

CIVIL SERVICE APPOINTMENT OPTIONS

Management may use a variety of options to fill vacant positions. Described below are the competitive option for General Schedule (GS) career appointments and the non-competitive option for Title 42 appointments. Although officers may apply freely to announced vacancies, the Department does permit officers to retire, collect their government annuities, and be appointed immediately within DHHS. A break in service of at least 6 months is required for officers who retire with at least 20, but less than 30, years service. For officers with 30 or more years, there are no restrictions against re-hiring them as civilian employees. For flag rank officers, the Department is actively involved in the selection of these positions, and requests to be rehired must be approved by the Department.

Competitive – Title 5 GS Career Service

- Officers must apply to external vacancy announcements and be rated high enough to be placed on the selection certificate
- Officers will not receive Veterans preference for civil service appointments
- Initial pay starts at step 1 of GS grade
- Physicians may receive additional Physicians Comparability Allowance (PCA) (maximum of \$30,000 for some positions) or Physician Special Pay under Title 38 (total depends on years of service, specialty, position and other individual factors)

Non-competitive – Title 42 Excepted Service

- Vacancy announcement may be issued but is not mandatory
- Scientific duties
- Master's or doctoral degree required; some appointments require credentialing
- Appointments are temporary
- Physicians may receive PCA up to a maximum of \$30,000 for some positions
- CDC's Executive Resources Board may set base pay up to \$142,500
- HHS approval required for pay above \$142,500
- Tenure not guaranteed during Reductions in Force (RIFs)

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OVERVIEW OF CIVIL SERVICE BENEFITS

This benefits section focuses on the Federal Employee Retirement System, since Commission Corps Officers need to carefully consider leaving their current retirement system and embarking on another. This part also outlines general information about life and health insurance.

The following is covered in this section:

Federal Employee Retirement System (FERS) - an overview

Eligibility to retire under FERS

Creditable Service – the concept and a rule

Deposit into FERS - estimated illustrations based on years of Commission Corps service

How to estimate retirement benefits under FERS

Life and health insurance

FERS Transfer Handbook

1. Federal Employee Retirement System (FERS)

FERS is a three-tiered retirement plan. The three components are:

- Social Security Benefits
- Basic Benefit Plan
- Thrift Savings Plan

You pay full Social Security taxes and a small contribution to the Basic Benefit Plan. In addition, your agency puts an amount equal to 1% of your basic pay each pay period into your Thrift Savings Plan (TSP) account. You are able to make tax-deferred contributions to the TSP and a portion is matched by the Government.

The three components of FERS work together to give you a financial foundation for your retirement years.

2. Eligibility to retire under FERS

An employee is eligible to retire voluntarily with an immediate annuity without any reduction in annuity due to age, if the employee:

- has 5 years of creditable civilian service;
- is separating from a position subject to FERS coverage; and
- meets one of the age and service combinations below:

- age 62 with 5 years
- age 60 with 20 years
- MRA** with 30 years

**Minimum Retirement Age (MRA) ranges between 55 and 57 depending on the employee's year of birth.

3. Creditable Service – the concept and a rule

The concept of creditable civilian service is that credit, in the form of years/months of service, is given towards retirement eligibility and annuity computation for certain types of service.

Under FERS, any honorable active service in the Commissioned Corps of the Public Health Service is considered to be military service, and thus creditable towards retirement eligibility and annuity computation. However, a rule under FERS is that no credit is given for any retirement purpose such as eligibility to retire or computation of annuity unless a deposit is made in the retirement fund for the period of service. Thus, while Commission Corps Officer service is considered creditable, under FERS former Commission Corps Officers must make a deposit in order to receive credit toward retirement eligibility and computation of their annuity for the years of their Commission Corps service.

4. Deposit - estimated illustrations based on years of Commission Corps service

The deposit into FERS is 3.25% of base pay for the time in Commission Corps Officer service. Payment plans can be established, and the employee has 3 years to pay the amount without interest accruing on the balance. After 3 years, interest is compounded on the remaining balance. The interest rate is adjusted annually and set at market rates. The 2003 interest rate was 5%.

The following are estimates of the deposit based on years of Commission Corps service:

- Officer with **5** years of service resigning now would have a deposit of approximately **\$7,000** to have the years count in FERS.
- Officer with **10** years of service resigning now would have a deposit of approximately **\$13,000** to have the years count in FERS.
- Officer with **15** years of service resigning now would have a deposit of approximately **\$19,000** to have the years count in FERS.

5. How to estimate retirement benefits under FERS

To estimate retirement benefits under FERS the following process is used:
Determine the high-3 average pay using the highest three years of basic pay during creditable FERS service. The basic annuity computation formula is as follows:

Average these amounts - (Salary 1 + Salary 2 + Salary 3) / 3

Multiply 1 percent of this amount by the total years and months of creditable FERS service. $(\text{High-3 average} \times .01) \times \text{Yrs/Mos Service}$

For employees who are at least age 62 and have at least 20 years of service at time of separation, use 1.1 percent in the formula instead of 1 percent. $(\text{High-3 average} \times .011) \times \text{Yrs/Mos Service}$.

These formulas indicate that the more creditable service you have the higher your annuity will be under FERS.

6. Life and health Insurance.

When you accept an appointment in the civil service you are eligible for life insurance and health insurance.

The Federal Employees Group Life Insurance is term insurance offering various options to include insurance equal to as much as five times your annual salary. Also, there is limited coverage for eligible family members.

The Federal Employees Health Benefits Program offers many plans to include health maintenance organizations.

7. FERS Transfer Handbook

Commission Corps Officers contemplating whether to leave the Commission Corps to accept a position under the Federal Employees Retirement System should read carefully the FERS Transfer Handbook which can be found at the following website:

http://www.opm.gov/fers_election/fersh/h_toc.htm

While the FERS Transfer Handbook was designed for employees that were trying to decide whether to stay in the Civil Service Retirement System or to elect FERS, some of the factors outlined in that handbook to consider are identical to the ones that Commission Corps Officers must take into account.

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