

2020 & 2021 Updates

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Section One: 2020 Updates

TSP Update:

Elective Deferral Limit	\$19,500.00	Applies to combined total of traditional and Roth contributions. For members of the uniformed services, it includes all traditional and Roth contributions from taxable <u>basic pay</u> , <u>incentive pay</u> , <u>special pay</u> , and <u>bonus pay</u> , but does not apply to traditional contributions made from tax-exempt pay earned in a combat zone. From: https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html
Annual Additional Limit	\$57,000.00	An additional limit imposed on the total amount of all contributions made on behalf of an employee in a calendar year. This limit is per employer and includes employee contributions (tax-deferred, after-tax, and <u>tax-exempt</u>), Agency/Service Automatic (1%) Contributions, and <u>Matching Contributions</u> . For 415(c) purposes, working for multiple Federal agencies or services in the same year is considered having one employer. From: https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html
Catch-up Contribution Limit	\$6,500.00	The maximum amount of <u>catch-up contributions</u> that can be contributed in a given year by participants age 50 and older. It is separate from the elective deferral and annual addition limit imposed on regular employee contributions. From: https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html

TSP Retirement Options:

Keep funds in TSP (until Apr 1 after turning 72)

Amounts to be withdrawn calculated by IRS

50% penalty if not withdrawn

FEHB Update:

The average total premiums for current non-Postal employees and retirees enrolled in plans under the Federal Employees Health Benefits (FEHB) Program will increase 4%

From: <https://www.opm.gov/news/releases/2019/10/opm-announces-2020-health-dental-and-vision-program-premiums/>

FEDVIP Update:

Under the Federal Employees Dental and Vision Insurance Program (FEDVIP), the overall average premium for dental plans will increase by 5.6% and for vision plans will increase by 1.5%

From: <https://www.opm.gov/news/releases/2019/10/opm-announces-2020-health-dental-and-vision-program-premiums/>

Social Security Update:

Tax Rate 2020		
Employee	7.65%	
Self-Employed	15.30%	
Maximum Taxable Earnings 2020		
Social Security (OASDI only)	\$137,700.00	
Medicare (HI only)	No Limit	
Quarter of Coverage 2020		
	\$1,410.00	
Retirement Earnings Test Exempt Amounts 2020		
Under full retirement age Note: one dollar in benefits will be withheld for every \$2.00 in earning above the limit	\$18,240.00/year \$1,520.00/month	
The year an individual reaches full retirement age Note: applies only to earnings for months prior to attaining full retirement age. One dollar will be withheld for every \$3.00 in earnings above the limit	\$48,600.00/year \$4,050.00/month	
Social Security Disability Thresholds 2020		
Substantial Gainful Activity (SGA)		
Non-Blind	\$1,260.00/month	
Blind	\$2,110.00/month	
Trial Work Period (TWP)	\$910.00/month	
Maximum Social Security Benefit: Retiring at Full Retirement Age 2020		
	\$3,011.00/month	
SSI Federal Payment Standard 2020		
Individual	\$783.00/month	
Couple	\$1,175.00/month	
SSI Resource Limits 2020		
Individual	\$2,000.00/month	
Couple	\$3,000.00/month	
SSI Student Exclusion 2020		
Monthly Limit	\$1,900.00	
Annual Limit	\$7,670.00	
Estimated Average Monthly Social Security Benefits Payable in January 2020		
	Before 1.6% COLA	After 1.6% COLA
All Retired Workers	\$1,479.00	\$1,503.00
Aged Couple, Both Receiving Benefits	\$2,491.00	\$2,531.00
Widowed Mother and Two Children	\$2,888.00	\$2,934.00
Aged Widow(er) Alone	\$1,400.00	\$1,422.00
Disabled Worker, Spouse and one or more Children	\$2,141.00	\$2,176.00
All Disabled Workers	\$1,238.00	\$1,258.00

From: <https://www.ssa.gov/news/press/factsheets/colafacts2020.pdf>

Section Two: 2021 Updates

COLA Update:

COLA will increase to 1.3% in 2021

From: [https://www.ssa.gov/cola/#:::text=Cost%2Dof%2DLiving%2DAdjustment%20\(COLA\)%20Information%20for%202021,increase%201.3%20percent%20in%202021](https://www.ssa.gov/cola/#:::text=Cost%2Dof%2DLiving%2DAdjustment%20(COLA)%20Information%20for%202021,increase%201.3%20percent%20in%202021)

FEHB Update:

FEHB will increase to 3.6%, this increase is lower than last year

From: <https://www.opm.gov/news/releases/2020/10/rate-announcement-2020/>

The 2021 biweekly maximum government contribution for non-Postal employees and annuitants (72% of the weighted average) is \$241.58 for Self Only, \$517.46 for Self Plus One, and \$562.25 for Self and Family. The monthly maximum government contribution (72% of the weighted average) is \$523.42 for Self Only, \$1,121.16 for Self Plus One and \$1,218.21 for Self and Family

For 2021, the biweekly program-wide weighted average premiums for Self Only, Self Plus One, and Self and Family enrollments with a government contribution are \$335.53, \$718.70, and \$780.90, respectively. The monthly program-wide weighted average premiums for Self Only, Self Plus One, and Self and Family enrollments with a government contribution \$726.98, \$1,557.18, and \$1,691.95, respectively

From: <https://www.opm.gov/healthcare-insurance/healthcare/plan-information/premiums/>

Catch-up Contribution Changes:

Starting January 2021, the following will happen:

If you are turning 50 or older and exceed the IRS elective deferral (or annual addition) limit, then your contributions will automatically start counting toward the IRS catch-up limit. Just add any contributions toward the catch-up limit in the same place as your other TSP contributions.

Your election will carry over each year unless you submit a new one.

If you are eligible for an agency or service match, contributions spilling over toward the catch-up limit will qualify for the match on up to 5% of your salary

You may start, stop, or change your contributions at any time. If you choose not to contribute toward the catch-up limit, you should adjust your TSP contributions accordingly

From: <https://www.tsp.gov/making-contributions/catch-up-contributions/>

Social Security Update:

Tax Rate 2021		
Employee	7.65%	
Self-Employed	15.30%	
Maximum Taxable Earnings 2021		
Social Security (OASDI only)	\$142,800.00	
Medicare (HI only)	No Limit	
Quarter of Coverage 2021		
	\$1,470.00	
Retirement Earnings Test Exempt Amounts 2021		
Under full retirement age Note: one dollar in benefits will be withheld for every \$2.00 in earning above the limit	\$18,960.00/year \$1,580.00/month	
The year an individual reaches full retirement age Note: applies only to earnings for months prior to attaining full retirement age. One dollar will be withheld for every \$3.00 in earnings above the limit	\$50,520.00/year \$4,210.00/month	
Social Security Disability Thresholds 2021		
Substantial Gainful Activity (SGA)		
Non-Blind	\$1,310.00/month	
Blind	\$2,190.00/month	
Trial Work Period (TWP)	\$940.00/month	
Maximum Social Security Benefit: Retiring at Full Retirement Age 2021		
	\$3,148.00/month	
SSI Federal Payment Standard 2021		
Individual	\$794.00/month	
Couple	\$1,191.00/month	
SSI Resource Limits 2021		
Individual	\$2,000.00/month	
Couple	\$3,000.00/month	
SSI Student Exclusion 2021		
Monthly Limit	\$1,930.00	
Annual Limit	\$7,770.00	
Estimated Average Monthly Social Security Benefits Payable in January 2021		
	Before 1.3% COLA	After 1.3% COLA
All Retired Workers	\$1,523.00	\$1,543.00
Aged Couple, Both Receiving Benefits	\$2,563.00	\$2,596.00
Widowed Mother and Two Children	\$2,962.00	\$3,001.00
Aged Widow(er) Alone	\$1,434.00	\$1,453.00
Disabled Worker, Spouse and one or more Children	\$2,195.00	\$2,224.00
All Disabled Workers	\$1,261.00	\$1,277.00

From: <https://www.ssa.gov/news/press/factsheets/colafacts2021.pdf>

Social Security Chart

1959-65	\$1,200	1982	\$6,075	1995	\$11,325	2008	\$18,975
1966-67	\$1,650	1983	\$6,675	1996	\$11,625	2009	\$19,800
1968-71	\$1,950	1984	\$7,050	1997	\$12,150	2010	\$19,800
1972	\$2,250	1985	\$7,425	1998	\$12,675	2011	\$19,800
1973	\$2,700	1986	\$7,875	1999	\$13,425	2012	\$20,475
1974	\$3,300	1987	\$8,175	2000	\$14,175	2013	\$21,075
1975	\$3,525	1988	\$8,400	2001	\$14,925	2014	\$21,750
1976	\$3,824	1989	\$8,925	2002	\$15,750	2015	\$22,050
1977	\$4,125	1990	\$9,525	2003	\$16,125	2016	\$22,050
1978	\$4,425	1991	\$9,900	2004	\$16,275	2017	\$23,625
1979	\$4,725	1992	\$10,300	2005	\$16,725	2018	\$23,850
1980	\$5,100	1993	\$10,725	2006	\$17,475	2019	\$24,675
1981	\$5,550	1994	\$11,250	2007	\$18,150	2020	\$25,575

Glossary

Adjusted Career Earnings:

A figure based on an employee's earnings history that is used in calculating Social Security benefit amounts. A worker's actual earnings throughout their work history are indexed to reflect the national wage levels in effect when they become eligible for Social Security benefits

Agency Automatic (1%) Contribution:

An amount equal to 1% of a FERS employee's basic pay that their agency contributes to the employee's Thrift Savings Plan account each pay period. This contribution is made from agency funds; it is not a deduction from the employee's basic pay. It is made whether the employee contributes to the Thrift Savings Plan or not

Agency Matching Contributions:

A FERS employee who contributes a percentage of their pay to the Thrift Savings Plan receives additional contributions from the Government.

Annuitant:

An individual who is receiving a CSRS or FERS annuity

Annuity:

The recurring monthly payments to a former employee who has retired

Annuity, Deferred:

An annuity that begins more than 1 month after separation from employment at some future point when retirement age is reached (also called deferred benefits)

Annuity, Immediate:

An annuity that becomes payable within 1 month after separation from Federal employment (also called immediate benefits)

Annuity, Postponed:

Delaying your FERS annuity benefit to sometime in the future after meeting your Minimum Retirement Age, but before age 62

Annuity, Reduced:

A retiree's basic annuity that is reduced because of retirement before a certain age (for reasons other than disability). Annuities are also reduced because of unpaid deposits or redeposits, or to provide a survivor annuity (also called reduced benefits)

Annuity, Survivor:

The recurring monthly payments to a deceased employee's or retiree's survivor(s). May be paid to surviving spouses, certain former spouses and children (also called survivor benefits)

Average Indexed Monthly Earnings (AMIE):

The adjusted earnings determined under the Social Security Act formula used to determine Social Security benefits. It is based on an individual's lifetime earnings subject to the Social Security system

Basic Benefit Plan:

The first tier of FERS (Federal Employees Retirement System). This provides annuities and lump-sum payments based on years of service and pay

Basic Pay:

An employee's pay subject to retirement deductions under CSRS or FERS Basic Benefit Plan, generally excluding such compensation as bonuses, overtime pay, special allowances, etc...

COLA, CSRS:

CSRS cost-of-living adjustments (COLA's) provide an increase that is equal to the rate of inflation as measured by the Consumer Price Index (CPI). CSRS COLA's are provided to retirees at all ages

COLA, FERS:

FERS cost-of-living adjustments (COLA's) provide an increase that is equal to the rate of inflation as measured by the Consumer Price Index (CPI) when the inflation rate is 2% or less. When the inflation rate is between 2% and 3% the COLA will be 2%. When the inflation rate is 3% or more, FERS COLA's are 1% less than the rate of inflation. FERS COLA's under the Basic Benefit Plan are not provided until a retiree reaches the age 62, except for disability and survivor benefits

Common Stock Index Investment Fund (Fund C):

One of the three Thrift Savings Plan funds. This fund allows participants to invest in common stocks and is invested in a fund that tracks the Standard and Poor's 500 stock index

Consumer Price Index (CPI):

The measure of change in consumer prices as determined by a monthly survey of the US Bureau of Labor statistics. Among the CPI components are the costs of housing, food, transportation, and electricity. Both CSRS and FERS benefits are adjusted for changes in the rate of inflation as measured by the CPI (see COLA entries)

Cost-of-Living Adjustments (COLA):

An adjustment of annuity amount based on the rate of inflation as measured by the Consumer Price Index (CPI). It protects an annuity's buying power in times of inflation

CSRS:

The Civil Service Retirement System

CSRS Offset:

Generally, applies to an employee who was originally employed under CSRS, left the Federal service for more than a year, and returned after 1983 to be covered by both CSRS and Social Security

Deductions:

The amount withheld from the basic pay of an employee for the basic retirement benefit plan

Deposit:

A sum of money paid into CSRS or FERS by an employee (or survivor) to get credit for a period of Federal civilian service during which retirement deductions were not withheld from pay

Earnings Offset:

A reduction in an employee's Social Security payments or Special Retirement Supplement made when they continued to work after benefits begin and earns over an allowable amount (\$18,240.00 for 2020). For every \$2.00 earned over this amount, the employee will give up \$1.00 in benefits. This offset does not apply to special groups of employees until the Minimum Retirement Age is attained

FERS:

The Federal Employee's Retirement System

Federal Retirement Thrift Investment Board:

An independent Federal agency established to administer the Thrift Savings Plan

Fixed Income Investment Fund (Fund F):

One of the three Thrift Savings Plan investment funds. This fund allows participants to invest in fixed income obligations and is invested in fund designed to closely track the Lehman Brothers Aggregate Board Index

Government Pension Offset:

A part of the Social Security law that affects CSRS retirees who are also entitled to a Social Security spouse of survivor benefit. It is sometimes referred to as the "Public Pension Offset". The Social Security Benefit is reduced because the CSRS retiree is also receiving a pension from employment that was not covered by Social Security

Government Securities Investment Fund (Fund G):

One of the three Thrift Savings Plan investment funds. This fund consists exclusively of investments in short-term non-marketable US Treasury securities specially issued to the TSP

High-3 Average Pay:

The average of an employee's three highest consecutive years of basic pay earned during creditable service. Used in benefit computations under both FERS and CSRS

Market Rate of Interest:

The percentage of interest paid on certain FERS deposits and refunds: based upon the average interest earned by Civil Service Retirement and Disability Fund in the previous year

Maximum Taxable Wage Base:

The maximum amount of an employee's wages subject to Social Security taxes. In 2020 the maximum taxable wage base is \$137,700.00. An employee who pays no Social Security on any earnings above the base. However, the excess earnings are not used in calculating the Social Security Benefit, either. The maximum taxable wage base increases yearly based on the average increase in earnings on the American workforce as a whole

Minimum Retirement Age (MRA):

The earliest age at which a FERS employee may retire voluntarily or elect to receive benefits if separated from Federal service after at least ten years of service. The MRA varies according to the year in which the employee was born. For anyone born before 1948, the MRA is 55. It increases gradually to 57 for those born later. The benefits of an employee who has less than 30 years of services (or who is not age 60 with 20 years of service) are reduced if they elect to receive them at the MRA

Non-CSRS Offset Service:

Civilian service performed before the effective date of a transfer to FERS that was not subject to both CSRS and Social Security deductions. Non-CSRS Offset services includes non-deduction service performed before transferring to FERS. Service for which a deposit or redeposit has been made at the full CSRS rate and service for which deductions were taken at the full CSRS rate, whether refunded or not

OASDI or Social Security Tax:

The part of the Social Security tax that goes to the old-age, survivor, and disability insurance (OSADI) fund. Since 1990 the tax rate has been 6.2% up to the maximum taxable wage base. The total Social Security tax also includes 1.45% for Medicare

Offset Plan:

See CSRS Offset

OPM (US Office of Personnel Management):

The Federal government's central personnel agency. OPM administers the CSRS and the FERS Basic Benefit Plan

Primary Insurance Amount:

A workers basic Social Security benefit based on their adjusted career earnings (see Adjusted Career Earnings)

Quarters of Coverage (“Quarters”):

A measurement used to credit work covered by Social Security. In 2020, earnings totaling \$1,410.00 generally equal one quarter of coverage. No more than four quarters of coverage may be earned in any one calendar year. The term “credit” is also used to refer to quarters of coverage

Redeposit:

A sum of money paid into CSRS by an employee (or a survivor) to get credit for a period of Federal civilian service for which a refund of retirement contributions was received (not allowable under FERS)

Refund:

The amount of money a former Federal employee withdraws from their retirement account. Under FERS, refunds are paid with a market rate of interest

Retiree:

A former Federal employee who is receiving recurring CSRS or FERS payments based on their service

Retirement, Deferred:

Retirement under CSRS or FERS when the employee separates from service with at least 5 years of civilian service, but before meeting the requirements for an immediate annuity. A deferred retirement under CSRS begins on the employees 62nd birthday. Under FERS, the deferred retirement can begin as early as the employee’s MRA if the employee had at least 10 years of service

Retirement, Early, FERS:

Retirement with at least 10 years but less than 30 years of service after reaching the MRA and receiving a reduced annuity. Not available under CSRS. Also called “MRA+10” benefit

Retirement Fund:

The Civil Service Retirement and Disability Fund. This is the account that contains the employee and employer contributions to CSRS and FERS. It includes additional payments, as well, as is invested in Federal Government securities

Retirement, Unreduced:

Retirement under CSRS or FERS with full benefits after meeting appropriate age and length-of-serve requirements: 62 with 5 years, 60 with 20 years, 55 with 30 years under CSRS or the MRA with 30 years under FERS (also called unreduced benefit)

Retirement, Voluntary or Optional:

Retirement from Federal service under CSRS or FERS at the individual's option, with an immediate annuity at any time following completion of the appropriate age and length-of-service requirements

Service, Non-Deduction:

Periods of civilian service for which no retirement deductions were withheld from pay for retirement purposes

Social Security:

A social insurance program that covers most of the Nation's work force. It is often the basic retirement plan to which other benefits are added. It provides retirement, disability, survivor, and Medicare benefits (see Quarters of Coverage)

Social Security Credits:

When an employee works in a position and pays Social Security taxes, they earn Social Security credits. Minimum numbers of credits are required in order to qualify for numerous Social Security benefits (see Quarters of Coverage)

Special Retirement Supplement:

An annuity supplement provided to some FERS employees who retire before age 62, because Social Security benefits cannot start before then. The supplement approximates the portion of a full career Social Security coverage is earned while under FERS and ends at age 62 when Social Security benefits first become available. The supplement is subject to an earnings test

Substantial Social Security Coverage or Earnings:

Earnings above a certain amount the count toward reducing the effect of the Windfall Elimination Provision (WEP). The effect of the WEP starts to be reduced when 21 or more years of substantial Social Security coverage is earned. (In 2020, \$137,700.00 in earnings subject to Social Security considered to be "substantial". In contrast, the amount needed to earn four quarters of coverage for the year is \$6,640.00) (see Windfall Elimination Provision)

Survivor:

A person who is entitled to a benefit based on the service of a deceased employee of annuitant

Thrift Savings Plan (TSP):

A retirement and investment plan established by Congress in the Federal Employees' Retirement System Act of 1986 to provide eligible Federal employees savings and tax benefits like those offered by many private corporations. It is a defined contribution plan administered by the Federal Retirement Thrift Investment Board

Windfall Elimination Provision (WEP):

This provision of the Social Security law reduces Social Security benefits for employees who have less than 30 years of substantial coverage under Social Security and get a pension from employment not covered by Social Security (for example, a CSRS benefit)

