

WARNING! Voluntary Early Retirement has Potential Side Effects

The Voluntary Early Retirement (VER) recently announced for eligible Clerk Craft employees by the Postal Service has generated many questions from the members of the APWU. The Postal Service published a list of [93 questions and answers](#) shared with our members in an earlier Web article.

Many are asking, “Should I accept early-out retirement?” It is not the place of the national APWU to give advice on whether to retire or not. That is a personal decision. However, it is decision with implications that members should know and consider.

USPS management did not discuss the VER with the APWU in advance of the announcement. APWU national officers initiated a January 10 meeting with postal management to address issues and concerns about the VER including why the VER was not offered to all crafts, the need to halt all plans for excessing in light of the VER and the process in place for retirement counseling. Management has committed to respond to the APWU’s questions which we will share with the membership as received. In this meeting, the union also pressed its views that:

- 1) the Postal Service is not overstaffed, and service to the public is suffering due to understaffing; and,
- 2) if the Postal Service moves forward with misguided plans to reduce the workforce, the Postal Service should offer a monetary incentive for those eligible for regular retirement as well employees eligible for an early-out.

Incentives have been offered numerous times in the past for both bargaining unit and supervisory employees.

If you are eligible for the VER, the USPS will be mailing you a packet on January 12th. The packet will have vital information about your opportunity for an early-out. The packet will include your annuity estimate (this is not a guarantee of what your annuity payments will be; OPM makes the final determination of your annuity and it could be different than the estimated amount provided in your packet) and information about available benefits including eligibility, limits, and costs. Anyone considering the early-out offer needs to study the packet.

You are eligible for USPS-sponsored retirement counseling – both group and individual. Information on who to contact and how to arrange counseling will be in the packet. The packet along with your counseling session(s) will explain eligibility for any annuity supplement, your health insurance premiums, how your FEGLI life insurance can change,

and other issues. According to a previous grievance settlement with the APWU, local management must arrange reasonably private space for employees who wish to receive individual counseling on the clock. Your spouse can participate in the counseling session(s). Take advantage of every opportunity to learn the specifics about your retirement benefits.

Some points to consider when making your decision:

- As of now there is no financial incentive to retire early, unlike the 2009 and 2012 VERAs where incentives were negotiated with the APWU.
- In its August 22, 2017 request to the Office of Personnel Management (OPM) for VERA approval, the Postal Service said that 10,522 APWU represented employees will shortly be “impacted” by “differing personnel actions” and “repositioning initiatives.”
- The Postal Service estimates that only 1,712 of the 10,522 APWU represented employees will accept the VER.
- Those who apply for the early-out will see financial/income impacts, including:
 - If you are an employee covered by CSRS you will have your annuity reduced by 2% for each year you are under age 55.
 - If you are covered by FERS you will only earn 1% of your salary as an annuity for each year worked (e.g. if you worked 20 years, your annuity will be 20% of your high-3 average salary).
 - If you are under the Minimum Retirement Age (MRA) you will not receive the Social Security Supplement until you reach the MRA. Find your MRA using this [OPM Chart](#). FERS is a three-legged stool: a modest annuity, social security, and retirement savings in TSP. If under normal conditions you retire after reaching the MRA but are not yet eligible for Social Security you receive an “annuity supplement” to provide that social security leg until you reach the age of sixty-two (62) An “early-out” is different so, for example, if you are age 50 and your MRA is 57 you will not receive the supplement until you turn age 57.
 - You will not receive Cost of Living Allowances (COLAs) on your annuity until you reach MRA.
 - With an early retirement you can’t make additional contributions to TSP or receive employer contributions as you would with continued employment.
 - TSP withdrawal restrictions are not eased for those accepting a VERA.

- Your life insurance coverage (FEGLI) may change. The amounts of coverage may decrease and the costs (if you continue coverage) will likely rise.
- Your health insurance premiums will increase if you currently are covered by the Consumer Driven APWU health plan.

Make your decision on complete and accurate information about your retirement benefits. Postal management has verbally committed to the union that they have no intention of capping the number of employees who can take this VER offer so there should be no need to rush your decision.

The APWU will continue to share important information on the VER. If you are having trouble getting USPS provided counselling, you can call the APWU Retirement Department at (877) 279-8669.