible Spending Accounts

39 Can I continue to participate in the flexible spending account program?

You can continue to request reimbursement from your flexible spending accounts (FSAs) only for the expenses of eligible services received up to and including your date of separation. You may receive reimbursement for up to the full annual contribution amount for the health care FSA and up to the account balance for the dependent care FSA.

Although services received after the date of separation are not eligible for reimbursement, the deadline for submitting a withdrawal request does not change. The FSA Customer Service Center Claims must receive claims by September 30 of the year following the year of program participation.

The following rules apply to any type of separation, including a disability retirement or a death in service:

- You must pay contributions to your FSAs to equal your abbreviated coverage period when you separate. For example, if you elected to contribute \$2,600 to the health care FSA (at \$100 per pay period) and you separate after 10 pay periods, you are required to pay only for 10 pay periods (\$1,000) — not 26.
- If you are enrolled in an FSA, you must pay a full pay period contribution for any pay period during which you are on Postal Service rolls. The payroll system does not prorate your FSA contribution. Thus, if you are on Postal Service rolls for only the first day of a pay period, you have to pay the full FSA contribution for that pay period.
- Your obligation to pay FSA contributions (including missed contributions) relates strictly to the amount you were scheduled to contribute while you were an FSA participant. What you actually claim — whether it is more or less than what you were scheduled to contribute — does not affect what you must pay in contributions.
- If you missed contributions you were scheduled to make because you were on Leave Without Pay (LWOP) or had low pay, you must make up the missed contributions. If you missed contributions, you cannot reduce what you owe by not filing claims.

Commuter Program

40 Can I make commuter purchases if I retire or otherwise separate from the Postal Service?

The commuter program is a commute-to-work program. If you retire or otherwise separate from the Postal Service, you cannot make an election and no further purchases will be processed for you. Mass transit passes or tickets, vanpool vouchers or passes, or parking you purchased before you retired or separated will be provided as scheduled. You cannot receive a refund.

Relocation Benefits

41 As a nonbargaining employee, if I am reassigned to another position or I am successful in obtaining another position competitively, for what relocation benefits am I eligible?

If your new position meets the 50-mile rule as defined by IRS regulations (see exhibit 41A), you are eligible for the relocation benefits applicable to nonbargaining employees. See exhibit 41B for an overview of relocation benefits.

To receive relocation benefits, you must meet the following requirements:

- Your new permanent duty station is at least 50 miles farther from your former residence than your former permanent duty station was from your former residence. This is known as the "50-mile rule." See the illustration and formula in exhibit 41A to determine how the rule works.
- You must move at least 25 miles closer to your new duty station.

Exception. If you are a newly appointed postmaster and the district manager or area vice president deem it necessary that you move to your new community, you do not have to comply with the 50-mile rule to qualify for relocation benefits. However, the approving official may reduce or disallow benefits for advance round trips and temporary quarters.

Exhibit 41A The 50-Mile Rule

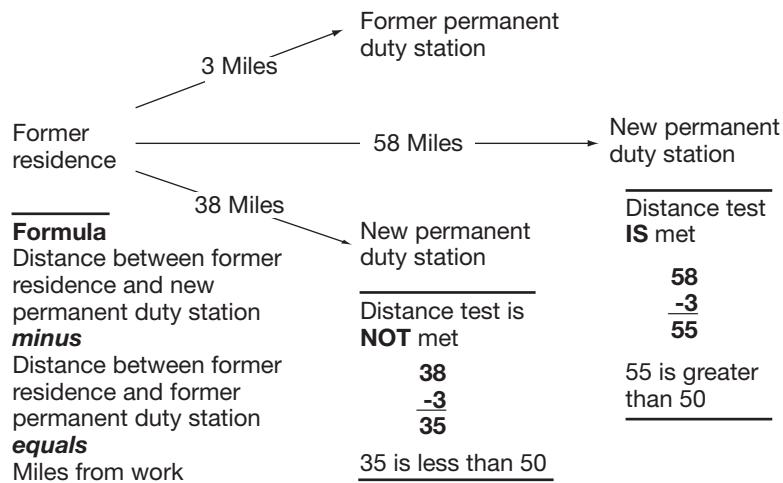


Exhibit 41B
Overview of Relocation Benefits for Bargaining and Nonbargaining Employees

Relocation Benefit	Bargaining Employees	Nonbargaining Employees
Advance house hunting ¹	1 trip	1 trip in lump-sum calculation
Spouse on trip	Yes	Yes
Dependent children on trip	No	No – child care is included in lump-sum calculation
Return trips to old station	None	1 trip
Miscellaneous expense allowance	\$300 (if married) \$150 (if single)	\$2,500
En route expenses	Yes	Yes
Relocation management firm (RMF) Services		
Movement of household goods	Yes	Yes
Storage of household goods	60 days	60 days
Allowance for household goods	18,000 lbs.	18,000 lbs.
Temporary quarters ²	30 days	30 days (renter) 60 days (homeowner) in lump-sum calculation
Residence sell or buy transactions	Yes	Yes
RMF home purchase	No	Yes – nonbargaining EAS 19 and above with a qualified home
Equity loss consideration	No	Yes
Tax assistance	No	Yes
Relocation leave	5 days	5 days

¹Restriction on total number of days. Consult relocation management firm.

²Employees are subject to a capped limit. Consult relocation management firm.

42 As a nonbargaining employee, if I obtain the position noncompetitively, what relocation benefits am I eligible for?

If you obtain the position noncompetitively, relocation benefits are available only if management certifies that the move is primarily in the best interests of the Postal Service and not primarily for your convenience or benefit. The 50-mile rule has to be met and you must move at least 25 miles closer to your new duty station to qualify for relocation.

43 As a bargaining employee, if I am reassigned to another position outside my commuting area under the terms of my collective bargaining agreement, am I entitled to relocation benefits?

Yes. If your reassignment is involuntary and falls under the provisions of Article 12 of the applicable collective bargaining agreement, and your new position meets the 50-mile rule as defined by IRS regulations (see exhibit 41A), then you are entitled to relocation benefits in accordance with Article 12. See exhibit 41B, which shows the relocation benefits available to bargaining employees.

Unemployment Compensation

44 Can I apply for unemployment compensation?

Yes. Any employee who is separated may apply for unemployment compensation. HRSSC will provide you with SF 8, *Notice to Federal Employees About Unemployment Insurance*. This form explains the general eligibility requirements for unemployment compensation and the steps to file a claim for benefits.

Reinstatement

45 Does it matter whether I am voluntarily or involuntarily separated from the Postal Service in being considered for reinstatement at a later date?

No, provided your separation was not a removal action for cause or that you resigned after being notified that charges proposing removal would be, or had been, issued. You may be considered for reinstatement, provided you meet the qualification standards, including any required examinations, for the position for you are requesting. Depending on your status, you may be subject to certain time limits that restrict the period you are eligible for reinstatement.

46 What are the time limits for reinstatement to the Postal Service?

Time limits for reinstatement are as follows:

- *No time limit* — if you are entitled to veterans' preference or have completed the service requirements for career status (3 years of substantially continuous creditable service).
- *3-year time limit* — if you are not entitled to veterans' preference or have not achieved career status.

47 If I am a nonbargaining employee separated as a result of a RIF, am I entitled to any priority consideration for reinstatement?

Yes. You can request that your name be entered on a reinstatement list (RL) by completing and submitting PS Form 999, *Application for Reinstatement List*. If you are found eligible to participate, you will be given priority consideration for reinstatement to the Postal Service for up to 2 years following the establishment of the RL.

48 How do I qualify for the reinstatement list?

You must submit your PS Form 999 and pages 1 and 2 of PS Form 991, *Application for Reassignment or Promotion*, within 30 days of your RIF effective date. In addition you each of the following requirements must be met:

- You must be found minimally qualified for the positions identified on your PS Form 999.
- Your most current merit performance rating of record must be above unacceptable.
- The positions you apply for must be authorized.
- The position grade levels must be equal to or below the grade of the position you held before your separation.

49 If my name is on the reinstatement list, will I be considered for positions nationwide?

No. You can only be considered for vacant positions within your reinstatement list area of consideration (RLAC), which covers an area within approximately a 50-mile radius of your competitive area.

50 Will my name remain on the reinstatement list for the entire 2-year period?

Yes, unless you are disqualified or placed. You can be disqualified if you do any of the following:

- Request that your name be removed from the RL.
- Fail to respond to an employment inquiry from the Postal Service.
- Decline or fail to appear at an interview for a Postal Service position.
- Decline a career appointment to a Postal Service position.
- Fail to update your address or telephone number, and this prevents reasonable contact with you concerning employment opportunities with the Postal Service.

Your name will also be removed from further RL consideration if you subsequently accept a career appointment with the Postal Service or another federal agency.

51 Once I qualify to participate on the reinstatement list, what priority consideration will I be given?

Before a career nonbargaining vacancy is advertised either internally or externally within your RLAC, Human Resources will review the RL to determine whether or not any of the applicants on the list have been found minimally qualified for the vacant position. If one or more applicants are identified, the selecting

official is required to review pages 1 and 2 of the applicant's PS Form 991 and determine whether to consider the applicant further. If a decision is made to consider an applicant further, he or she can be considered on a competitive or noncompetitive basis.

Rehire or Transfer

52 What happens to my benefits and leave if I am separated and later rehired by the Postal Service or by a federal agency?

If you separate from the Postal Service as a career employee, have a break in service of 4 days or more, and are rehired as a career employee at the Postal Service or another federal agency, your benefits will be processed as stated in the following paragraphs.

Retirement

Exhibit 52 shows how the Postal Service selects a retirement system for rehired employees.

Exhibit 52

Selection of Retirement System for Rehired Career Employees

If you were covered by ...	Then you will be covered by...
CSRS (with a break in service of 365 days or fewer) ¹	CSRS
CSRS (with break in service of more than 365 days) ¹	CSRS Offset ²
CSRS Offset ¹	CSRS Offset ²
FERS	FERS

¹If you were covered by either CSRS or CSRS Offset, when you are rehired you will be offered an opportunity to transfer to FERS voluntarily (because your break in service between career appointments will have been more than 3 days).

²Requires contributions to both CSRS and Social Security.

Health Benefits

Your FEHB coverage ends at the end of the pay period in which you separate (subject to a temporary extension of coverage for 31 days). When you are rehired, you will need to reenroll to have health benefits coverage. Reenrollment is **not** automatic. You must make a new election within 60 days of being rehired.

Note: If you are rehired by another federal agency and do not return to the Postal Service, you will pay the higher federal contribution rate for premiums.

Life Insurance

Automatic Cancellation of Designation of Beneficiary

Your Designation of Beneficiary is automatically cancelled 31 days after your insurance terminates, unless you are eligible and continue insurance as an annuitant or recipient of another form of retirement compensation.

Break in Service of Less Than 180 Days

If you are returning after a break in service of less than 180 days, any prior waiver of coverage remains in effect. You automatically get whatever life insurance you had before leaving government service. You do not get an opportunity to make a new election to increase coverage, but you can cancel or decrease coverage at any time, unless you have a valid assignment in effect.

Exception: If you had a qualifying life event (such as marriage, divorce, death of your spouse, or acquiring an eligible child) during your separation from covered service or during the 60-day period immediately before your separation, you will have 31 days from the date of reinstatement or 60 days from the date of the event, whichever gives you more time, to enroll or increase the multiples of Option B or Option C, as applicable.

Break in Service of 180 Days or More

If you are reinstated after a break in service of at least 180 days, any previous waiver of insurance is automatically cancelled. Unless you file a new waiver, Basic insurance becomes effective on the first day you actually enter on duty in pay status in a position in which you are eligible for coverage.

You can elect any amount of Optional insurance within 31 days of returning to service, regardless of the coverage you had during previous employment. If you fail to elect any type of Optional insurance, you will automatically get the Optional insurance you carried immediately before your break in service.

Note: If you are rehired by another federal agency and do not return to the Postal Service, you will pay a portion of Basic coverage, which was fully paid by the Postal Service. The optional insurance premium rates will be the same.

Thrift Savings Plan

When you separate and are rehired, your Thrift Savings Plan is affected as follows:

- If you had a break in service of 30 days or less and you were covered by FERS, CSRS, or CSRS Offset at the Postal Service and rehired into a Postal Service or other federal agency position covered by FERS, CSRS, or CSRS Offset, your TSP participation will continue. Agency automatic (1 percent) contributions and agency matching contributions will also continue for FERS employees.
- If you had a break in service of 31 days or more before being rehired you will be able to sign up to contribute to the TSP immediately upon reemployment.
- If you had a TSP loan, you must continue to repay your loan.

Flexible Spending Accounts

If you are rehired by the Postal Service, you will be eligible for FSA participation after completing 26 pay periods of career service. If you are rehired by a federal agency, the federal government offers a separate FSA program.

Annual Leave

If you received a lump-sum payment for annual leave upon separation (see question 22) and are rehired or reinstated before the period covered by the payment expires, you must refund the payment for the overlapping period in full. When you refund the payment, the annual leave will be recrated to you.

Sick Leave

If you are separated from the Postal Service for a reason other than retirement and subsequently you are:

- Rehired by the Postal Service, sick leave will be credited in accordance with regulations in effect at the time you are rehired. Current policy is that Postal Service sick leave may be recrated upon rehire provided that your break in service is less than 3 years.
- Hired by another federal agency, your Postal Service sick leave balance may be credited in accordance with the federal regulations in effect at the time you are hired.

53 What happens to my benefits and leave if I transfer to a federal agency?

The term *transfer* applies if you separate from the Postal Service and are placed on the rolls of a federal agency within 3 days. When placement is effective within 3 days, you are considered to have *no break in service*. See question 52 for information about what happens if you have a break in service of 4 days or more and you are *rehired* as a career employee at the Postal Service or *hired* by a federal agency.

If you *transfer* from a career position at the Postal Service to a career position at a federal agency, your benefits and leave will be processed as described in the sections that follow.

Retirement

Your retirement plan coverage, whether under the CSRS, CSRS Offset, or FERS, will remain the same at the federal agency.

Health Benefits

Your FEHB coverage will be transferred to the federal agency and you will not have an opportunity to make a new election. You will pay the higher federal contribution rate for premiums.

Life Insurance

Your Federal Employees' Group Life Insurance (FEGLI) coverage will be transferred to the federal agency. You will not have an opportunity to make a new election. Any proper designation of beneficiary will remain valid. As a federal employee, you will pay part of the cost for Basic coverage, which was fully paid by the Postal Service. The optional insurance premiums will be the same.

Thrift Savings Plan

TSP coverage will continue as follows:

- If you had a break in service of 30 days or less and you were covered by FERS, CSRS, or CSRS Offset at the Postal Service and rehired into a Postal Service or other federal agency position covered by FERS, CSRS, or CSRS Offset, then:
 - Your TSP participation will continue without interruption.
 - Agency automatic (1 percent) and matching contributions will also continue for FERS employees.

- If you had a break in service of 31 days or more before being rehired, then you can sign up to contribute to the TSP immediately upon reemployment.
- If you have not yet made your new hire election, your 61-day opportunity to participate will continue.
- If you had a TSP loan, you must continue to repay your loan.

Flexible Spending Accounts

The FSA program is specific to the Postal Service and you cannot continue it at a federal agency. If you are transferred to a federal agency, the rules of that program will apply.

Annual Leave

If you received a lump-sum payment for annual leave upon separation (see question 22) and you transfer to another federal agency before the period covered by the payment expires, you must refund the payment for the overlapping period in full **up to the maximum carryover allowed by the federal agency to which you transfer**. When you refund the payment, you will be recredited with the leave.

Sick Leave

Postal Service sick leave policies may differ from those at other federal agencies. Consult with the federal agency.