



# **Understanding CSRS Offset**

**A NARFE Federal Benefits Institute Webinar**

*Presented by James Marshall*



## What Is CSRS Offset?

- **Retirement Coverage**
  - CSRS + FICA
  - CSRS Interim
  - [CSRS Offset](#)





## CSRS vs. CSRS Offset



CSRS



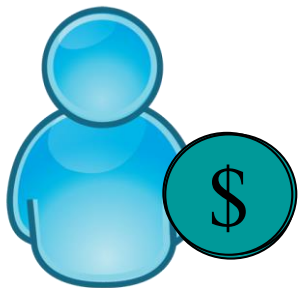
CSRDF

Social  
Security





## CSRS vs. CSRS Offset

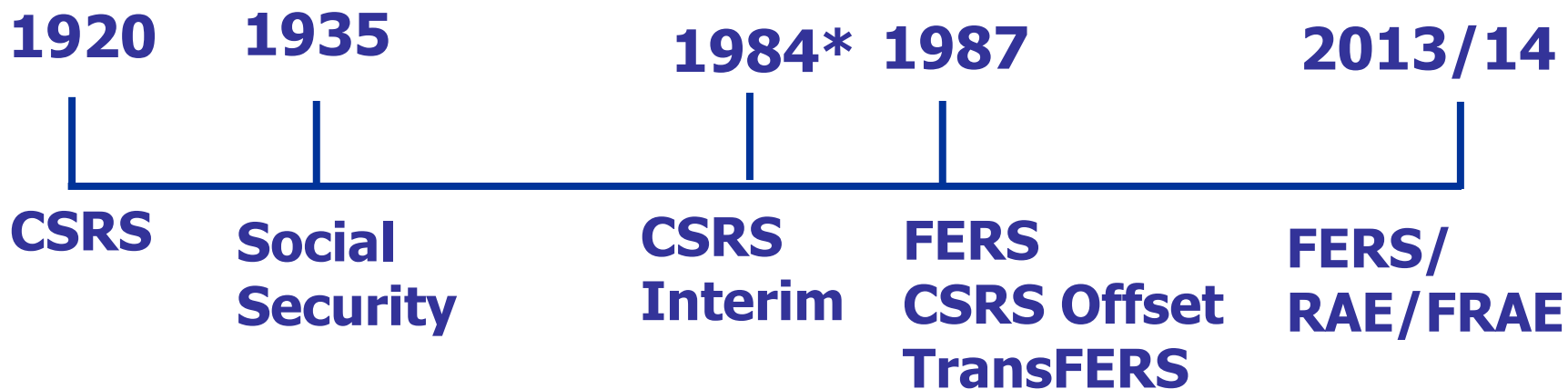


## CSRS Offset





# **Federal Retirement System History**

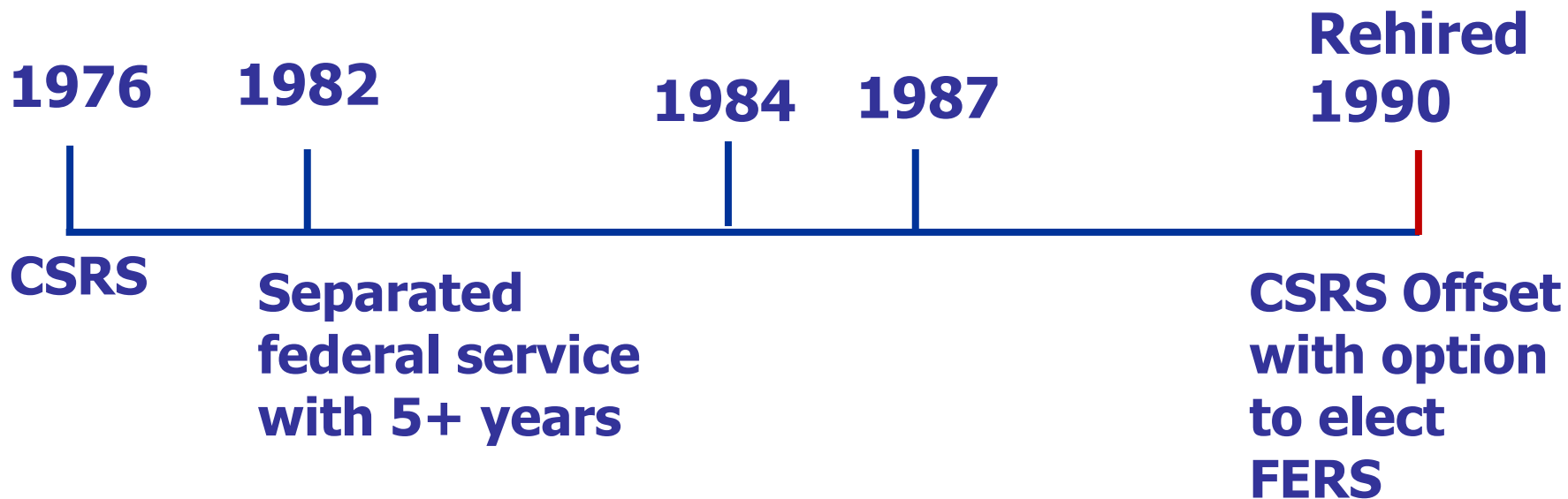


**\*Exception: DC Government through end of September 1987**



# Common CSRS Offset Examples

## Break in service after vesting\*



**\*Break in covered service of more than 365 days on or after 1/1/1984**



# Common CSRS Offset Examples

**No break in service but first retirement coverage  
between 1984 and 1987**

## CSRS Offset

**1981**

**1984**

**1987**

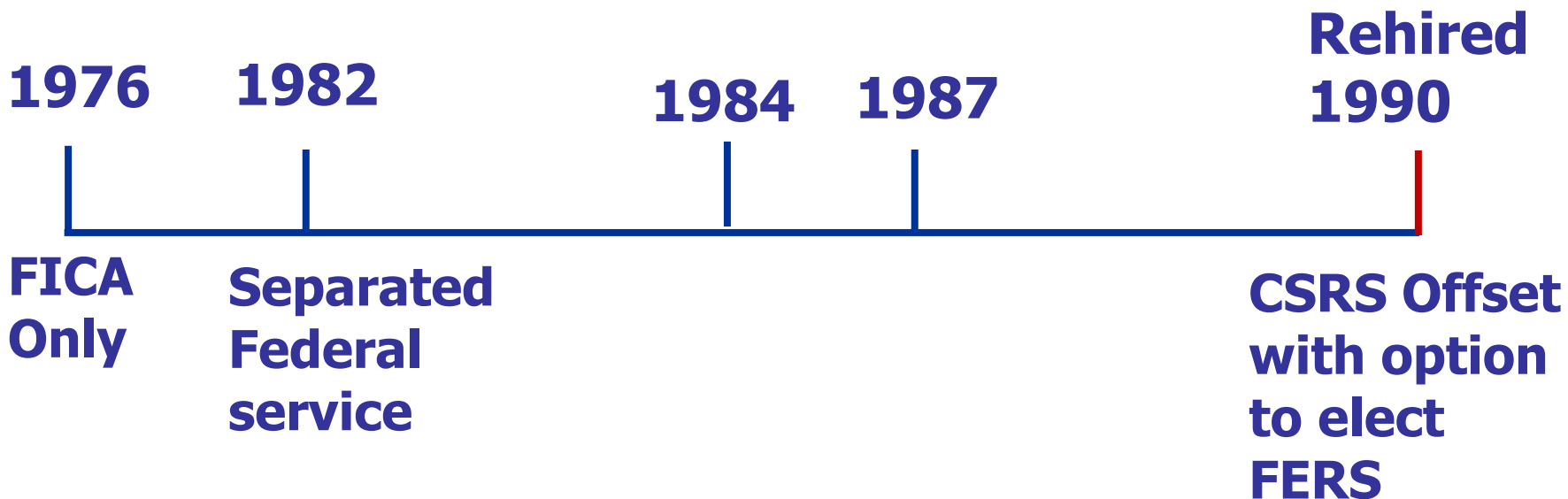
**Temporary, taper,  
indefinite or  
term appointment:  
FICA only**

**Converted to  
CSRS Interim  
in 1985**



# Common CSRS Offset Examples

## “Conner vs OPM”







# **Common CSRS Offset Examples**

## **CSRS with DC Government**

**1986**

**1996**

**CSRS with  
DC  
Government**

**Transfer  
To federal  
appointment:  
CSRS Offset**



## What If I Retire Before Age 62?

- **Full CSRS annuity until 62**
- **Offset is applied at 62**
  - Regardless of SSA application
- **Offset is based on SSA at 62**
  - Even if you wait to draw larger SSA later



## What If I Retire at or After Age 62?

- **Offset is applied immediately**
- **Offset is based on SSA at that time**
  - Regardless of whether you are drawing SSA or not



## How Does OPM Compute the Offset?

- **CSRS benefit is offset by the lesser of:**
  - ✓ Social Security benefit attributable to offset service, or
  - ✓ Based on a formula prescribed by law

Note: Based on a Social Security benefit that is subject to the WEP



## How Does OPM Compute the Offset?

$$\frac{\text{Years of offset service}}{40} \times \text{Social Security benefit}$$

<b>Example:</b>		
$25 \div 40$	$=$	$.625$
$.625 \times \$1,800$	$=$	<b>\$1,125</b>



## CSRS vs CSRS Offset

### CSRS before 62

\$5,000 from OPM

### CSRS after 62

\$5,000 from OPM

\$200 from SSA?

\$5,200 total?

### CSRS Offset before 62

\$5,000 from OPM

### CSRS Offset after 62

\$5,000

-\$1,125 offset

\$3,875 from OPM

+\$1,800 from SSA

\$5,675 total



## CSRS vs CSRS Offset

### CSRS

- **If eligible for SSA**
  - SSA usually hit harder by the [WEP](#)
- **If eligible for spousal SSA**
  - Usually reduced to \$0 due to the [GPO](#)

### CSRS Offset

- **Usually eligible for SSA**
  - SSA usually not hit as hard by the [WEP](#), or possibly exempt
- **If eligible for a larger spousal SSA benefit**
  - Usually exempt from the [GPO](#)



## Potential Downside to CSRS Offset

- What if I'm not ready to draw SSA?
- What if I'm still working at 62?
- This is a temporary downside





## **Will the Offset Affect My Spouse?**

- **Spousal survivor benefit payable from OPM?**
- **Age of surviving spouse?**
- **Spouse collecting larger SSA benefit than you?**
- **Spouse collecting smaller SSA benefit than you?**



## Spousal Survivor Benefit Example 1

**CSRS Offset age 66**

\$5,000

-478 Reduction for SB

-\$1,125 Offset

\$3,397 from OPM

+\$1,800 from SSA

\$5,197 total

**Spouse age 66**

\$2,400 from SSA

Upon death of the annuitant:

\$2,400 from SSA

+\$2,750/month from OPM

\$5,150 total

**Full survivor benefit elected**

55% of \$5,000 = \$2,750



## Spousal Survivor Benefit Example 1

**CSRS Offset age 66**

\$5,000

-478 Reduction for SB

-\$1,125 Offset

\$3,397 from OPM

+\$1,800 from SSA

\$5,197 total

**Full survivor benefit elected**

55% of \$5,000 = \$2,750

**Spouse age 66**

\$2,400 from SSA

**Upon death of the spouse:**

\$5,000

-\$1,125 Offset

\$3,875 from OPM

+\$2,400/month from SSA

\$6,275 total



## Spousal Survivor Benefit Example 2

**CSRS Offset age 66**

\$5,000

-478 Reduction for SB

-\$1,125 Offset

\$3,397 from OPM

+\$1,800 from SSA

\$5,197 total

**Full survivor benefit elected**

55% of \$5,000 = \$2,750

**Spouse age 66**

\$1,400 from SSA

**Upon death of the annuitant:**

\$1,800 from SSA

+\$2,750/month from OPM

-\$250/month offset

\$4,300 total



## How Does OPM Compute the Offset for a Surviving Spouse With Smaller SSA?

$$\frac{\text{Years of offset service}}{40} \times \text{Increase in Social Security benefit}$$

<b>Example:</b>			
	25 ÷ 40	=	.625
	.625 x \$400	=	\$250



## Spousal Survivor Benefit Example 2

**CSRS Offset age 66**

\$5,000

-478 Reduction for SB

-\$1,125 Offset

\$3,397 from OPM

+\$1,800 from SSA

\$5,197 total

**Full Survivor Benefit Elected**

55% of \$5,000 = \$2,750

**Spouse age 66**

\$1,400 from SSA

Upon death of the spouse:

\$5,000

-\$1,125 Offset

\$3,875 from OPM

+\$1,800/month from SSA

\$5,675 total



## Recommendations

- **If still employed, provide agency retirement office with copy of SSA statement and request retirement estimate**
- **Notify OPM if they neglect to apply the Offset**
- **Surviving spouses should double check the offset to their spousal survivor benefit**



## Recommendations

- Stay tuned for instructions to join us for the LIVE Q&A
- You can also send us questions at [fedbenefits@narfe.org](mailto:fedbenefits@narfe.org)

**LIVE!**

