



THE VETERANS' VOICE

WHY VETERANS BECOME FEDERAL EMPLOYEES

By: Clinton Smith, CEO of Government & Civil Employee Services - July/August 2016 Edition

The Federal Government is one of the largest employers in the United States and quite possibly one of the most stable careers one could hope for. The United States Postal Service, Social Security Administration, Department of Homeland Security, Department of Justice and Department of Agriculture are just a few of the more well-known government agencies that often hire Veterans and turn them into federal employees, also known as Feds. Feds have advantages of an earlier retirement and other great benefits when properly elected.

At Government & Civil Employee Services (GCES), we help Feds understand their retirement and benefits on a daily basis. While doing this we often get to learn about how they began their employment with the Federal Government and what career they had prior. One of the recurring backgrounds that we see again and again is an active-duty military background. As a Veteran, you should always consider continuing to serve your country in the Federal Government civilian sector. Here are the top three reasons one should do so:

1. Veteran's Preference

By law, any Veteran who is disabled (and Veterans who previously served on active duty in the Armed Forces during certain specified time periods or in military campaigns) is entitled to preference over other non-veteran U.S. citizens when being considered for a large percentage of Federal Government jobs. In addition to active duty military members, unmarried spouses of deceased Veterans are also eligible for Veteran's Preference. This is how we as a country recognize Veterans for their time spent serving in the Armed Forces and ensure that our active duty military members have a preference in securing jobs as federal employees.

This preference applies not only to getting hired to start employment, but also applies when there is a reduction in force and layoffs begin to happen. This means that Veterans have a foot in the door and they get to keep it there. In one way or another, this practice has been happening in our country since the time of the Civil War.

Veteran's preference has three different levels: 0, 5 and 10. The 10 point preference is the highest level and is reserved for anyone who served in active duty and received a Purple Heart, or anyone who has a service connected disability. The 5 point preference has several requirements, but typically is for anyone who served in the military for 180 consecutive days or more. The 0 point preference is the lowest preference available and is for immediate family members of Veterans who gave their life while serving our country. It is important to remember that not all active duty military members will qualify and this preference only applies to Veterans who received an honorable or general discharge. These preference points are added onto an individual's passing score on their civil service test or on whatever numerical rating system is being used in the hiring process for the position in which they are applying. The Department of Labor has an online tool to help Veterans determine their eligibility for Veteran's preference at: www.dol.gov/elaws/vets/vetpref/choice.htm.

2. Military Service Credit

Anyone who's been hired as a federal employee since 1984 was hired under the Federal Employees Retirement System or FERS. FERS employees have various perks and benefit plans, but one of the most important components of their benefits and retirement is their pension plan. The FERS pension compensation that federal employees receive in retirement is calculated by their years of service and the highest three years of annual salary.

Military Service Credit is a program where Feds can "buy-back" their military time and add those years that they spent in the armed forces to the time that they now have under their FERS pension. For example, one of our clients, John, spent 10 years in the Army. When John got out of the Army and began employment at his local post office, he was able to purchase his military time back. This enabled him to be eligible for the same pension

payment as someone who had worked at the post office for 10 years because he bought back his military time.

The cost for buying these years of service ranges anywhere from 3%-3.4% of the Veteran's basic military pay, depending on what years they actually served in the military. In the past, when working with Feds to help them buy back their military time, we have learned that you are not required to pay for it in a lump sum and have the option to pay for it over a longer span of time.

Feds will often ask us if they should buy back their military time and we always recommend that they do. On average, every year that you can buy back, will give you an additional monthly income of approximately \$35. That means if you bought back 10 years, you could increase your retirement income by \$350 a month!

As with any Federal Program, there are several stipulations and requirements that need to be met to credit your military service years to a FERS pension, but the long-term financial gains during retirement make it worthwhile. It is also never too late. You can arrange to buy back your military years even as you are completing your retirement paperwork, although we recommend planning for retirement well in advance.

3. Earlier Retirement

Feds are able to retire, depending on their date of birth, at the age of 56 or 57 once they have served for 30 years as a federal employee. It takes a Fed's pension plan and the FERS Annuity Supplement to make this earlier retirement age a viable possibility.

A Fed's pension plan typically makes up about a third of the Fed's income in retirement. Feds are able to start taking payments in retirement from their pension plan at age 56 or 57. Typically there are penalties for anyone taking pension payments before the age of 60, but each plan can be structured differently so it is important to always contact your pension plan administrator.

The FERS annuity supplement is a perk that Feds often find confusing or do not even know about. Simply put, you can retire at the age of 56 or 57 and be paid a portion of the amount that you would have received from Social Security at age 62. This annuity supplement is actually paid from FERS and is added to your monthly pension payment. The most obvious benefit of this plan is that you are able to get paid on Social Security when the rest of the country has to wait until age 62 to be eligible to receive Social Security payments.

When you consider the perks and advantages of becoming a federal employee after you spend time in the armed forces, it's clear why there are so many with military experience. Veterans who are searching for full-time employment should seriously consider becoming a federal employee. At GCES we always recommend meeting with a financial professional who understands the ins and outs of federal employee benefits and the options available to you. The advice of a professional can never be replaced. If you are looking for more information about becoming a federal employee www.FedsHireVets.gov has endless articles and information available for you.



Clinton Smith, CEO of Government & Civil Employee Services (GCES), is focused on building a team of passionate professionals whose genuine interest is in helping others, while staying current on ever changing laws and procedures determined by the Federal Government. Clinton holds a Pennsylvania Life, Health and Annuity License and is also a registered Public Notary for the state of Pennsylvania.

To contact Clinton, call 800-985-3272 or visit gces.us.