

Phased Retirement: In Brief

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Summary

Phased retirement allows eligible, full-time employees covered by the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS) to move to a part-time work schedule while simultaneously receiving partial retirement benefits. Employees participating in phased retirement, with the exception of U.S. Postal Service employees, must spend at least 20% of their work hours engaged in mentoring activities. Phased retirement is not an entitlement; it requires mutual agreement between the employee and the employee's agency. Specifically, eligible federal employees must apply and receive approval from their employing agencies to enter phased retirement. Not all federal agencies currently offer phased retirement to their employees.

Section 100121 of P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21, enacted July 6, 2012) created this phased retirement option for certain federal employees. Under the implementing regulations issued by the Office of Personnel Management (OPM) on August 8, 2014, phased retirement is currently structured as a 50% work schedule, with the participating employee receiving 50% of his or her federal salary and about 50% of his or her federal pension benefit (also referred to as an *annuity*). Since November 6, 2014, employing federal agencies have been authorized to accept applications from employees for phased retirement. As of this report date, however, a limited number of federal agencies have offered phased retirement to eligible employees. According to unpublished OPM data, a total of 1,533 federal employees entered phased retirement status between November 6, 2014, and October 13, 2026.

This report provides

- background on dual compensation (i.e., concurrent receipt of both a federal salary and a federal pension);
- an overview of the phased retirement authority under P.L. 112-141;
- a summary of eligibility requirements for employee participation in phased retirement;
- an explanation of the consequences of phased retirement status for employee benefits; and
- agency-specific data from OPM on the number of phased retirements through October 13, 2026.

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Introduction

Section 100121 of P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21, enacted July 6, 2012) provides the authority for a new phased retirement option for certain employees covered by the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS), the retirement plans that cover most of the civilian federal workforce.[1]

Under phased retirement, with the mutual agreement of employee and agency, an eligible federal employee may work a reduced-hour schedule and simultaneously receive a prorated federal retirement benefit (or *annuity*) under CSRS or FERS. For eligible federal employees, phased retirement is a voluntary option that requires approval from their employing federal agencies. Employees participating in phased retirement generally must also engage in mentoring activities (except for U.S. Postal Service employees). According to the Office of Personnel Management (OPM), which administers phased retirement, "The main purpose of phased retirement is to enhance the mentoring and training of the employees who will be filling the positions or taking on the duties of more experienced retiring employees."[2]

Background

Phased retirement allows certain federal employees who are otherwise eligible for retirement under CSRS or FERS to work a reduced schedule while receiving a reduced salary as well as a prorated percentage of their retirement benefits. Before P.L. 112-141, federal law generally prohibited the concurrent receipt of a federal salary and a federal pension (i.e., *dual compensation*).

Prior to the enactment of phased retirement, the situation of dual compensation arose in the context of current federal retirees who returned to work in federal service (i.e., *reemployed annuitants*). Since 1990, Congress has provided authority for specific waivers to the reduction in pay that is generally required for dual compensation in certain circumstances. These waivers accomplish several policy goals, including hiring for highly skilled or difficult-to-fill positions.

Dual Compensation

Individuals receiving retirement benefits under CSRS or FERS may be reemployed by the federal government in some situations. Under current law, these individuals may not simultaneously collect a federal civil service retirement benefit and a salary for current employment with the federal government in most circumstances.[3] Reemployed annuitants generally have their federal

[1] The Civil Service Retirement System (CSRS) covers most civilian federal employees who entered federal service prior to 1984. The Federal Employees' Retirement System (FERS) covers most civilian federal employees who entered federal service in 1984 and later. For more information on CSRS and FERS, see CRS Report R47084, *Federal Retirement Plans: Frequently Asked Questions*.

[2] Office of Personnel Management (OPM), *Phased Retirement Employee Frequently Asked Questions*, Benefits Administration Letter Number 14-108, Washington, DC, August 8, 2014, p. 1, http://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/2014/14-108.pdf.

[3] See 5 U.S.C. §8344 (CSRS) and 5 U.S.C. §8468 (FERS).

salaries reduced by the amount of their CSRS or FERS retirement benefits while they are reemployed.[4]

Dual Compensation Waivers

Before 1990, there were no exceptions to the prohibition on concurrent receipt of a federal salary and a federal retirement annuity. Since 1990, several types of waiver authority have been provided to allow certain reemployed annuitants to receive their full salaries and full CSRS or FERS retirement benefits. Two of these waivers remain authorized under current law, whereas another waiver was authorized temporarily and, after being extended twice, expired after December 2024.

First, the Federal Employees Pay Comparability Act of 1990 (P.L. 101-509) delegated authority to the Director of OPM to waive the prohibition on dual compensation in certain exceptional circumstances and allow a reemployed annuitant to receive both a federal salary and a federal retirement annuity concurrently.[5] Under the 1990 law, the head of an executive branch agency may request that OPM temporarily waive the prohibition on dual compensation on a case-by-case basis for employees in positions for which there is exceptional difficulty in recruiting or retaining qualified employees. If a federal annuitant is reemployed under a waiver that allows concurrent receipt of a federal annuity and a federal salary, he or she accrues no new retirement benefits under CSRS or FERS.

Second, the National Defense Authorization Act for Fiscal Year 2004 (P.L. 108-136) delegated to the Secretary of Defense authority to hire federal annuitants without reducing their salaries by the amount of their annuities.[6] The approval of the Director of OPM is not required. Under this law, a federal annuitant hired by the Department of Defense is entitled to receive both a federal annuity and the full salary for the position into which he or she is hired. The reemployed annuitant does not accrue additional CSRS or FERS retirement benefits during the period of reemployment.

Finally, there was a now-expired, part-time waiver authority originally enacted under the National Defense Authorization Act for Fiscal Year 2010 (P.L. 111-84), which allowed the head of a federal agency to appoint an individual who was receiving an annuity under CSRS or FERS to a temporary, part-time position in civilian federal employment without the offset to salary otherwise required by law. Prior to expiration, employment under this authority was limited to

- 520 hours of service performed in the 6 months after the date on which the annuity begins;
- 1,040 hours of service performed in any 12-month period; and
- 3,120 hours of service performed over the individual's lifetime.

The total number of individuals appointed by the head of an agency under this authority could not have exceeded 2.5% of the total number of full-time employees of the agency. If the total number of appointments exceeded 1% of the number of an agency's full-time employees, the agency was required to submit to Congress a report explaining why the number of appointments exceeds this threshold. The waiver authority granted under P.L. 111-84 was originally scheduled to expire on

[4] For additional information on federal pay and benefits for reemployed annuitants, see OPM's online resource for "Reemployment in Federal Service," available at https://www.opm.gov/retirement-center/my-annuity-and-benefits/life-events/#url=br-Reemployment (accessed November 4, 2026).

[5] See 5 U.S.C. §8344(i) (CSRS) and 5 U.S.C. §8468(f) (FERS).

[6] See 5 U.S.C. §9902(g).

October 27, 2014. This part-time waiver was extended twice under P.L. 113-291 (through December 31, 2019) and P.L. 116-92 (through December 31, 2024) but is currently expired.

Except for cases in which a dual compensation waiver has been granted, a reemployed annuitant's retirement annuity continues during the period of reemployment, and his or her pay is reduced by the amount of the annuity. Reemployed annuitants earn additional retirement benefits while reemployed, unless hired under a waiver granting simultaneous receipt of salary and pension. If the period of reemployment lasts one year or more, the individual is eligible for a supplemental annuity when he or she retires. If the period of reemployment lasts five years or more, the individual can elect a redetermined annuity.

Phased Retirement Authority

Section 100121 of P.L. 112-141 created a phased retirement authority under 5 U.S.C. §8336a (CSRS) and 5 U.S.C. §8412a (FERS). Phased retirement allows approved retirement-eligible federal employees covered by CSRS or FERS to work a reduced schedule while receiving a reduced salary as well as a reduced percentage of their CSRS or FERS retirement benefits. Phased retirees, except for phased retirees employed at the U.S. Postal Service, are subject to a requirement that they spend at least 20% of their reduced work hours engaged in mentoring activities.

Unlike existing waivers for dual compensation in the situation of reemployed annuitants, phased retirement is designed as a human resources instrument to allow eligible employees to reduce their work hours before they separate from federal service and make up for the reduced salary through receipt of prorated retirement benefits. Phased retirement also provides agencies with another tool to transfer knowledge to newer employees through mentoring.

As explained in OPM's final rule for phased retirement, published on August 8, 2014:[7]

> Phased retirement is designed to assist agencies with knowledge management and continuity of operations in the short term.... Phased retirement is simply another tool to enable agencies to manage their workforce, promote best practices, and encourage experienced employees to spend some time mentoring the next generation of experts.[8]

Reduced Work Schedule for Phased Retirement

The statutory language for the phased retirement authority sets out a 50% reduced work schedule for participants.[9] Therefore, if an individual's full-time schedule is generally 40 hours per week and 80 hours per pay period, then the reduced work schedule under phased retirement would be generally 20 hours per week and 40 hours per pay period. As a result of the 50% reduced work schedule, individuals receive 50% of their previous salaries when they enter phased retirement.

The authorizing law also provides OPM with the authority to offer additional working percentage options for phased retirees of anywhere between 20% and 80%.[10] Under current regulation, however, only the 50% reduced work schedule is currently available to phased retirees.[11] OPM justifies the present, limited structure of phased retirement work schedules as a consequence of

[7] OPM, "Phased Retirement," 79 *Federal Register* 46607-46638, August 8, 2014.

[8] Ibid., 46608.

[9] 5 U.S.C. §8336a(b)(2)(A) for CSRS; 5 U.S.C. §8412a(b)(2)(A) for FERS.

[10] 5 U.S.C. §8336a(b)(2)(B) for CSRS; 5 U.S.C. §8412a(b)(2)(B) for FERS.

[11] 5 CFR §831.1712 for CSRS; 5 CFR §848.202 for FERS.

the complexity of implementing this new human resources option.[12] While an employee is in phased retirement, the reduced work schedule may not be changed.[13]

Other Restrictions Related to Phased Retirement

Retirement-eligible employees may not make more than one phased retirement election during their lifetimes.[14] Phased retirees may not be employed in more than one position at a time;[15] although they may transfer positions within or across agencies only if the transfer does not result in a change in the reduced work hours.[16]

Phased retirement may be either open-ended in status or subject to a time limit that is mutually agreed upon by the employing agency and the eligible employee. Agencies have discretion with regard to whether to establish time limits for phased retirement.[17]

Phased retirees may submit an application for full retirement at any time.[18] Phased retirees may also request to return to regular employment, which their employing agency must approve. (If the agency does not approve this request, the employee may continue as a phased retiree or enter full retirement.)[19]

Agency Approval for Phased Retirement

Entry into phased retirement is voluntary for an eligible employee. Phased retirement is not an entitlement; it requires the mutual agreement of the eligible employee and the employee's agency.[20] Federal agencies have the discretion to determine whether to implement phased retirement. Under the implementing regulations, agencies could begin accepting applications from employees for phased retirement beginning November 6, 2014.

Eligible employees must secure written approval from the employing agency to enter into phased retirement.[21] Agencies must have written criteria in place that will be used to approve or deny applications for phased retirement.[22] OPM has stated that agencies' written criteria may include, but should not be limited to, the following:

- "Criteria that will be considered when approving requests;

[12] According to OPM, "implementation of phased retirement requires a complex realignment of end-of-career planning for both individuals and agencies. Multiple administrative and technical processes either have to be established or adjusted to accommodate phased retirement. Furthermore, OPM has determined that the working percentage should remain at 50 percent, at least during the beginning of the program, to allow time to assess the impact of phased retirement processing on regular retirement processing." (OPM, "Phased Retirement," 79 *Federal Register* 46612, August 8, 2014.)

[13] 5 U.S.C. §8336a(b)(2)(C) for CSRS; 5 U.S.C. §8412a(b)(2)(C) for FERS.

[14] 5 U.S.C. §8336a(b)(4) for CSRS; 5 U.S.C. §8412a(b)(4) for FERS.

[15] 5 U.S.C. §8336a(b)(3)(A) for CSRS; 5 U.S.C. §8412a(b)(3)(A) for FERS.

[16] 5 U.S.C. §8336a(e) for CSRS; 5 U.S.C. §8412a(e) for FERS.

[17] OPM, "Phased Retirement," 79 *Federal Register* 46614, August 8, 2014. 5 CFR §831.1713(d) for CSRS; 5 CFR §848.203(d) for FERS.

[18] 5 U.S.C. §8336a(b)(3)(B) and 5 CFR §831.1731 for CSRS; 5 U.S.C. §8412a(b)(3)(B) and 5 CFR §848.401 for FERS.

[19] 5 CFR §831.1721 for CSRS; 5 CFR §848.301 for FERS.

[20] 5 U.S.C. §8336a(b)(1) for CSRS; 5 U.S.C. §8412a(b)(1) for FERS.

[21] 5 CFR §831.1713 for CSRS; 5 CFR §848.203 for FERS.

[22] 5 CFR §831.1713(e) for CSRS; 5 CFR §848.203(e) for FERS.

- Designation of officials with authority to approve requests;
- Use of time limits as a condition of approval of requests;
- Positions or geographic locations that may be included or excluded; and
- Process for handling multiple requests when the agency is unable to approve all requests received."[23]

Although agencies have discretion over whether to implement phased retirement and how to structure the written criteria for approval of phased retirement applications, some aspects of the implementation of phased retirement may be subject to collective bargaining arrangements at agencies.[24]

Eligibility Requirements for Phased Retirement

Not all current federal employees may be eligible to apply for phased retirement. Federal law and regulation set out several types of requirements for participation in phased retirement related to employment status, retirement eligibility, and mentoring.

Employment Requirement

Only employees covered by CSRS or FERS are eligible for phased retirement.[25] To be eligible for phased retirement, an individual must have been employed on a full-time basis for at least the three-year period prior to entering phased retirement.[26]

Excluded Categories of Federal Employees

Phased retirement is not available to certain categories of federal employees. In general, these categories of employees are either subject to a mandatory retirement age (e.g., federal law enforcement personnel)[27] or statutorily prohibited from the reduced work schedule.

The categories of federal employees excluded from phased retirement include[28]

- federal law enforcement officers and related positions;[29]

[23] OPM, *Employment as a Phased Retiree (Guidance)*, Washington, DC, August 2014, p. 3, https://www.opm.gov/chcoc/transmittals/2014/attachments/Employment-as-a-Phased-Retiree-Q-and-A_0.pdf.

[24] According to guidance from OPM: "Yes, the implementing statute provides agencies with discretion as to whether the agency will implement phased retirement. However, agencies' decisions related to the implementation of phased retirement are subject to collective bargaining requirements. Some matters relating to the implementation of phased retirement, which may be subject to collective bargaining, include procedures and arrangements for adversely affected employees" (OPM, *Employment as a Phased Retiree*, p. 4.)

[25] Although most civilian federal employees are covered by CSRS or FERS, a number of smaller pension plans cover specific populations of federal employees, such as the Foreign Service Retirement and Disability System (FSRDS) and the Foreign Service Pension System (FSPS), which cover foreign service officers. For additional information about other federal retirement plans, see CRS Report R47084, *Federal Retirement Plans: Frequently Asked Questions*.

[26] 5 U.S.C. §8336a(b)(1) for CSRS; 5 U.S.C. §8412a(b)(1) for FERS.

[27] For definitions of federal law enforcement personnel for the purposes of federal retirement and an explanation of the mandatory retirement age for these employees, see CRS Report R42631, *Retirement Benefits for Federal Law Enforcement Personnel*.

[28] 5 U.S.C. §8336a(a)(9)(B) and 5 CFR §831.1711(c) for CSRS; 5 U.S.C. §8412a(a)(9)(B) and 5 CFR §848.201(c) for FERS.

[29] U.S. Customs and Border Patrol Officers employed before July 2008, who are exempt from a mandatory retirement age, are not excluded from phased retirement.

- federal firefighters;
- air traffic controllers;
- nuclear waste handlers; and
- employees not authorized to work a part-time schedule.[30]

Retirement Eligibility Requirement

Phased retirement is an option for individuals at the end of their careers who are transitioning into retirement. Therefore, individuals must meet certain age and service requirements related to retirement to be eligible for phased retirement. These retirement eligibility requirements differ between CSRS and FERS employees.

To qualify for phased retirement, CSRS employees must

- have completed at least 30 years of service and be at least 55 years old; or
- have completed at least 20 years of service and be at least 60 years old.[31]

To qualify for phased retirement, FERS employees must

- have completed at least 30 years of service and be at least the minimum retirement age, which is between the ages of 55 years and 57 years (depending on an individual's date of birth); or
- have completed at least 20 years of service and be at least 60 years old.[32]

Mentoring Requirement

The phased retirement authority includes a requirement that at least 20% of hours worked by a phased retiree must be spent on mentoring, as defined by the employing agency.[33] U.S. Postal Service employees are exempt from this requirement.[34] Federal regulation specifies only that, "mentoring need not be limited to mentoring of any employee who is expected to assume the phased retiree's duties when the phased retiree fully retires."[35] Agencies may waive the mentoring requirement for phased retirement "in the event of an emergency or other unusual circumstances (including active duty in the military forces), that, in the authorized agency official's discretion, would make it impracticable for a phased retiree to fulfill the mentoring requirement."[36]

[30] 5 CFR §831.1711(c)(3) for CSRS; 5 CFR §848.201(c)(3) for FERS. Examples of this category provided in regulation include a firefighter covered by 5 U.S.C. §5545b or a nurse covered by 38 U.S.C. §7456 or §7456A.

[31] 5 U.S.C. §8336a(a)(9)(A) and 5 CFR §831.1711(b).

[32] 5 U.S.C. §8412a(a)(9)(A) and 5 CFR §848.201(b).

[33] 5 U.S.C. 8336a(b)(2)(D)(i) and 5 CFR §831.1781(a) for CSRS; 5 U.S.C. §8412a(b)(2)(D)(i) and 5 CFR §848.901(a) for FERS.

[34] 5 U.S.C. 8336a(b)(2)(D)(iii) and 5 CFR §831.1781(a) for CSRS; 5 U.S.C. §8412a(b)(2)(D)(iii) and 5 CFR §848.901(a) for FERS.

[35] 5 CFR §831.1781(a) for CSRS; 5 CFR §848.901(a) for FERS.

[36] 5 CFR §831.1781(b) for CSRS; 5 CFR §848.901(b) for FERS.

Consequences of Phased Retirement for Federal Employee Benefits

Currently, phased retirees are authorized to work 50% of their previous work schedules and receive 50% of their previous federal salaries. In general, a phased retiree is classified as a part-time employee. For the purposes of employee benefits, phased retirees are considered to be working in their previous positions with reduced work schedules. In some circumstances, this reduced work schedule means that phased retirees receive the same employee benefits as they did previously in a full-time position. In other circumstances, the employee benefits of phased retirees are either different or prorated based on their reduced work schedules.

Retirement Annuities Under CSRS and FERS

While in phased retirement status, individuals receive a phased retirement annuity, which is calculated based on their previous CSRS or FERS service. When phased retirees enter full retirement status, their benefits are recalculated as a composite annuity that incorporates their service while in phased retirement status.

Phased Retirement Annuity

The phased retirement annuity that an individual receives while in phased retirement status is calculated by multiplying[37]

- the amount of the CSRS or FERS annuity to which that individual would have been entitled at the time of entrance into phased retirement if he or she had entered full retirement based on years of service to date, expressed using the formula
  (high-three pay[38] × benefit accrual rate × years of service);[39] and
- 50% (i.e., 100% minus the reduced work schedule percentage [50%], which equals 50%).

For example, the phased retirement annuity of an individual covered by FERS with 20 years of service and a high-three pay measure of $113,000[40] who enters phased retirement at the age of 62 would be calculated as

$$(\$113{,}000 \times 0.011^{41} \times 20) \times 0.50 = \$12{,}430 \text{ per year}$$

[37] 5 U.S.C. §8336a(c)(1) for CSRS; 5 U.S.C. §8412a(c)(1) for FERS.

[38] The "high-three pay measure" used in the calculation of CSRS and FERS benefits is the average of the highest three consecutive years of basic pay.

[39] For information on the calculation of CSRS and FERS benefits, see CRS Report R47084, *Federal Retirement Plans: Frequently Asked Questions*. Unused sick leave may not be included in the phased retirement calculation (5 U.S.C. §8336a(c)(8) for CSRS; 5 U.S.C. §8412a(c)(7) for FERS).

[40] As of September 2026, the average annual salary of all federal employees in pay status was $112,794. (OPM, *Federal Workforce Data: Compensation, Performance, and Leave*, https://data.opm.gov/explore-data/analytics/compensation-performance-leave, accessed November 4, 2026.)

[41] For FERS employees who have at least 20 years of service and work until the age of 62, the benefit accrual rate is 1.1% for each year of service.

This phased retirement annuity would be paid in addition to a reduced work schedule salary of $56,500 ($113,000 × 0.50),[42] for combined compensation of $68,930 ($12,430 + $56,500). Additionally, phased retirement annuities are adjusted for inflation;[43] they receive automatic cost-of-living adjustments (COLAs) in the same manner as other CSRS or FERS annuities.[44]

To receive credit for military service under CSRS or FERS, any deposits must be made by the eligible individual prior to entering phased retirement status.[45] Finally, phased retirement annuities are not subject to any reduction for the provision of survivor annuities and cannot be the basis for any survivor annuity payments.[46]

Composite Annuity

When phased retirees enter full retirement, their CSRS or FERS annuities are recalculated as a composite annuity. This composite annuity is calculated by adding[47]

- the amount of the phased retirement annuity at the time of full retirement, including any COLAs; and
- the product of
  1. the amount of the CSRS or FERS annuity to which an individual would have been entitled to if he or she had worked as a full-time employee until the date of full retirement, expressed using the formula (high-three pay × benefit accrual rate × years of service);[48] and
  2. 50% (i.e., 100% minus the reduced work schedule percentage [50%]).

The composite annuity calculation includes the crediting of any unused sick leave as well as any reductions for the provision of a CSRS or FERS survivor annuity.[49]

For example, the composite annuity of an individual covered by FERS with 20 years of service and a high-three pay measure of $113,000[50] who entered phased retirement at the age of 62 and was a phased retiree for 1 year with no salary increases, with a COLA to his or her phased retirement annuity of 2%,[51] with the equivalent of 1 year of unused sick leave, and without a survivor annuity reduction would be calculated as

$$([(\$113{,}000 \times 0.011 \times 20) \times 0.50] \times 1.02) +$$

[42] 5 U.S.C. §8336a(c)(2) for CSRS; 5 U.S.C. §8412a(c)(2) for FERS.

[43] 5 U.S.C. §8336a(c)(3) for CSRS; 5 U.S.C. §8412a(c)(3) for FERS.

[44] For more information on COLAs for CSRS and FERS benefits, see CRS Report 94-834, *Cost-of-Living Adjustments for Federal Civil Service Annuities*.

[45] 5 U.S.C. §8336a(c)(6) for CSRS; 5 U.S.C. §8412a(c)(5) for FERS. For more information on making a military service deposit under CSRS and FERS, see CRS Report R40428, *Credit for Military Service Under Civilian Federal Employee Retirement Systems*.

[46] For more information on survivor benefits under CSRS and FERS, see CRS Report RS21029, *Survivor Benefits for Families of Civilian Federal Employees and Retirees*.

[47] 5 U.S.C. §8336a(f) for CSRS; 5 U.S.C. §8412a(f) for FERS.

[48] This part of the composite annuity calculation includes unused sick leave.

[49] See footnote 46.

[50] See footnote 40.

[51] For information on historical FERS COLAs, see Table 1 in CRS Report 94-834, *Cost-of-Living Adjustments for Federal Civil Service Annuities*.

([$113,000 × 0.011 × 22] × 0.50) = $26,351.60 per year[52]

Other CSRS and FERS Issues

While in phased retirement status, individuals make the required CSRS or FERS employee contributions based on part-time salary.[53]

No FERS annuity supplement is payable to phased retirees.[54] In some circumstances, the FERS annuity supplement may be paid after a phased retiree fully retires and begins receiving a composite annuity.

Thrift Savings Plan[55]

Phased retirees continue to be eligible to participate in the Thrift Savings Plan (TSP), a defined contribution (DC) retirement plan similar to the 401(k) plans provided by many private-sector employers.[56] They are eligible to make employee contributions and subject to the same restrictions regarding loans and withdrawals as other employees. Phased retirees are not considered retirees for the purposes of making withdrawals from their TSP accounts.

All types of TSP contributions—including employee contributions, agency automatic contributions (for FERS phased retirees) and agency matching contributions (for FERS phased retirees)—for phased retirees will be based on pay and not on any portion of the phased retirement annuity payment.

Federal Employees Health Benefits Program[57]

Phased retirees are considered to be working full time for the purposes of the Federal Employees Health Benefit Program (FEHBP). Consequently, FEHBP coverage continues into phased retirement status.[58]

FEHBP premiums also remain the same in phased retirement, as they continue to be based on full-time employment.[59] Employees and employing agencies pay the same amount as they did prior to phased retirement status.

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[52] See footnote 41.

[53] OPM, "Phased Retirement," 79 *Federal Register* 46614, August 8, 2014. For more information on CSRS and FERS employee contributions, see CRS Report R47084, *Federal Retirement Plans: Frequently Asked Questions*.

[54] 5 U.S.C. §8412a(j). The FERS annuity supplement is paid to workers who retire at the age of 55 or older with at least 30 years of service or at the age of 60 with at least 20 years of service. It is also paid to law enforcement officers, firefighters, and air traffic controllers who retire at the age of 50 or older with 20 or more years of service. The supplement is equal to the estimated Social Security benefit that the individual earned while employed by the federal government. It is paid only until the age of 62, regardless of whether the retiree chooses to apply for Social Security retired worker benefits at the age of 62.

[55] For additional information on TSP participation for phased retirees, see Federal Retirement Thrift Investment Board, *Phased Retirement and the TSP*, TSP Bulletin for Agency TSP Representatives, Bulletin 14-5, Washington, DC, August 12, 2014, https://www.tsp.gov/bulletins/14-5/.

[56] In DC plans, participants have individual accounts that can provide a source of income in retirement.

[57] For more information the Federal Employees Health Benefits Program, see CRS Report R43922, *Federal Employees Health Benefits (FEHB) Program: An Overview*.

[58] OPM, *Phased Retirement and Federal Employees Health Benefits (FEHB) Program Guidelines*, Benefits Administration Letter Number 14-209, Washington, DC, October 7, 2014.

[59] 5 CFR §831.1715(a)(1) for CSRS; 5 CFR §848.205(a)(1) for FERS.

Additionally, federal service during phased retirement is creditable toward the five years of service required to continue FEHBP as an annuitant.[60]

Federal Employees' Group Life Insurance[61]

For the purposes of coverage under the Federal Employees' Group Life Insurance (FEGLI), phased retirees are also considered to be working full time. FEGLI premiums continue to be based on full-time employment for phased retirees.[62] Additionally, phased retirees receive FEGLI benefit coverage amounts as if they were full-time employees.[63]

Annual Leave and Sick Leave[64]

Phased retirees accrue leave in the same way as part-time employees; both annual leave and sick leave accrual are prorated during phased retirement.[65] Because they are required to have more than 15 years of service, phased retirees will accrue 1 hour of annual leave for every 10 hours in pay status and 1 hour of sick leave for every 20 hours in pay status. Working a 50% reduced work schedule, a phased retiree who works 40 hours per pay period would accrue 4 hours of annual leave and 2 hours of sick leave per pay period.[66]

A phased retiree does not receive a lump-sum payment for annual leave when entering phased retirement.[67] Instead, this lump-sum payment is made in full when the phased retiree moves into full retirement status. Consequently, an employee's annual leave balance is maintained upon entering phased retirement status.

Unused sick leave is not included in the computation of the phased retirement annuity.[68] Therefore, the balance of an individual's sick leave is maintained upon entering phased retirement status. Sick leave accrued before and during phased retirement is then included in part of the composite annuity calculation when phased retirees enter full retirement status.

Data on Use of Phased Retirement

Although phased retirement has been available as a human resources tool since November 6, 2014, participation by both federal agencies and eligible federal employees has been limited thus far. **Table 1** provides unpublished data from OPM on the cumulative number of phased

[60] OPM, "Phased Retirement," 79 *Federal Register* 46615, August 8, 2014.

[61] For more information on the Federal Employees' Group Life Insurance, see OPM's online resource for "Life Insurance," available at http://www.opm.gov/healthcare-insurance/life-insurance (accessed November 4, 2026).

[62] Office of Personnel Management, *Phased Retirement and Federal Employees' Group Life Insurance (FEGLI) Program Guidelines*, Benefits Administration Letter Number 14-208, Washington, DC, October 7, 2014.

[63] 5 C.F.R. §831.1715(a)(2) for CSRS; 5 C.F.R. §848.205(a)(2) for FERS.

[64] For more information on annual leave and sick leave for federal employees, see OPM's online resource for "Pay & Leave," available at http://www.opm.gov/policy-data-oversight/pay-leave/leave-administration (accessed November 4, 2026).

[65] 5 C.F.R. §831.1715(a)(2) for CSRS; 5 CFR §848.205(a)(2) for FERS.

[66] Office of Personnel Management, *Employment as a Phased Retiree (Guidance)*, Washington, DC, August 2014, p. 14, https://www.opm.gov/chcoc/transmittals/2014/attachments/Employment-as-a-Phased-Retiree-Q-and-A_0.pdf.

[67] "OPM does not have the statutory authority to permit the liquidation of annual leave upon an employee's election of phased retirement." (Office of Personnel Management, "Phased Retirement," 79 *Federal Register* 46614, August 8, 2014.)

[68] 5 U.S.C. §8336a(c)(8) for CSRS; 5 U.S.C. §8412a(c)(7) for FERS.

retirements by agency,[69] including both initial phased retirements and composite phased retirements (the latter indicating that the employee completed the period of phased retirement and moved into full retirement from federal service). Over the almost 12-year period (November 6, 2014-October 13, 2026), there were 1,533 federal employees who participated in phased retirement and 1,375 federal employees who had entered composite retirement. Therefore, on October 13, 2026, there were 158 federal employees (1,533-1,375) participating in phased retirement. Only six federal agencies have cumulatively had more than 100 employees participating in phased retirement: the Department of Agriculture, Department of Commerce, Department of the Interior, Department of the Treasury, the Environmental Protection Board, and the National Aeronautics and Space Administration (NASA). NASA is the federal agency with the most phased retirement participants (222) over this time period.

Table 1. Number of Phased Retirements, by Federal Agency

November 6, 2014-October 13, 2026 (cumulative)

Agency	Number of Initial Phased Retirements	Number of Composite Phased Retirements
Library of Congress	56	51
Congressional Commissions	1	None reported
Judiciary	27	26
Department of Agriculture	117	105
Department of Commerce	152	132
Department of the Interior	151	129
Department of Justice	58	51
Department of Labor	1	1
Department of the Navy	29	25
Department of the Treasury	103	100
Department of the Army	1	None reported
Office of Personnel Management	2	2
Federal Communications Commission	6	5
Federal Trade Commission	17	17
Nuclear Regulatory Commission	37	25
Smithsonian Institution	55	49
Department of Veterans Affairs	70	62
Regional Commissions	1	1
General Services Administration	9	9
National Science Foundation	13	11
Department of the Air Force	58	49
National Labor Relations Board	3	3

[69] In these OPM data, the categories of "agency" are from data labels used by OPM and may not correspond to other definitions of "federal agency" used for other purposes.

Environmental Protection Board	182	175
Department of Transportation	5	4
Small Business Administration	1	1
National Aeronautics and Space Administration	222	201
Department of Housing and Urban Development	30	27
National Archives and Records Administration	15	13
Department of Energy	58	51
Department of Education	2	2
Other Commissions Councils Boards and Agencies	5	4
Office of the Secretary of Defense	46	44
Total	**1,533**	**1,375**

Source: Unpublished data from Office of Personnel Management (OPM), provided October 14, 2026.

Notes: Categories of "Agency" are from data labels used by OPM and are provided in the order used by OPM. "Initial phased retirement" indicates that an employee moved into a phased retirement status. "Composite phased retirement" indicates that an employee completed the period of phased retirement and moved into full retirement from federal service.

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