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INSIGHT

Federal Retirement Processing: Background and Recent Developments

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Retirement Services (RS) at the Office of Personnel Management (OPM) administers retirement benefits for civilian federal employees. In FY2026, an estimated 2,832,789 retiree and survivor annuitants will have received an estimated $114.8 billion in federal retirement benefits. Many in Congress have long expressed interest in OPM retirement processing, including the backlog of claims and delays experienced by former federal employees in receiving their full annuity payments. Previous congressional oversight focused on OPM's goal of modernizing retirement processing. On July 1, 2026, after decades of paper-based processing, OPM announced the "Last Day of Paper," "ending paper retirement processing for more than 95% percent of federal retirement applications and completing the agency's transition to a fully digital retirement process."

Overview of Federal Retirement Processing

OPM's RS processes benefits and makes payments to federal retirees after employees' federal agencies and payroll processors complete their employees' retirement packages. OPM's "Retirement Quick Guide" outlines the transfer of the claim from federal agencies to OPM, with the entire process estimated to take three to five months, including

- 30-45 days for federal agency and payroll processing,
- 10-15 days for OPM RS intake when a Retirement Claims number (CSA number) is assigned, and
- 10-90 days for OPM RS processing (i.e., reviewing and calculating benefits).

When OPM RS receives retirement claims, it generally provides interim annuity payments to former federal employees. OPM states that these interim annuity payments are typically 60%-80% of the estimated net annuity (further reduced by federal income tax withholding). Once finalized, OPM provides an adjustment payment that makes up the difference between the interim and full annuity amount. No interest is payable for any period of interim annuity payments or delayed payments of finalized annuity payments.

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OPM Retirement Processing Data

Table 1 provides monthly OPM retirement processing data for the period from October 2024 through August 2026 (encompassing all of FY2025 and the first 11 months of FY2026). Across FY2025, the monthly average processing time ranged from 45 days to 79 days. In FY2026, through August, the monthly average processing time has ranged from 60 days to a high of 109 days. In FY2025, the monthly backlog ranged from a low of 13,844 claims (November) to a high of 26,328 claims (June). In FY2026, through August, the monthly backlog has ranged from a low of 15,427 claims (August) to a high of 65,237 claims (February).

Data comparing digital claims processing and the digital claims backlog are available beginning FY2026. Since March 2026, more than half of the total monthly claims received have been digital claims. The average monthly processing time for digital claims ranged from a low of 34 days (February) to a high of 98 days (July).

Table 1. Monthly OPM Retirement Processing Data

FY2025-FY2026 (August)

Fiscal Year	Month	Digital Claims Received	Total Claims Received	Average Digital Claims Processing Time (in Days)	Total Average Claims Processing Time (in Days)	Digital Backlog[a]	Total Backlog[a]
FY2025	October	—	6,827	—	62	—	14,908
FY2025	November	—	6,808	—	55	—	13,844
FY2025	December	—	5,020	—	57	—	13,876
FY2025	January	—	16,101	—	64	—	23,277
FY2025	February	—	9,637	—	50	—	20,550
FY2025	March	—	7,803	—	49	—	16,794
FY2025	April	—	8,332	—	49	—	16,173
FY2025	May	—	15,048	—	45	—	21.483
FY2025	June	—	13,430	—	59	—	26,328
FY2025	July	—	8,295	—	70	—	26,138
FY2025	August	—	9,416	—	76	—	24,359
FY2025	September	—	7,985	—	79	—	23,552
FY2026	October	6,176	20,344	45	79	10,252	34,587
FY2026	November	7,833	23,393	38	66	13,835	48,396
FY2026	December	6,055	13,174	40	67	15,295	50,566
FY2026	January	9,394	18,923	48	77	19,618	54,018
FY2026	February	15,494	31,240	34	71	27,582	65,237
FY2026	March	8,830	13,759	39	60	24,688	55,681
FY2026	April	8,743	11,940	50	78	26,843	49,888
FY2026	May	8,288	11,286	66	87	25,042	38,547
FY2026	June	6,852	8,663	96	108	26,329	33,851

Fiscal Year	Month	Digital Claims Received	Total Claims Received	Average Digital Claims Processing Time (in Days)	Total Average Claims Processing Time (in Days)	Digital Backlog[a]	Total Backlog[a]
FY2026	July	8,400	10,538	98	109	19,888	24,784
FY2026	August	6,078	7,618	70	79	11,707	15,427

Source: CRS compiled from OPM data (https://www.opm.gov/retirement-center/retirement-statistics/retirement-processing-status.pdf and https://web.archive.org/web/20251111015200/https://www.opm.gov/retirement-center/retirement-statistics/retirement-processing-status.pdf).

a. Claims processing times are monthly averages. Total average claims processing times average both digital and paper processing times beginning October 2025.The term "backlog" refers to the column in the OPM data labeled as "inventory." OPM retirement processing data for FY2025 and prior years also labeled the "inventory" column with the following phrase: "Steady state goal is 13,000."

Factors Contributing to Retirement Processing Backlog

Prior GAO research identified three root causes contributing to delays in OPM retirement processing: paper-based processing, insufficient staffing, and federal agency errors. Retirement processing continues to be influenced by these factors.

Paper-Based Processing

The historic use of paper-based processing created delays to federal retirement processing. OPM began working unsuccessfully on technology-based solutions to modernize retirement processing in the late 1980s. More recently, in testimony at the March 2023 House Committee on Oversight and Accountability hearing, former OPM Director Kiran Ahuja discussed the "piloting [of] an Online Retirement Application [ORA], a customer-facing portal that allows retirees to submit their retirement applications online." On October 3, 2025, current OPM Director Scott Kupor introduced the availability of the current ORA and announced July 1, 2026, as the "Last Day of Paper" for federal retirement processing.

In March 2026 testimony to the House Appropriations Committee, Director Kupor noted that OPM was "already seeing more than 50% reductions in adjudication times compared to mail-based retirements." Publicly available OPM data do not yet demonstrate this magnitude of improved processing. It may be too soon to draw conclusions about the impact of digital submissions.

Insufficient Staffing

GAO has also reported that insufficient OPM RS staffing, particularly during seasonal peaks of claims submission, contributes to delays in retirement processing. OPM has previously used overtime pay or taken additional actions to increase staffing. In a November 2025 report, however, the OPM Office of Inspector General (OIG) raised concerns about the loss of 100 RS staff through workforce downsizing actions. GAO reports that OPM RS staff decreased 16% (165 fewer full-time employees) from FY2024 to FY2026.

Federal Agency Errors

OPM continues to address federal agency errors in retirement claims submitted to OPM; specifically, incomplete applications. GAO previously found that about 10% of retirement applications were missing information, such as a form or a signature. OPM has periodically published monthly data on retirement application accuracy by federal agency to identify the breadth of this issue. OPM provides training and resources to agencies to address these errors. For example, OPM's May 2025 transmittal specifies training is required for federal agencies to implement ORA.

Recent workforce downsizing actions such as the use of the deferred resignation program (DRP) and Voluntary Early Retirement Authority (VERA) affected staffing levels in Human Resources (HR) departments across federal agencies. For example, some Members of Congress have raised concerns about retirement processing at specific agencies, including the role of DRP. The 43-day lapse in federal appropriations that occurred from October 1, 2025 to November 12, 2025, may have furloughed HR staff, which then delayed transmission of retirement applications to OPM.

Author Information

Katelin P. Isaacs
Specialist in Income Security

Tamar B. Breslauer
Senior Research Librarian

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