

Change in Work Schedule from Full-Time to Part-Time

Effect on Benefits

This fact sheet will discuss the impact of your work schedule on your Federal benefits. At the end of the document is a chart reflecting an example of a full-time work schedule as compared to a part time work schedule. If you have any questions about this information, please contact your assigned [Benefits Staff member](#).

RETIREMENT

Contributions: If you are covered under the Civil Service Retirement System (CSRS) or Federal Employees' Retirement System (FERS) prior to your change in work schedule, your coverage will continue. Your percentage contribution to the retirement system will remain the same (i.e. CSRS is 7% of your bi-weekly gross base pay, FERS Basic Benefit Plan is .8% of your bi-weekly gross base pay). Since the reduced hours will result in a reduced bi-weekly gross base pay, the amount of the contribution will decrease proportionately.

Retirement eligibility: In determining eligibility for retirement, part-time service is credited the same as full-time service. In other words, 20 years of service is 20 years, regardless of whether it was full-time or part-time.

Computing retirement benefits: The retirement calculation is based on your total years and months of creditable Federal (civilian and/or military) service and your "high 3" average salary (which is the 3 years of highest base pay or salary you earned in any consecutive 3-year period). (Please note that the explanation below is a simplification of the benefit calculation and that the actual calculation is complex).

In computing a part-time benefit, your service credit will be based on the relationship between the hours you worked and the hours you would have worked had you been full-time. This is called the part-time pro-ratio factor. The high 3 average salary used is based upon the rate of pay you would have received had you worked full-time (i.e., 40 hours per week) during the period of part-time service. This is called the "deemed high-3".

THRIFT SAVINGS PLAN (TSP)

If you are contributing a percentage amount, when your pay reduces as a result of changing to part-time, so will the amount you contribute per pay period.

If you are contributing a specific dollar amount that exceeds your net pay, no TSP contribution will be made. If you want to continue contributions, you may adjust the amount in [myPay](#).

For FERS only, the Agency contributions will continue with the automatic 1% and up to 4% matching. These percentages will automatically adjust to your reduced salary amount.

SOCIAL SECURITY (SS)

Contributions: If you are covered under Social Security (as part of your CSRS-Offset or FERS benefit) you will continue to contribute to SS at the same percentage rate (6.2% of your full earnings up to the IRS maximum taxable rate). Since the reduced hours will result in reduced biweekly gross pay, the amount of the contribution will decrease proportionately.

Retirement eligibility: In determining eligibility for SS retirement benefits, part-time service is credited the same as full-time service. In other words, 10 years of service is 10 years of service, regardless of whether it was full-time or part-time.

Computing retirement benefits: In computing SS retirement benefits, the retirement calculation is based on a percentage of your average indexed monthly earnings (AIME). The AIME is based on all your earnings subject to SS contributions. Since your earnings will be reduced based on the part-time schedule, your AIME will be reduced accordingly. For more information about your SS benefit, refer to the [SS website](#) or call 1-800-772-1213.

HEALTH INSURANCE (FEHB)

If you are currently enrolled in a plan under the FEHB program, your coverage will continue even if you change your tour of duty to part-time. The Federal Government pays a percentage of the total cost of health insurance, and you pay the remainder. For most part-time employees the Government contribution is pro-rated based on the official part-time tour of duty. Therefore, a part-time employee will pay a higher premium than a full-time employee although the coverage is the same. For additional information, refer to the [FEHB Handbook](#).

You have 60 calendar days from the effective date of your change to part time in which you may cancel or change health plans or options. You also have 60 calendar days to change health plans or options if you change from part-time back to full-time.

LIFE INSURANCE (FGLI)

FGLI coverage includes Basic Life, Option A - Standard, Option B - Additional, and Option C - Family.

- **Basic Life** coverage is determined by your annual basic pay, rounded up to the next \$1,000, plus \$2,000. Your cost for the Basic coverage is \$0.15 bi-weekly for each \$1,000 of your annual basic insurance amount.
- **Option A - Standard** is equal to \$10,000 coverage. The cost for Option A is based on your age.
- **Option B - Additional** coverage is based on your annual basic pay, rounded up to the next \$1,000. You may elect coverage at 1, 2, 3, 4, or 5 times your pay. The cost for Option B is determined by the amount of coverage and your age.
- **Option C - Family** covers eligible family members including your spouse and all unmarried, dependent children under age 22. You may elect 1, 2, 3, 4, or 5 multiples of coverage. Each multiple is equal to \$5,000 for your spouse and \$2,500 for each eligible, dependent child. The cost for Option C is based on your age.

When you change from full-time to part-time, your coverage under Basic Life and Option B - Additional will change because both are based on your annual basic pay (which will now be less since you will be working less hours). The cost for insurance will also decrease since it will be calculated based on your lower annual basic pay. Any coverage under Option A - Standard and Option C - Family will not change since they are based on set dollar amounts. For additional information on the [cost of FEGLI](#), refer to OPM's website.

LONG TERM CARE (LTC)

If you elected to have premiums deducted from your paycheck, they will continue. As a result of part time, your pay will be reduced. If the premium exceeds your net pay, no premiums will be withheld. You must switch to another payment plan by calling the LTC Partners at 1-800-LTC-FEDS or by completing a [Billing Change form](#).

DENTAL AND VISION INSURANCE (FEDVIP)

Deductions will continue. As a result of part time, your pay will be reduced. If the premium exceeds your net pay, no premiums will be withheld. You must make direct, post-tax payments to BENEFEDS. For more information, call 1-877-888-FEDS.

FLEXIBLE SPENDING ACCOUNT (FSA)

Deductions will continue. As a result of part time, your pay will be reduced. If your contributions exceed your net pay, no contributions will be withheld and your account will be terminated. Any expenses incurred before that will still be reimbursed. If your pay increases during the same claim year, your account can be re-opened. If your pay increases after the claim year, you must wait until the next open season or experience a qualifying life event to re-enroll. For more information, call 1-877-FSA-FEDS.

LEAVE

Leave accruals will be pro-rated based on your part time work schedule.

Sick Leave: Sick leave accruals will be earned at the rate of one hour for each 20 hours you work.

Annual Leave:

- If you are in the 4-hour leave category (less than 3 years service), you will earn annual leave at the rate of one hour for each 20 hours you work.
- If you are in the 6-hour leave category (3 to 15 years service), you will earn annual leave at the rate of one hour for each 13 hours you work.
- If you are in the 8-hour leave category (more than 15 years service), you will earn annual leave at the rate of one hour for each 10 hours you work.

EXAMPLE

The following example reflects an employee who:

- Earns \$10.00 per hour;
- Is age 52;
- Has 4 years of service; and
- Changes from full-time (40 hours per week) to part-time (20 hours per week).

BENEFIT	FULL TIME	PART TIME
Bi-Weekly Base Pay	\$800.00	\$400.00
Retirement (CSRS)	56.00	28.00
Retirement (FERS)	6.40	3.20
TSP (5% employee contribution)	40.00	20.00
1% Agency automatic	8.00	4.00
4% Agency matching	32.00	16.00
Social Security (OASDI)	49.60	24.80
Health Insurance (BC/BS-105)	112.88	251.42
Life Insurance - Basic – value/cost	\$23,000/3.45	\$13,000/1.95
Option A – value/cost	\$10,000/1.40	Same
Option BX2 – value/cost	\$42,000/5.88	\$22,000/3.08
Option CX1 – value/cost	\$5,000, 2,500/.90	Same
Leave – Annual Accrual	6 hours	3 hours
Sick Accrual	4 hours	2 hours

OHR/WRD/BPLB
4/27/2010