

Questions and Answers on Benefits, Pay, and Leave Under Voluntary Early Retirement Authority

NOTE: For more information related to any questions and answers presented in this document, you should review the VIDEO segments in the Retirement Information Seminar Online under the 'My Life' tab on LiteBlue at <https://liteblue.usps.gov>.

RETIREMENT

Question 1. What is Voluntary Early Retirement (VER) Authority?

Answer Voluntary Early Retirement, or "Early Out," as it is commonly referred to, is a strictly voluntary option that allows eligible employees to retire early.

Question 2. Where can I find the most current information on VER?

Answer Information about VER can be found at http://blue.usps.gov/hr/edr/csfp/ocg/hrssc_vera.htm from a postal computer or on LiteBlue at https://liteblue.usps.gov/news/ver2008/hrssc_vera.htm.

Question 3. Who is eligible for Voluntary Early Retirement?

Answer Employees covered by the Civil Service Retirement System (CSRS) and employees covered by the Federal Employees Retirement System (FERS) are eligible if they meet the following requirements:

- (1) At least 50 years of age with at least 20 years of service, or any age with at least 25 years of service, and
- (2) At least five years MUST be creditable civilian service, not military service. Employees may use military service to meet the balance of service required for eligibility.

CSRS employees must have been employed under CSRS for at least one year out of the last two years, but the service need not be continuous.

Question 4. Are all employees who meet the above requirements eligible?

Answer No, only those employees who are in specific locations where there is a **substantial** delayering, reorganization, reduction in force, transfer of function, or other workforce restructuring or shaping, and who are likely to be separated or subject to an immediate reduction in the rate of basic pay or are identified as being in positions that are becoming surplus or excess to the agency's future ability to carry out its mission effectively.

Question 5. What is the major difference between Voluntary Early Retirement and Optional Voluntary Retirement?

Answer The age and service requirements are less under VER than under optional. Early retirement may carry a penalty in the annuity computation.

Question 6. I meet the service requirement with 20 years of service, but not the age requirement. Would my 50th birthday be the earliest date I could retire?

Answer Yes, provided your birthday is within the offer window. For retirement purposes

an employee legally meets the age requirement the day before a birthday. For example, an employee meeting the service requirement who will be 50 years old on October 4 would be eligible to retire if the last date of the VER offer would be October 3.

Question 7. Is there a time period for retiring under Voluntary Early Retirement?

Answer Yes, each early out offer will have a 'window' during which applications may be accepted. The window dates will be established at the time of the offer.

Question 8. I have submitted an application for disability retirement, but I now meet the eligibility requirements for Voluntary Early Retirement. Can I cancel my application for disability and take advantage of this offer?

Answer Yes, an application for disability retirement may be withdrawn at any time prior to approval from OPM. Also, applications may be submitted for more than one retirement for which you qualify (discontinued service, MRA, etc.), and OPM will review each separately.

Question 9. I will not meet the service requirements. Can I use my accumulated sick leave balance to meet the years of service requirement?

Answer No, neither your annual nor your sick leave balance can be used to meet eligibility requirements.

Question 10. I am a FERS employee who meets the minimum retirement age (MRA) and have at least 10 years of service but less than 20 years. Am I eligible?

Answer No, 20 years of service is the minimum to qualify for the VER. (You are eligible to retire under a FERS MRA + 10 optional retirement with a reduced annuity.)

Question 11. How much money can I expect to receive on a monthly basis?

Answer If you are offered a VER opportunity, you will receive an estimate of the annuity you will receive as of the effective date for retirements processed under your offer.

Question 12. Will my annuity be reduced?

Answer **CSRS/CSRS Offset employees:** If you are under age 55, your annuity will be computed using a voluntary optional retirement annuity calculation based on total creditable years and months of service and average high-3 salary. Then, your annuity will be reduced at the rate of two percent for each year (or by 1/6th of one percent for each full month) that you are under age 55. This reduction is permanent — your annuity is not recomputed when you reach age 55.

FERS employees with a frozen CSRS component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the reduction mentioned above for CSRS/CSRS Offset employees.

FERS employees without a CSRS component: No reduction.

Question 13. How is high three average salary determined?

Answer Your high-3 average salary is the highest figure obtained by averaging your basic salary during any 3 consecutive years of service, with each rate weighted by the length of time it was in effect. Basic salary includes higher-level pay and cost-of-living adjustments (COLAs), but does not include territorial cost of living allowance (TCOLA), overtime, bonuses, night differential, premium pay, military pay, lump sum terminal leave or annual leave exchange payments, etc. In most

cases, the last 3 years of basic salary are the high-3 years. If you have a period of higher basic salary prior to the last 3 years, OPM will compute your annuity based on that earlier period, even if that period of service was with another federal agency.

Question 14. When will my annuity start?

Answer Your annuity will begin on the first day of the month **after** the effective date of retirement.

Question 15. When I first started working, I was in a position for which no retirement contributions were deducted from my pay. How can I get credit for this time?

Answer **CSRS/CSRS offset employees:** If the service was performed prior to October 1, 1982, it is creditable in full toward retirement eligibility and in computing your annuity if you make a deposit. However, if you don't make a deposit for this service, your annuity will be reduced by ten percent of the amount of the unpaid deposit, plus interest. If the service was performed on or after October 1, 1982, it will be used to determine retirement eligibility, but is not creditable for annuity computation purposes unless you make a deposit, with interest, for this service.

FERS employees with a frozen CSRS component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the creditability rules and calculations as mentioned above for CSRS/CSRS Offset employees.

FERS employees without a CSRS component: If the service was performed prior to January 1, 1989, it will not count toward retirement eligibility or in computing your annuity unless a deposit, with interest, is made prior to the final adjudication of your retirement application. **If the service was performed on or after January 1, 1989**, it is not creditable under FERS, and a deposit cannot be made for this service.

Question 16. I previously withdrew my retirement contributions. What impact will this have on my retirement annuity?

Answer **CSRS/CSRS offset employees:** This period is creditable in establishing your retirement eligibility—that is, in meeting the service requirements. However, **if the service for which you received a refund terminated before October 1, 1990**, you will not be required to make a redeposit and full credit will be allowed in the annuity. However, your annuity will be actuarially reduced based on the amount you owe and your age at retirement. If the service terminated after October 1, 1990, you will be required to make a redeposit in order to receive credit in the computation of the annuity.

FERS employees with a frozen CSRS component: The portion of your annuity based on a benefit that you accrued and retain under CSRS frozen service is subject to the creditability rules and calculations as mentioned above for CSRS/CSRS Offset employees.

FERS employees without a CSRS component: If the refunded period of service was covered by CSRS, you may deposit FERS contributions for this period. However, if the period of service was covered by FERS, no redeposit is possible, and the years are not creditable.

Question 17. If I take Early Voluntary Retirement, will I be eligible to withdraw my

retirement contributions and take a reduced annuity?

Answer No. The Alternative Form of Annuity/Lump Sum option is presently available to only those employees documented to have a life-threatening affliction, and who separate with immediate entitlement to an annuity, other than disability annuity.

[NOTE: Questions 18 through 24 apply to FERS employees ONLY]

Question 18. What is the Special Retirement Supplement?

Answer **FERS employees only:** It is an annuity supplement only for FERS employees paid by the Office of Personnel Management (OPM), which estimates the Social Security benefit earned by your FERS years of service. It is paid until you become eligible for a Social Security benefit at age 62. However, under VER, this supplement is payable only if you have reached your MRA — your earliest optional retirement age. If you are separating at less than MRA, the supplement will not be paid until you reach your MRA.

Question 19. I am a FERS employee and my annuity has both a CSRS component and a FERS component. Can I still receive the Special Retirement Supplement?

Answer **FERS employees only:** Yes, if you had one full calendar year of service subject to FERS computation rules.

Question 20. How is the Special Retirement Supplement computed?

Answer **FERS employees only:** The supplement is computed as if you were age 62 and eligible for a Social Security benefit when the supplement begins. By law, OPM first estimates what your full career (40 years) Social Security benefit would be. Then it calculates the amount of your civilian service under FERS and reduces the estimated full career Social Security benefit accordingly. For example, if your estimated full career Social Security benefit is \$1,000 monthly and you have worked five years under FERS, OPM will divide five by 40 (0.125) and multiply (\$1,000 x 0.125 = \$125 monthly). The result would be your Special Retirement Supplement, before any reductions.

Question 21. Do salary or wages earned after I retire affect the supplement?

Answer **FERS employees only:** Yes. Your Special Retirement Supplement, like Social Security benefits, is subject to an earnings test. It is reduced if you earn more than the exempt amount of earnings (determined each year by Social Security) in the immediately preceding year.

Question 22. Can my FERS basic benefit also be reduced because of earnings over the earnings test limit?

Answer **FERS employees only:** No.

Question 23. How long will I continue to receive the Special Retirement Supplement?

Answer **FERS employees only:** The Special Retirement Supplement will continue until the earlier of (1) the last day of the month before the first month for which you would be entitled to Social Security benefits or (2) the last day of the month in which you reach age 62.

Question 24. What if I don't apply for Social Security benefits at 62 or I'm not eligible

for them? Can I continue to get the Special Retirement Supplement after I'm 62?

Answer **FERS employees only:** The supplement ends at age 62, regardless of whether or not you receive benefits from the Social Security Administration.

NOTE: End of questions that apply to FERS employees ONLY. The following questions apply to both FERS and CSRS employees.

Question 25. If I am receiving military retired pay, how can I receive credit for military service?

Answer To receive credit, retired pay must be waived and a post-1956 deposit must be made, unless your retirement is based on exception criteria. You should check with the Human Resources Shared Service Center (HRSSC) if you were injured in combat or in the line of duty.

Question 26. If I decide to make my Post 1956 military deposit, when should I do that?

Answer Completed deposits plus applicable interest are required prior to retirement; however, you may initiate this payment while completing the retirement application package. The payment is acknowledged and full credit is allowed.

If you currently have a military deposit in progress through payroll deductions or periodic lump sum payments, contact the HRSSC at 1-877-477-3273, option 5, to determine the remaining balance of your military deposit.

For more information related to Post-56 military deposits, go to the Retirement Seminar Online under the 'My Life' tab on LiteBlue at <https://liteblue.usps.gov>.

Question 27. Where can I find more information on retirement?

Answer If you are eligible for retirement under VER you will receive further information from the HRSSC, which is your source for retirement information while you are an employee. If you would like to learn more about retirement, the U.S. Office of Personnel Management (the separate government agency that administers the federal retirement plan) provides extensive information. Do NOT call OPM, since they cannot respond to questions from employees. You may refer to the OPM web site: <http://www.opm.gov/retire>.

COURT ORDERS

Question 28. I'm divorced. What effect, if any, will a court order have on my application for early retirement?

Answer None. If your court order is on file with the Office of Personnel Management (OPM), OPM will see to it that all payments are made in accordance with the court order. If a copy is not on file at OPM, you must attach a certified copy in its entirety, and any attachments or amendments, with your application for retirement.

CSRS VOLUNTARY CONTRIBUTIONS

Question 29. **I previously made voluntary contributions to the Civil Service Retirement System. Will these contributions be refunded to me as excess contributions?**

Answer There will be no automatic refund, but you may apply for this at any time before you retire. Otherwise, your annuity will be increased according to the Voluntary Contribution regulations.

SOCIAL SECURITY

Question 30. **How would Voluntary Early Retirement affect my Social Security benefits?**

Answer In terms of Social Security, taking a Voluntary Early Retirement is the same as Optional Retirement. If you qualify for Social Security, you may receive full benefits beginning between age 65 and 67, depending on your date of birth. You may apply to receive actuarially reduced benefits as early as age 62.

Question 31. **Will my Social Security benefit be reduced because I will be receiving a CSRS annuity?**

Answer Your Social Security benefit may be reduced under the Windfall Elimination Provision (WEP). WEP lowers the percentages used to compute benefits for all workers who have less than 30 years of Social Security-covered employment and who have earned an annuity from employment not covered by Social Security, such as a CSRS Annuity. The Social Security Administration publishes information on this provision on its web site: <http://www.ssa.gov/gpo-wep/>.

Question 32. **What is the Government Pension Offset?**

Answer This provision in the Social Security law affects the Social Security benefit of a CSRS retiree who did not pay Social Security taxes, but expects to receive a Social Security benefit as a spouse or surviving spouse. This provision does NOT affect CSRS Offset and FERS annuitants. The Social Security Administration publishes information on this provision on its web site: <http://www.ssa.gov/gpo-wep/>.

Question 33. **How do I obtain more information about Social Security?**

Answer Social Security offers several pamphlets, books and fact sheets. For more information or free publications, contact your local Social Security office, or call 1-800-772-1213, or refer to the web site: <http://www.ssa.gov/>.

MEDICARE

Question 34. **Am I eligible for Medicare?**

Answer Generally, if you are age 65 or older and have sufficient quarters of coverage based on your earnings, you are eligible to enroll in Medicare.

Question 35. How do I obtain more information about Medicare?

Answer Call 1-800-MEDICARE (1-800-633-4227), or refer to the web site:
<http://www.medicare.gov/>.

HEALTH BENEFITS

Question 36. What will happen to my health benefits?

Answer Your current health benefits coverage will transfer into retirement provided you meet the eligibility requirements of:

(1) retiring on an immediate annuity, and

(2) continuous coverage in the FEHB program for the five years immediately preceding retirement or since your first opportunity to enroll (if less than five years).

For employees who do not qualify under the preceding requirements, the Office of Personnel Management has the authority to grant pre-approved waivers to employees who have been:

- Covered under the FEHB Program continuously since the beginning date of the OPM-approved VER; and
- Retire during the OPM-approved VER period; and
- Take Voluntary Early Retirement.

Question 37. Will my health benefits cost go up?

Answer Your premium payment will increase to the level paid by all other federal annuitants (and federal employees) rather than receiving the more favorable Postal Service employer health benefits contribution. This means the same health plan may be approximately twice as expensive for an annuitant as it is for a postal employee.

As an annuitant, you would pay for health coverage through monthly withholding from your annuity, instead of paying through biweekly withholding from your paycheck (12 payments annually instead of 26 payments annually). Of course, each payment is higher when you pay on a monthly basis.

Tax regulations do not permit you to receive the tax break you receive as an employee under the pretax payment of health insurance premiums provided by the Postal Service.

Question 38. I am covered under TRICARE/CHAMPUS. Will this coverage count toward the FEHB five-year requirement?

Answer Yes, as long as you are covered under an FEHB enrollment at the time of retirement. In addition, you must have enrolled in the FEHB program within 60 days after you lost coverage under CHAMPUS in order for it to be considered as part of the continuous FEHB coverage.

- Question 39. What happens if I cancel my health benefits enrollment when I retire?**
- Answer** If you cancel your FEHB enrollment as an annuitant, you will NEVER be able to reenroll, unless you become reemployed in a position that conveys coverage, or you canceled your FEHB to enroll in a Medicare managed care plan, Medicaid or TRICARE and that coverage ends.
- Question 40. If I cancel my FEHB enrollment to be under my spouse's FEHB enrollment, will I be able to reenroll under my own coverage at a later date?**
- Answer** Yes. As long as you are continuously covered under an FEHB enrollment, you remain eligible to make any of the same enrollment elections/changes that an active employee would be eligible to make.
- Question 41. My health benefits were terminated due to 12 months of LWOP, but I have since reenrolled. Will this period of LWOP count against the five year requirement to continue coverage?**
- Answer** No. The termination of your health benefits due to 365 days in LWOP status is not considered a break in the continuous coverage necessary for continuing FEHB coverage into retirement. However, the period during which the termination is in effect does not count toward satisfying the required five years of continuous coverage. In addition, you must have re-enrolled within 60 days of returning to pay and duty status, or at the end of the first pay period your pay becomes sufficient to cover your premium, in order to meet eligibility requirements.
- Question 42. Where can I find more information on health insurance in retirement?**
- Answer** If you are eligible for VER, you will receive further information from the HRSSC, which is your source for such information while you are an employee. If you would like to learn more about health insurance during retirement, the U.S. Office of Personnel Management (the separate government agency that administers the federal health insurance and retirement plans) provides extensive information. Do NOT call OPM, since they cannot respond to questions from employees. You may refer to the OPM web site:
<http://www.opm.gov/>.

LIFE INSURANCE

- Question 43. What will happen to my life insurance?**
- Answer** You are eligible to continue your current life insurance coverage into retirement provided you meet the eligibility requirements of:
- (1) Retiring on an immediate annuity, and
 - (2) Continuous coverage of each election in the FEGLI program for the five years immediately preceding retirement/or since your first opportunity to enroll (if less than five years), and
 - (3) You did not convert to an individual life insurance policy.
- Accidental death and dismemberment coverage ends when your employment

ends.

After you make your life insurance election, you may have opportunities to reduce your coverage, but not to increase it. Employees who assigned their insurance or have taken living benefits may not reduce or cancel their coverage.

Question 44. What about the premium costs?

Answer Basic insurance: If you are eligible and continue your coverage, you will pay premiums, which will be withheld from your annuity, until after you turn 65. Then, if you elected the 75% Reduction, you will not pay any more premiums. If you elected higher coverage, you will continue to pay premiums, although the cost will not increase with your age.

Optional insurance: If you are eligible and continue your coverage, you will pay premiums, which will be withheld from your annuity. The cost increases with your age. Depending on your election, your premiums may end or continue when you turn age 65.

You may compute the cost of your premiums on OPM's FEGLI Calculator at www.opm.gov/calculator/worksheet.asp.

Question 45. What about the coverage amounts? Will they change?

Answer Basic insurance: If you are eligible and continue your coverage, you elect a 75% Reduction, 50% Reduction or No Reduction in coverage. If you elect No Reduction, your coverage stays the same; otherwise, it begins to reduce when you turn 65.

Optional insurance: If you are eligible and continue your coverage:

- Option A (Standard) continues until you turn 65, when it begins to reduce.
- You elect how many multiples of Option B (Additional) and/or Option C (Family) you wish to continue and whether you want a Full Reduction or No Reduction for your Option B and/or Option C coverage. With No Reduction, your coverage stays the same; otherwise, it begins to reduce when you turn 65.

Question 46. If I take Voluntary Early Retirement, I will not meet the five year requirement to continue my FEGLI optional coverage. Can I convert this coverage to an individual policy?

Answer Yes. You may convert the amount of your FEGLI Optional coverage to an individual policy as long as you have not assigned your insurance.

Question 47. I filed a Designation of Beneficiary, Form SF 2823, with my employing office. Will my designation remain valid after I retire?

Answer Yes. Any valid designation on file in your official personnel folder will remain valid unless your annuity terminates or you change or cancel the designation. Changes or cancellations after retirement must be submitted directly to OPM.

Question 48. Where can I find more information on life insurance in retirement?

Answer If you are eligible for VER, you will receive further information from the HRSSC, which is your source for such information while you are an employee. If you would like to learn more about life insurance during retirement, the U.S.

Office of Personnel Management (the separate government agency that administers the federal life insurance and retirement plans) provides extensive information. Do NOT call OPM, since they cannot respond to questions from employees. You may refer to the OPM web site: <http://www.opm.gov>. You may compute the cost of your premiums on OPM's FEGLI Calculator at www.opm.gov/calculator/worksheet.asp.

THRIFT SAVINGS PLAN

Question 49. If I retire under VER, are there any special Thrift Savings Plan (TSP) advantages, penalties or rules?

Answer There are no differences in TSP provisions for retirement under VER versus separation or optional retirement. You will have the same withdrawal choices and tax consequences as any other separated or retired employee with the same separation or retirement date and age.

Question 50. If I retire under VER, can I keep on contributing to TSP?

Answer No. Following retirement, you are not eligible to make additional contributions to or borrow money from your TSP account. You may continue to reallocate money among the TSP funds.

Question 51. If I retire under VER, can I take out my TSP money?

Answer Yes. If you retire, you will receive extensive information regarding your TSP withdrawal options and also whether you may leave your money in TSP.

Question 52. How long will it take me to get my money?

Answer Withdrawal of funds may take at least two months following separation and after the receipt of properly completed forms by TSP.

If you have an outstanding TSP loan, this would delay any TSP withdrawal because you cannot withdraw funds from your TSP account until you have repaid your loan in full or until your loan has been declared a taxable distribution.

Question 53. If I withdraw money from my TSP account, will I have to pay taxes?

Answer Yes. All persons, including those who retire under VER, will have to pay federal income taxes on any amounts withdrawn from TSP. Those taxes are due on both withdrawn TSP contributions and TSP earnings. After all, TSP is a tax-deferred savings plan, which means you didn't pay taxes when you contributed to your TSP account or on any earnings in the account.

Also, if you retire before the year that you reach age 55, then any amount that you withdraw from your TSP account before you reach age 59 1/2 is subject to an early withdrawal penalty tax of ten percent. However, this penalty tax does not apply to amounts received under certain withdrawal options, such as an annuity or rollover to an Individual Retirement Arrangement.

Question 54. I'm a FERS employee. Will I forfeit my Agency Automatic (one percent) Contributions or earnings on those contributions, or am I vested?

Answer All employees eligible for VER are fully vested in their TSP contributions and the earnings on those contributions, including any agency automatic or matching contributions for FERS employees.

Question 55. Where can I find more information on TSP?

Answer If you are eligible for VER retirement, you will receive further information from the HRSSC, which is your source for such information while you are an employee. If you would like to learn more about TSP, the Federal Retirement Thrift Investment Board, (the separate government agency that administers TSP) provides extensive information. You may call the TSP Service Office at 1-877-968-3778, TDD use 1-877-847-4385; or access the TSP web site at: <http://www.tsp.gov/>.

FLEXIBLE SPENDING ACCOUNTS

Question 56. I participate in FSA. What happens with my FSA if I retire?

Answer If you are a Flexible Spending Account (FSA) participant, your participation ends the day **after** the date of your retirement.

Question 57. If I retire, can I still file FSA claims?

Answer You may request payment only for the expenses of services or items received up to and including your retirement date. Any services or items received after that date are not eligible for payment except as explained in the next paragraph. (Your deadline for submitting FSA claims does not change — they still will be processed if they are received by the FSA Customer Service Center by September 30 of the year following the plan year.)

However, if you retire on December 31, you are eligible for the 2-½ month FSA Grace Period following the plan year, which is from January 1 through March 15. If you still have funds left in your FSA, you can claim eligible expenses for services or items received during the Grace Period, but only if your retirement date is December 31.

Question 58. Will I still have to pay the full contribution that I pledged if I retire?

Answer If you are enrolled in FSA, you must pay a full pay period contribution for any pay period during which you are on Postal Service rolls. If you are on Postal Service rolls even for only the first day of a pay period, you will still have to pay your full FSA contribution for that pay period. (The payroll system does not prorate your FSA contribution.)

The collection of FSA contributions (including the collection of missed contributions) relates strictly to the amount of the contributions you were scheduled to make each pay period while you were an FSA participant. What you actually claim, whether it is more or less than what you were scheduled to contribute each pay period while you were an FSA participant, does not affect what you must pay in contributions.

If you missed contributions you were scheduled to make from your paychecks because you were on Leave Without Pay (LWOP) or had low pay, you must make up the missed contributions. If you missed contributions, you cannot reduce what you owe by not filing claims. These rules apply to any type of

separation, including a Voluntary Early Retirement.

Question 59. Can I continue my FSA account coverage into retirement?

Answer The Postal Service FSA program is not available to you as an annuitant. (Under Internal Revenue Service (IRS) tax rules, all employers may only make FSAs available to employees, not retirees.)

LEAVE

Question 60. If I separate from the Postal Service under VER, what will happen to my accumulated sick leave?

Answer No payments are made for accumulated sick leave.

CSRS/CSRS Offset employees: If you separate from the Postal Service under VER, you can receive additional service credit towards your retirement or survivor annuity.

FERS employees: If you separate from the Postal Service under VER, your sick leave is not credited towards additional service credit for annuity computation purposes unless you transferred to FERS from CSRS and your annuity has a CSRS component. In this situation, you can receive additional service credit based on the sick leave balance you accrued at the time you transferred to a FERS or your sick leave balance at the time of your retirement, whichever is less.

Question 61. If I separate from the Postal Service under VER, what will happen to my earned and unused annual leave?

Answer You may be eligible for a lump sum payment for your accumulated annual leave carried over from the previous year; annual leave earned and unused in the current year including amounts over the carryover maximum; as well as any unused donated leave. And, for full-time and part-time regular employees, holidays that fall within the terminal leave period.

Question 62. If I separate from the Postal Service under VER and have earned and unused annual leave, will I be paid holiday leave for any holidays which occur after my separation date but before my annual leave would be exhausted?

Answer Yes. Annual leave is spread over the appropriate number of days following your separation date and extended one day for each postal holiday which occurs during that time period. For example, if you have 160 hours of earned and unused annual leave and two holidays would occur in the four weeks (40 hours per week) after the date of your separation, you would receive terminal leave pay for 176 hours (160 hours of earned and unused annual leave plus 16 hours of holiday leave).

Question 63. I am a supervisor who participated in the Annual Leave Exchange Program. What effect will this have on my terminal leave payment?

Answer As stated in the letters notifying individuals of their eligibility to participate in the Annual Leave Exchange Program:

"When an employee retires or separates from the Postal Service before earning sufficient leave to cover the amount exchanged, the excess leave exchanged will be offset against the previously accumulated leave balance when calculating the employee's terminal annual leave payment."

Question 64. **If I separate from the Postal Service under the VER, what will happen if I am indebted to the Postal Service for unearned annual or advanced sick leave?**

Answer If you are indebted to the Postal Service for unearned annual or advanced sick leave, you must refund the amount paid for the unearned leave. If you do not refund the amount of the indebtedness, deductions will be made from any funds that you are due upon your separation.

SEVERANCE PAY

Question 65. **If I separate from the Postal Service under VER, am I entitled to severance pay?**

Answer No. If you voluntarily retire from the Postal Service, you are not entitled to severance pay.

UNEMPLOYMENT COMPENSATION

Question 66. **If I separate from the Postal Service under VER, can I apply for unemployment compensation?**

Answer Yes. At the time of retirement, you will receive an SF-8, Notice to Federal Employees About Unemployment Insurance, advising you of your right to file a claim for unemployment compensation. While any employee who is separated may apply for unemployment compensation, most states exclude from eligibility those applicants who have voluntarily retired from employment. Furthermore, Federal law requires states to reduce the weekly unemployment amount by the weekly amount of any government or other pension, retirement, or retired pay.