

Employee Handout

Refund Fact Sheet

Background

A refund is a lump-sum payment to a former employee, or an employee who is no longer covered by CSRS or FERS, of the amount to his or her credit in the Fund. A refund payment includes payment of any and all retirement contributions deducted from basic pay, deposits, redeposits, military service credit deposits, voluntary contributions, and interest payable under the retirement law.

ELIGIBILITY REQUIREMENTS

In order to receive a refund you must meet **all** of the following criteria:

- Be separated from the Federal government for at least 31 consecutive days OR be transferred to a position not subject to CSRS or FERS retirement deductions for at least 31 consecutive days;
- File a refund application (CSRS, SF-2802 or FERS, SF-3106) with the Office of Personnel Management (OPM);
- Not be reemployed in a position subject to CSRS or FERS retirement deductions at the time you file your application;
- Not be eligible to receive an annuity within 31 days of separation after filing the application.
- Not be prohibited from receiving a refund due to a court order; AND
- Notify your current and/or former spouse(s) of the refund request, if applicable.

After reviewing the criteria above, are you still considering applying for a refund of your retirement contributions? It is recommended that you discuss all of the relevant facts with your employing office before making a final decision. You are not required to withdraw your retirement contributions and may leave the money in the fund until you are eligible for a deferred retirement. In the event of your death, all money in the fund will be payable to your designated beneficiary as a lump sum benefit.

REFUNDS MAY BE AN ADVANTAGE

- If you have less than 5 years of civilian service (you must have 5 years to receive an annuity), and you do not intend to return to Federal employment;

OR

- If you have 5 or more years of civilian service, you do not intend to return to Federal employment, and you believe you can invest the funds so that the final value of such investments exceeds the value of the deferred annuity.

REFUNDS MAY BE A DISADVANTAGE

- A refund of all deductions voids any retirement options, including survivor benefits until the refund is redeposited (for CSRS only).
- If you have at least 5 years of civilian service, and entitled to a deferred annuity at age 62 that may exceed the value of the lump sum credit. A deferred annuity would not only provide you a retirement benefit, but it would provide a survivor annuity for your spouse.
- If you are reemployed by the Federal government and wish to receive credit for the refunded service. You may find that regaining the credit for refunded service may be difficult. For CSRS, a redeposit plus interest will be required. The cost of the redeposit is equaled to the refund received plus interest. Under FERS rules, a refund of retirement deductions made while working under the FERS system, permanently erases or voids this period of service from your retirement record.
- If an employee becomes disabled while at work, they can apply for both an OPM Disability Retirement Benefit as well as an OWCP Benefit. The employee cannot receive both benefits at the same time. Also, an employee in receipt of compensation has the option of withdrawing retirement contributions made to the retirement fund. However, if the employee later dies for reasons unrelated to the job injury, the survivors of the employee would not be eligible for a survivor annuity base on the employee's Federal service. Also, if the employee's compensation is reduced or terminated, he or she would not be able to reinstate the disability benefits from the retirement system (OPM).

REACHED A REFUND DECISION?

If you decide to apply for a refund within 31 days after your date of separation **AND** you did not receive notice from you payroll office that your retirement records were forwarded to the Office of Personnel Management (OPM) in Boyers, PA, mail your application to your employing office.

If you decide to apply for a refund more than 31 days after your date of separation **OR** you have received notice from your payroll office that your retirement records were sent to OPM, you must forward your application directly to the appropriate OPM address listed below:

For **CSRS** employees:
Office of Personnel Management
Civil Service Retirement System
(CSRS)
Retirement Operations Center
ATTN: Refunds
Boyers, PA 16017-0045

For **FERS** employees:
Office of Personnel Management
Federal Employees Retirement System
(FERS)
Retirement Operations Center
ATTN: Refunds
Boyers, PA 16017-0200