

Study Guide for 2011 ChFEBCSM Renewal Exam

The 2011 ChFEBCSM Renewal Exam will be different from renewal exams in the past. It will include not only updates for 2011 but will also include questions from all sections of the ChFEBCSM training materials. The exam will randomly draw from a pool of over 100 questions. This study guide was designed to assist you as you prepare for the exam. It is *strongly recommended* that you review all of your ChFEBCSM training materials to be prepared.

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Section 1

Health Reform Changes for Federal Benefits Programs Effective January 1, 2011

On March 23, 2010, President Obama signed the Affordable Care Act, (ACA), Public Law 111-148. Several provisions of the ACA will affect eligibility and benefits under the Federal Employees Health Benefits (FEHB) Program and the Federal Flexible Spending Account Program (FSAFEDS) beginning January 1, 2011. Please read the information below carefully.

Federal Employees Health Benefits (FEHB) Program

Please read the following section carefully as the actions you take will impact when your child's FEHB coverage begins under this new law.

What Are the Changes to FEHB Program Dependent Eligibility Rules Under the ACA?

All changes are effective on January 1, 2011.

Children	Effect of ACA
Between ages 22 and 26	Children between the ages of 22 and 26 are covered under their parent's Self and Family enrollment up to age 26.
Married Children	Married children (but NOT their spouse or their own children) are covered up to age 26. This is true even if the child is currently under age 22.
Children with or eligible for employer-provided health insurance	Children who are eligible for or have their own employer-provided health insurance are eligible for coverage up to age 26.
Stepchildren	Stepchildren do not need to live with the enrollee in a parent-child relationship to be eligible for coverage up to age 26.
Children Incapable of Self-Support	Children who are incapable of self-support because of a mental or physical disability that began before age 26 are eligible to continue coverage. Contact your human resources office or retirement system for additional information.
Foster Children	Foster children are eligible for coverage up to age 26.

Children do not have to live with their parent, be financially dependent upon their parent or be students to be covered up to age 26. There is also no requirement that the child have prior or current insurance coverage. FEHB Program plans will send notice to all their enrollees of the coverage eligibility changes as a part of that plan's Open Season communications.

In cases where children have employer-provided health insurance and are covered under their parent's Self and Family enrollment, the children's employer-provided health insurance will be the primary payer. FEHB will be the secondary payer.

Effective Date of Coverage for Newly Eligible Children		
Enrollee	Change in Family Status (QLE Change):	Open Season Change:
Most Employees	January 1,2011	January 2, 2011
OWCP Recipients	January 1,2011	January 16,2011

For United States Postal Service employees, CSRS/FERS annuitants, Temporary Continuation of Coverage (TCC) enrollees and fanner spouses, an enrollment or change in enrollment made either as a "change in family status" QLE or as an Open Season change will provide coverage of eligible children on January 1, 2011. This is also true for other agencies and other retirement systems with a pay period that begins on January 1, 2011.

If you have a Self Only enrollment and would like your newly eligible child to be covered, you must change to a Self and Family enrollment. If you do not change to a Self and Family enrollment as a "change in family status" QLE or an Open Season change then your child will not be covered.

How Does This Affect Eligibility For Temporary Continuation of Coverage (TCC)?

Children who lose coverage due to reaching age 26 are eligible for TCC for up to 36 months even if they previously had TCC.

What is a Grandfathered Health Plan Under ACA?

The Affordable Care Act requires that health plans include certain consumer protections and benefits coverage that affect some FEHB plan benefits for 20 II. All plans in the FEHB Program have complied with all required provisions. However, certain protections and coverage terms depend upon whether the plan is considered a "grandfathered health plan" under the Act.

A grandfathered health plan may preserve basic health coverage that was in effect when the law was enacted. If an FEHB plan indicates that it is a grandfathered plan that means certain benefit features including cost sharing, premium payments and covered services have not significantly changed from last year.

While grandfathered health plans must comply with certain benefit requirements under the ACA, being a grandfathered plan also means that plan may not have included all benefit protections and coverage terms that apply to other plans. Information on a plan's specific benefit changes under the ACA will be available in the plan's brochure.

How Does the ACA Affect Benefits for High Deductible Health Plans?

Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from your Health Savings Account (HSA) or your Health Reimbursement Arrangement (HRA) - unless - you have a prescription for that item written by your physician. The only exception is insulin - you will not need a prescription from January 1, 2011 forward. Other currently eligible OTC items that are not medicines or drugs will not require a prescription.

Effective January 1, 2011, the 10% penalty for non-eligible medical expenses paid from an HSA will increase to 20%.

Section 2

Federal Flexible Spending Account Program (FSAFEDS)

How Does the ACA Affect FSAFEDS?

Coverage of Over-the-Counter Medicines or Drugs

Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from your Health Care FSA - unless - you have a prescription for that item written by your physician. The only exception is insulin - you will not need a prescription. Other currently eligible OTC items that are not medicines or drugs will not require a prescription

You will only be reimbursed for eligible OTC medicines and drugs purchased before January 1, 2011, and you must submit your claim on or before April 30, 2011.

Expanded Coverage for Your Child's Eligible Health Care Expenses

Beginning January 1, 2011, an employee enrolled in FSAFEDS may request reimbursement for eligible health care expenses incurred by a natural child, stepchild, adopted child, eligible foster child, or a child who is placed with the employee for legal adoption. The child does not need to reside with the employee or qualify as the employee's tax dependent. Prior to January 1, 2011, eligible children were limited to those who you could claim as dependent(s) on your Federal Tax return.

The ACA has also extended the age of a child who may incur eligible expenses under an employee's Health Care FSA. Expenses of an employee's child are covered through the taxable year prior to the taxable year in which the child turns age 27. This means the child's health care expenses are not eligible for reimbursement during the entire taxable year in which the child turns age 27. For example, enrollees cannot be reimbursed for expenses incurred by a child who turns 27 anytime in 2011.

The ACA does not affect Dependent Care FSAs.

Other Federal Benefits Programs

Other Federal benefits programs are not affected by the Affordable Care Act for 2011. The Act has made no changes to the Federal Employees Dental and Vision Insurance Program (FEDVIP), the Federal Employees' Group Life Insurance Program (FEGLI) or the Federal Long Term Care Insurance Program (FL TCIP). Health care reform does not extend coverage for children until age 26 or provide coverage for married dependent children under these programs.

Section 3

New Changes to FEGLI Plan

Revised FEGLI regulations went into effect October 1, 2010. These revised regulations change various aspects of the FEGLI Program. We have listed the key changes below. For more details and to see all the changes, refer to Federal Register Notice 75 No. 190 dated October 1, 2010.

Since these regulations just became effective, *the information found in this section supersedes any conflicting information found in other parts of the website.* We are currently working to update FEGLI forms and materials.

60 Day Election Time Frame

The new regulations expand the time frame for making an initial election of Optional insurance from 31 calendar days to 60 calendar days after the employee becomes eligible for FEGLI coverage.

The time frame for electing coverage using the SF 2822 and providing satisfactory medical information is also changed from 31 calendar days to 60 calendar days after approval by the Office of Federal Employees' Group Life Insurance (OFEGLI).

FEGLI Life Events

The new regulations allow an employee who experiences a FEGLI qualifying life event 60 days to elect Basic, plus any or all Optional insurance-Option A, Option B (up to the maximum of 5 multiples with no restrictions), and Option C (up to the maximum of 5 multiples with no restrictions). FEGLI qualifying life events include marriage, divorce, death of a spouse and birth or adoption of children.

The regulations now provide a belated election opportunity based on a life event. Within 6 months after an employee becomes eligible to make an election due to a change in family circumstances, an employing office may determine that the employee was unable, for reasons beyond his or her control, to elect or increase Basic/Optional insurance within the time limit. This decision is made by the employing agency; OPM is not involved in the determination.

If the agency determines that the employee can make the election, the employee has 60 days from the agency determination to make the election. Any insurance elected is retroactive to the first day of the first pay period beginning after the date the employee became eligible if the employee was in pay and duty status that day. If the employee was not in pay and duty status that day, the coverage becomes effective the first day after that date the employee returned to pay and duty status.

FEGLI Coverage for 24 month, for Federal Employees Called to Active Duty

Public Law 110-181, the Department of Homeland Security Appropriations Act, enacted January 28, 2008 authorizes the continuation of FEGLI coverage for an additional 12 months for Federal employees called to active duty whose coverage terminated after the law's enactment

The law allows employees who enter on active duty or active duty for training in one of the uniformed services for more than 30 days to continue their FEGLI for up to 24 months. FEGLI coverage is free for the first 12 months. However employees must pay both the employee and agency share of the premiums for their Basic coverage, and also pay the entire cost (there is no agency share) for any Optional Insurance they may have for the additional 12 months of coverage See more details [BAL OS-203](#)

Civilian Employees Deployed in Support of a Contingency Operations Emergency Essential Department of Defense Employees

Public Law 110-417, effective October 14, 2008, the Duncan Hunter National Defense Authorization Act, allows new opportunities for certain employees to elect FEGLI coverage The election applies to civilian employees eligible for FEGLI who are deployed in support of a contingency operation as defined by section 101 (a) (13) of Title 10. The election also applies to civilian employees in the Department of Defense eligible for FEGLI who are designated as "emergency essential" under section 1580 of Title 10. The employee may elect Basic, Option A and Option B (up to the maximum of 5 multiples). The employee must make the election within 60 days after the date of notification of deployment in support of a contingency operation or within 60 days of the date of the notification of the designation as an emergency essential employee.
See more details [BAL 08-204](#)

What Can Eligible Employees Elect?

Under the law, affected civilian employees who have previously waived some or all FEGLI coverage may elect the following FEGLI coverage outside an open season, without experiencing a qualifying life event, and without providing medical information:

- Basic coverage,

And if they already have or elect Basic, they also may elect:

- Option A (Standard) coverage, and/or
- Option B (Additional) coverage.

The new law does not authorize an opportunity to elect Option C (Family) coverage.

What is the Time Limit for Making an Election?

Elections must be made within 60 days after the date of notification of deployment in support of a contingency operation or within 60 days of the date of notification of the designation as an emergency-essential employee.

Are Retroactive Elections Permitted?

No. The law does not provide for retroactive coverage, and only applies to eligible civilian employees who make their elections 1) within 60 days after notification of the date of deployment or designation, and 2) on or after October 14, 2008.

Can Employees Already Deployed or Designated Make These Elections?

It depends. If 60 days after the date of notification of deployment or designation have not yet elapsed, the eligible employees may make the election(s). If 60 days have already elapsed, they cannot.

When Are Elections Effective?

Coverage is effective the first day on or after the day the employing office receives a qualifying election.

Option B and Option C Elections at Retirement and Compensationers

The new regulations state that there will be only one election opportunity to choose how an enrollee's Option B and Option C coverage may reduce beginning at age 65. The election will be made at the time of retirement. In this election, the employee can choose No Reduction for some multiples and Full Reduction for other multiples. "Mixed elections" will be allowed. For example, if the employee has three multiples, the employee can elect to have two with Full Reduction and one with No Reduction. There will no longer be a second election at age 65.

Annuitants and compensationers who retired since this statutory provision became effective are under age 65 and have Option B and or Option C will be given the opportunity to make their «final" election. This information will be forthcoming from the OPM Retirement Office.

Section 4

National Defense Authorization Act of 2010 October 29, 2009

On yesterday, October 28, 2009, President Obama signed the National Defense Authorization Act of 2010. The Act contains several important retirement changes including:

- Credit for sick leave in the computation of FERS annuities is effective at 50% **immediately** and 100% in 2014. **(For those employees that are retiring very soon, HR offices should provide the sick leave balance in the retirement package. OPM will make the final calculations.)**
- Provision allowing former federal employees under the FERS who withdrew their contributions to the retirement trust fund, thereby waiving retirement credit for those years of service, to redeposit their earlier contributions, plus interest, upon reemployment with the federal government is **effective immediately**.
- A change in CSRS part-time computation (going to a single deemed high-3) is **effective immediately**.
- A change of the ending date for periods of service under CSRS that can be redeposited by actuarial reduction (instead of for separations prior to 10/1/90 it will be for separations prior to 3/1/91) is **effective immediately**.
- The provisions allowing certain previously non-creditable D.C. Government employment to be creditable for title but not annuity computation are **effective immediately**.

Section 5

Thrift Savings Plan Updates

The first contribution to the TSP establishes your account. If you are a FERS employee hired (or a CSRS employee rehired) after July 31, 2010, your agency has automatically enrolled you in the TSP, and 3% of your basic pay is deducted from your paycheck each pay period and deposited in your TSP account, unless you make a contribution election (page 3) to stop or change your contributions. If FERS, you also get contributions from your agency so that a total of 7% of basic pay goes into your TSP account each pay period.

If you are a FERS employee hired before August 1, 2010, you already have a TSP account with accruing Agency Automatic (1%) contributions. You must make a contribution election (page 3) to start contributing your own money to your account and to receive Agency Matching Contributions.

The L 2010 Fund will close on December 31, 2010, and the new Lifecycle fund, the L 2050 Fund will be launched on January 31, 2011.

When one of the L Funds reaches its time horizon (or final asset allocation), it is retired, the investments in the fund are rolled into the L Income Fund, and a new fund with a more distant time horizon is introduced. The L 2010 Fund reached its final asset allocation this past July, and will be retired on December 31, 2010, making way for the introduction of the new L 2050 Fund.

The L 2050 Fund. As the L Fund with the most distant time horizon, the L 2050 Fund will focus more on growth than on the preservation of assets. It will therefore have the most aggressive investment mix of all the L Funds, with higher percentages in domestic and foreign stocks (the C, S, and I Funds), and lower percentages in Government securities and bonds (the G and F Funds). Like all the L Funds, as the L 2050 Fund ages, its investment mix will gradually shift to more conservative investments.

The initial share price for the L 2050 Fund will be \$10.

Who should invest in the L 2050 Fund? Generally speaking, you should invest in the L 2050 Fund if you are looking for broad diversification of your investments and you expect to need your money in 2045 or later. The L Funds are designed so that 100% of your TSP account can be invested in the single L Fund that most closely matches your time horizon. Some participants who are currently invested in the L 2040 Fund may want to consider moving to the L 2050 Fund if that time horizon is more appropriate to their target retirement date.

Getting in. Beginning at 12 noon Eastern time on January 28, 2011, participants will be able to begin making contribution allocations and interfund transfers into the L 2050 Fund through the My Account section of the TSP website or by calling the ThriftLine. These elections will become effective on January 31, 2011, the opening date of the Fund.

Section 6

Special Provisions

"Vision 100-Century of Aviation Reauthorization Act"

Section 226 of Public Law 108-176, "Vision 100-Century of Aviation Reauthorization Act", adopted February 10, 2004, will have an impact on the retirement calculation, and broadens the language of specific sections of current provisions.

Section 226 now includes second level managers to the previous class of individuals eligible for special ATC retirement benefits. In addition this calculation would apply to service as a second-level supervisor of ATC's employed in-flight service station.

The terms applicable to ATC mandatory retirement under CSRS and FERS were amended. The newly added second-level supervisor will not be subject to mandatory retirement. Currently active ATC's with a date of birth on or after January 1, 1965 can not qualify for the higher retirement annuity, because their age would exceed mandatory retirement at age 56.

New provisions were added that apply only to ATC's and former ATC's who retire and meet the following criteria. Under 5 U.S.C. 8412 (a) retirement is permitted at minimum retirement age, MRA (**MRA is between 55 and 57, depending on your date of birth**) with 30 years of service. If an individual meets the provisions as stated or has at least 5 years of service as an ATC, as defined by 5 U.S.C. (a) (1) (A) (i), actively engaged in the separation and control of air traffic, the retiree's annuity will be computed at a rate of 1.7% for all years of service in lieu of the 1% after 20 that would normally apply. This provision includes some, but not all flight service station ATC's. Your current contribution percentage deposited to your FERS annuity can be used as a determining factor.

Second-level supervisors under FERS will be required to make an additional deposit into the retirement fund for all service performed prior to the effective date of Section 26. Individuals must make a deposit of 0.5% of basic pay, the difference between 1.3%, ATC .and .8% supervisor. Active ATC's do not owe any additional deposits (result as they currently contribute the full 1.3%,

Military service will be credited in your retirement annuity. Military service, however, will only be calculated at one percent not one point seven percent. Example, an ATC employee has 27 years of FAA service and 5 years military service; your annuity would be computed at 27 x 1.7% plus 5 years times 1.0%. Under the FERS you must buy back your military service for any of the service time to count.

If a FERS ATC qualifies for the annuity rate of 1.7% then they will not be eligible for a Cost of Living Adjustment (COLA) until age 62.

Section 7

Glossary Review

Adjusted Career Earnings- A figure based on an employee's earnings history that is used in calculating Social Security benefits amounts. A worker's actual earnings throughout his/her work history are indexed to reflect the national wage levels in effect when he/she becomes eligible for Social Security benefits.

Agency Automatic (1%) Contribution- An amount equal to 1 percent of a FERS employee's basic pay that his/her agency contributes to the employee's Thrift Savings Plan account each pay period. This contribution is made from agency funds; it is not a deduction from the employee's basic pay. It is made whether or not the employee contributes to the Thrift Savings Plan.

Agency Matching Contributions- A FERS employee who contributes a percentage of his/her pay to the Thrift Savings Plan receives additional contributions from the Government. These Government contributions are known as Agency Matching Contributions.

Annuitant- An individual who is receiving a CSRS or FERS annuity.

Annuity- The recurring monthly payments to a former employee who has retired.

Annuity, Deferred- An annuity that begins more than 1 month after separation from employment at some figure point when retirement age is reached. (Also called deferred benefits.)

Annuity, Immediate- An annuity that becomes payable within 1 month after separation from Federal employment. (Also called immediate benefits.)

Annuity, Postponed- Delaying your FERS annuity benefit to sometime in the future after meeting your Minimum Retirement Age but before age 62.

Annuity, Reduced- A retiree's basic annuity that is reduced because of retirement before a certain age (for reasons other than disability). Annuities are also reduced because of unpaid deposits or redeposit, or to provide a survivor annuity (Also called reduced benefits.)

Annuity, Survivor- The recurring monthly payments to a deceased employee's or retiree's survivor(s). Survivor annuities may be paid to surviving spouses, certain former spouses, and children. (Also called survivor benefits.)

Average Indexed Monthly Earnings (AMIE) - The adjusted earnings determined under the Social Security Act formula used to determine Social Security benefits. It is based on an individual's lifetime earnings subject to the Social Security System.

Basic Benefit Plan- The first tier of FERS (Federal Employees Retirement System). The Basic Benefits Plan provides annuities and lump-sum payments based on years of service and pay.

Basic Pay- An employee's pay subject to retirement deductions under CSRS or the FERS Basic Benefits Plan, generally excluding such compensation as bonuses, overtime pay, special allowances, etc.

COLA, CSRS- CSRS cost-of-living adjustments (COLA's) provide an increase that is equal to the rate of inflation as measured by the Consumer Price Index (CPI). CSRS COLA's are provided to retirees at all ages.

COLA, FERS- FERS cost-of-living adjustments (COLA's) provide an increase that is equal to the rate of inflation as measured by the Consumer Price Index (CPI) when the inflation rate is 2 percent or less. When the inflation rate is between 2 and 3 percent the COLA will be 2 percent. When the inflation rate is 3 percent or more, FERS COLA's are 1 percent less than the rate of inflation. FERS COLA's under the Basic Benefit Plan are not provided until a retiree reaches the age 62, except for disability and survivor benefits.

Common Stock Index Investment Fund (Fund C) - One of the three Thrift Savings Plan funds. This fund allows participants to invest in common stocks and is invested in a fund that tracks the Standard and Poor's 500 stock index.

Consumer Price Index (CPI) - The measure of change in consumer prices as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Among the CPI components are the costs of housing, food, transportation, and electricity. Both CSRS and FERS benefits are adjusted for changes in the rate of inflation as measured by the CPI (See COLA entries).

Cost-of- Living Adjustments (COLA) - An Adjustment of annuity amount based on the rate of inflation as measured by the Consumer Price Index (CPI). It protects an annuity's buying power in times of inflation.

CSRS- The Civil Service Retirement System.

CSRS Offset- Generally applies to an employee who was originally employed under CSRS, left the Federal service for more than a year and returned after 1983 to be covered by both CSRS and Social Security.

Deductions- The amount withheld from the basic pay of an employee for the basic retirement benefit plan.

Deposit- A sum of money paid into CSRS or FERS by an employee (or a survivor) to get credit for a period of Federal civilian service during which retirement deductions were not withheld from pay.

Earnings Offset- A reduction in an employee's Social Security payments or Special Retirement Supplement made when he/she continues to work after benefits begin and earns over an allowable amount (\$8,640 in 1997). For every \$2 earned over this amount, the employee will give up to \$1 in benefits. This offset does not apply to special groups of employees until the Minimum Retirement Age is attained.

Earnings Test- A method of connecting benefits to income so that as income increases, benefits decrease. Used in the earnings offset.

FERS- The Federal Employee's Retirement System.

Federal Retirement Thrift Investment Board- An independent Federal agency established to administer the Thrift Savings Plan.

Fixed Income Investment Fund (Fund F) - One of the three Thrift Savings Plan investment funds. This fund allows participants to invest in fixed income obligations and is invested in a fund designed to closely track the Lehman Brothers Aggregate bond index.

Government Pension Offset- A part of the Social Security law that affects CSRS retirees who are also entitled to a Social Security spouse or survivor benefit. It is sometimes referred to as the "Public Pension Offset". The Social Security Benefit is reduced because the CSRS retiree is also receiving a pension from employment that was not covered by Social Security.

Government Securities Investment Fund (Fund G) - One of the three Thrift Savings plan investment funds. This fund consists exclusively of investments in short-term non-marketable U.S. Treasury securities specially issued to the TSP.

High-3 Average Pay- The average of an employee's three highest consecutive years of basic pay earned during creditable service. Used in benefit computations under both FERS and CSRS.

Market Rate of Interest- The percentage of interest paid on certain FERS deposits and refunds; based upon the average interest earned by Civil Service Retirement and Disability Fund in the previous year. In 1997 the interest rate is 6.875 percent.

Maximum Taxable Wage Base- The maximum amount of an employee's wages subject to Social Security taxes. In 1997 the maximum taxable wage base is \$65,400. An employee who pays no Social Security on any earnings above the base. However the excess earnings are not used in calculating the Social Security Benefit, either. The maximum taxable wage base increases yearly based on the average increase in earnings of the American workforce as a whole.

Minimum Retirement Age (MRA) - The earliest age at which a FERS employee may retire voluntarily or elect to receive benefits if separated from Federal service after at least ten years of service. The MRA varies according to the year in which the employee was born. For anyone born before 1948, the MRA is 55. It increases gradually to 57 for those born later. The benefits of an employee who has less than 30 years of service (or who is not age 60 with 20 years of service) are reduced if he/she elects to receive them at the MRA.

Non-CSRS Offset Service- Civilian service performed before the effective date of a transfer to FERS that was not subject to both CSRS and Social Security deductions. Non-CSRS Offset service includes non-deduction service performed before transferring to FERS. Service for which a deposit or redeposit has been made at the full CSRS rate, and service for which deductions were taken at the full CSRS rate, whether refunded or not.

OASDI or Social Security Tax- The part of the Social Security tax that goes to the old-age, survivor, and disability insurance (OSADI) fund. Since 1990 the tax rate has been 6.2 percent up to the maximum taxable wage base. The total Social Security tax also includes 1.45 percent for Medicare.

Offset Plan- (see CSRS Offset)

OPM (U.S. Office of Personnel Management) –The Federal government's central personnel agency. OPM administers the CSRS and the FERS Basic Benefit Plan.

Primary Insurance Amount- A workers basic Social Security benefit based on his/her adjusted career earnings. (See Adjusted Career Earnings.)

Quarters of Coverage (“Quarters”) - a measurement used to credit work covered by Social Security. No more than four quarters of coverage may be earned on any one calendar year. The term “credit” is also used to refer to quarters of coverage.

Redeposit- A sum of money paid into CSRS by an employee (or a survivor) to get credit for a period of Federal civilian service for which a refund of retirement contributions was received. (Not allowable under FERS.)

Refund- The amount of money a former Federal employee withdraws from his/her retirement account. Under FERS, refunds are paid with a market rate of interest.

Retiree- A former Federal employee who is receiving recurring CSRS or FERS payments based on his/her service.

Retirement, Deferred- Retirement under CSRS or FERS when the employee separates from service with at least 5 years of civilian service, but before meeting the requirements for an immediate annuity. A deferred retirement under CSRS begins on the employees 62nd birthday. Under FERS, the deferred retirement can begin as early as the employee's MRA if the employee had at least 10 years of service.

Retirement, Early, FERS- Retirement with at least 10 but less than 30 years of service after reaching the MRA and receiving a reduced annuity. Not available under CSRS. Also called “MRA+10” benefit.

Retirement Fund- The Civil Service Retirement and Disability Fund. This is the account that contains the employee and employer contributions to CSRS and FERS. It includes additional payments, as well, and is invested in Federal Government securities.

Retirement, Unreduced- Retirement under CSRS or FERS with full benefits after meeting appropriate age and length-of-service requirements: 62 with 5 years, 60 with 20 years, 55 with 30 years under CSRS, or the MRA with 30 years under FERS. (Also called unreduced benefits.)

Retirement, Voluntary, or Optional- Retirement from Federal service under CSRS or FERS at the individual's option, with an immediate annuity at any time following completion of the appropriate age and length-of-service requirements.

Service, Non-deduction- Periods of civilian service for which no retirement deductions were withheld from pay for retirement purposes.

Social Security- A social insurance program that covers most of the Nations work force. It is often the basic retirement plan to which other benefits are added. It provides retirement, disability, survivor, and Medicare benefits.

Social Security Credits- When an employee works in a position and pays Social Security taxes he/she earns Social Security credits. Minimum numbers of credits are required in order to qualify for numerous Social Security benefits. (See Quarters of Coverage.)

Special Retirement Supplement- An annuity supplement provided to some FERS employees who retire before age 62, because Social Security benefits cannot start before then. The supplement approximates the portion of a full career Social Security benefit earned while under FERS, and ends at age 62 when Social Security benefits first become available. The supplement is subject to an earnings test.

Substantial Social Security Coverage or Earnings- Earnings above a certain amount that count toward reducing the effect of the Windfall Elimination Provision (WEP). The effect of the WEP starts to be reduced when 21 or more years of substantial Social Security coverage is earned. (In 1997, \$12,150 in earnings subject to Social Security considered to be "substantial". In contrast, the amount needed to earn four quarters of coverage for the year is \$2,680.) (See Windfall Elimination Provision).

Survivor- A person who is entitled to a benefit based on the service of a deceased employee of annuitant.

Thrift Savings Plan (TSP) - A retirement and investment plan established by Congress in the Federal Employees' Retirement System Act of 1986 to provide eligible Federal employees savings and tax benefits similar to those offered by many private corporations. It is a defined contribution plan administered by the Federal Retirement Thrift Investment Board.

Windfall Elimination Provision (WEP)- This provision of the Social Security law reduces Social Security benefits for employees who have less than 30 years of substantial coverage under Social Security and get a pension from employment not covered by Social Security (for example, a CSRS benefit).