

IMPORTANT !:

The information contained in this slide presentation was presented on December 16-17, 2009, subsequent to these dates, the attached slides should be used for reference purposes and you are encouraged to access the web-site links of the applicable department to obtain the most current information.

**The Office of Commissioned Corps Affairs,
Food and Drug Administration.**



RETIRED PAY

Compensation Branch
5600 Fishers Lane, Rm 4-50
Rockville, MD 20857

Calculate Your Retired Pay in 3 Steps



STEP 1: Determine your DIEMS date (Date of Initial Entry into Military Service)

STEP 2: Determine which pay plan you are eligible for, based on your DIEMS date

STEP 3: Use the appropriate formula to calculate your retired pay

Final Basic Pay Plan (DIEMS pre-8 Sep 80)

RETIRED PAY = (Years of creditable service X 2-1/2%) X
Final Basic Pay

- ✓ Time-in-grade requirement
- ✓ Current basic pay milestones (over-22, over-24, over-26)
- ✓ **Effective 1 Apr 07** basic pay milestones (over-30, over-34, over-38)
- ✓ Percentage Multipliers:

| | | | | | | | | | | | |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|
| <i>Yrs of svc</i> | <u>20</u> | <u>21</u> | <u>22</u> | <u>23</u> | <u>24</u> | <u>25</u> | <u>26</u> | <u>27</u> | <u>28</u> | <u>29</u> | <u>30 thru 40</u> |
| <i>Final Pay Multiplier %</i> | 50 | 52.5 | 55 | 57.5 | 60 | 62.6 | 65 | 67.5 | 70 | 72.5 | 75 up to 100 |

- ✓ Full COLAs

Retired Pay Calculator available at:
www.dod.mil/militarypay/retirement/calc/01_finalpay.html

High-3 Plan (DIEMS between 8 Sep 80 and 31 Jul 86)

RETIRED PAY = (Years of creditable service x 2-1/2%) x
average of highest 36 months basic pay

- ✓ Typically an average of the last 3 years
- ✓ Percentage Multipliers:

| | | | | | | | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|
| <i>Yrs of svc</i> | <u>20</u> | <u>21</u> | <u>22</u> | <u>23</u> | <u>24</u> | <u>25</u> | <u>26</u> | <u>27</u> | <u>28</u> | <u>29</u> | <u>30 thru 40</u> |
| <i>High-3 Multiplier %</i> | 50 | 52.5 | 55 | 57.5 | 60 | 62.6 | 65 | 67.5 | 70 | 72.5 | 75 up to 100 |

- ✓ Time-in-grade not as important
- ✓ Basic pay milestones not as important
- ✓ Full COLAs

Retired Pay Calculator available at:
www.dod.mil/militarypay/retirement/calc/02_highthree.html

Career Status Bonus (CSB)/REDUX Plan (DIEMS post- 1 Aug 86 - "Choice")

RETIRED PAY = (Years of creditable service x 2-1/2%) minus 1% for each year under 30 years x average of highest 36 months of basic pay

- ✓ 2% per yr thru 20 yrs; 3.5% per yr thru 30 yrs; 2.5% thereafter
- ✓ Percentage Multipliers -- Compared:

| <u>Yrs of svc</u> | <u>20</u> | <u>21</u> | <u>22</u> | <u>23</u> | <u>24</u> | <u>25</u> | <u>26</u> | <u>27</u> | <u>28</u> | <u>29</u> | <u>30 thru 40</u> |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|
| <u>REDUX Multiplier %</u> | 40 | 43.5 | 47 | 50.5 | 54 | 57.5 | 61 | 64.5 | 68 | 71.5 | 75 up to 100 |
| <u>High-3/Final Multiplier %</u> | 50 | 52.5 | 55 | 57.5 | 60 | 62.6 | 65 | 67.5 | 70 | 72.5 | 75 up to 100 |

- ✓ \$30K Career Status Bonus (CSB) - 15th year
- ✓ At 62, pay recomputed under High-3
- ✓ COLA minus 1%; one-time catch-up COLA at 62; then back to COLA minus 1% thereafter

See: www.dod.mil/militarypay/retirement/ad/04_redux.html

Cost-of-Living Adjustments (COLA)

Final Basic Pay or High-3

- ✓ Full annual COLA
- ✓ Based on difference between CPI from last year's 3rd Qtr CY to current year's 3rd Qtr CY
- ✓ Partial first COLA

REDUX (\$30K CSB)

- ✓ Reduced until 62 (COLA minus 1%)
- ✓ At 62, one-time catch-up
- ✓ COLA minus 1% after 62

Retired Pay Facts

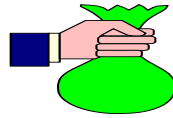


- \$ Retired pay -- paid by Retired office-Rockville, MD**
- \$ Payable 1st workday of month (not necessarily the 1st)**
- \$ Direct deposit only**
- \$ Pay statement issued Monthly**
- \$ Keep correspondence address current**



| FSPA FORMER SPOUSE PROTECTION ACT | |
|--|---|
| PURPOSE OF DEDUCTION | RULES THAT APPLY |
| ALIMONY | <ul style="list-style-type: none"> •No minimum length of marriage •No minimum length of military service •Deduction normally limited to 50% of “Disposable Retired Pay” |
| CHILD SUPPORT | <ul style="list-style-type: none"> •No minimum length of marriage •No minimum length of military service •Deduction can be as much as 65% of “Disposable Retired Pay” |
| COMMUNITY PROPERTY or PROPERTY DIVISION | <p style="text-align: center;"><u>FOR HRSIC ENFORCEMENT</u></p> <ul style="list-style-type: none"> •10 years of marriage while member was in the military service •Deduction can be as much as 65% of “Disposable Retired Pay” |

States That Exempt Military Retired Pay



Alabama

Hawaii

Illinois

Kansas

Kentucky *

Wisconsin

Louisiana

Massachusetts

Michigan

Mississippi

Oregon *

New Jersey

New York *

North Carolina**

Pennsylvania *

Ohio

*If member is 62 years of age or older, or disabled

**If retired member had 5 years of creditable service on 12 Aug 89

States with no income tax:

Alaska

Florida*

Nevada

New Hampshire**

South Dakota

Tennessee**

Texas

Washington

Wyoming



* Imposes an intangible personal property tax on value of some investments in excess of \$20K for indiv; \$40K couple

** Imposes tax on certain capital gains, dividend and interest income



Social Security Tax (FICA)

- ✓ NOT deducted from your retired pay!
- ✓ When eligible, you will draw full Social Security and full retired pay!

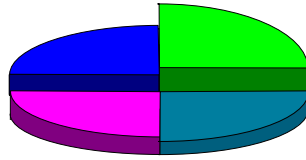
Social Security Tax (FICA)

(7.65%)



- ✓ FICA not deducted from retired pay!
- ✓ When eligible, you will draw:
FULL Social Security *and*
FULL military retired pay!
- ✓ Go to www.ssa.gov for in-depth Social Security information

Allotments



- **Start, stop, or change after retirement**

***All active duty allotments i.e., Saving Bond, CFC, and SGLI deductions automatically stop upon retirement. Except court order allotments.**

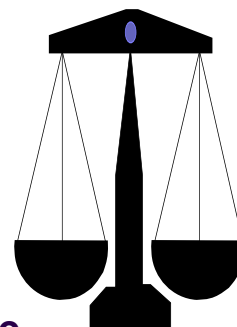
Thrift Savings Plan



- ✓ **You stop contributing to TSP at retirement**
- ✓ **Your options at retirement:**
 - 1 -- do nothing and draw returns; or
 - 2 -- roll into an IRA
- ✓ **May resume active participation if you become a federal civilian employee**
- ✓ **TSP info: www.tsp.gov**

Dividing Retired Pay as Property (With a Former Spouse)

- NOT AUTOMATIC
- Up to state courts
- Can award any amount
- Award not tied to length of marriage
- Direct payment
 - Marriage overlapped 10 years with service
 - Limited to 50% of disposable pay*



* 65%, if other garnishments

60 days' leave
Cash it in?..... Or take transition leave?

Cash it in

Remain on active duty
60 days cashed in leave
Full Pay & Allowances



Take it

Leave 60 days early
No leave to cash in
Full Pay & Allowances

Retire early.....Or take transition leave?

Take leave - 1 Aug to 1 Oct

Retire 1 October

60 days basic pay & allowances

Cash in leave - 1 Aug to 1 Oct

Retire 1 August

60 days basic pay (leave cash-in)

BAS, BAH II

Retired Pay

Pay no SSAN & FICA Tax

Salary from Employment.....?



LUMP-SUM-LEAVE

- BP 06 = \$9,716.70 / 9,910.80
- BAH II (BAQ) \$1,527.60
- BAH II 05 = \$1,472.40
- BAS \$225.00
- 60 DAYS MAX
- NO FICA/MEDICARE TAX

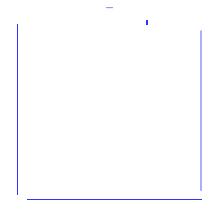
- BP 05 = \$7,697.40 / 7,928.70

STOP

Retirement Physical



- It is recommended that you get a retirement physical
- No more than 4 months, no less than 1 month, before retirement or transition leave
- Last record of active duty health
- Will assist with claim for VA service-connected disability



Medical Records

- **Belong to the Government**
- **Make a copy of your record**
- **Make a copy of family member records**
- **May be hard to obtain after retirement**

PHS Form 1867

Certificate of Release or Discharge From Active Duty

- **Check for accuracy**
- **Obtain copies**
- **File in a safe place**
- **Replace missing ones contact OCCO**



**Statement of
service
Certificate
of Release
from
ActiveDuty**

At retirement, you will also receive:

- **Retirement ceremony (optional)**
- **Retirement certificate**
- **Spouse appreciation certificate (if applicable)**
- **U.S. flag** 