



### The FERS Enhanced Annuity

If Faith decides to postpone retirement until age 62, she will be eligible for a sizeable increase in her retirement annuity. The *enhanced annuity* applies to FERS employees with 20 or more years of service retiring at age 62 or later. Instead of the normal annuity calculation rate of 1%, the enhanced annuity is calculated at 1.1%. This results in a 10% higher annuity and subsequently higher COLAs (cost of living adjustments), which are applied immediately beginning at age 62.

However, this does mean that she will have to sacrifice spending more time with her granddaughter now as she was previously planning but would create a higher income in retirement. This would alleviate the need to work part-time if she retired sooner. Below shows the difference in Faith's annuity if she retires now vs. in another year when she is 62 and will be eligible for the enhanced annuity.

#### **Age 61 with 23 years of service**

72,000 x 1.0% x 23 = Annuity

At age 61, 23 years service, \$50,000 high-3

$72,000 \times 1.0\% \times 23 = \mathbf{\$16,560/year \text{ or } \$1,380/month}$

#### **Age 62 with 24 years of service**

72,000 x 1.1% x 24 = Annuity

At age 62, 30 years of service, \$50,000 high-3

$72,000 \times 1.1\% \times 24 = \mathbf{\$19,008/year \text{ or } \$1,584/month}$

Because of the enhanced annuity (and an additional year of work), Faith will gross \$2,448 more annually (\$204 monthly) if she waits until she is 62 to retire. Additionally, because of annual increases to her annuity due to the immediate COLA, this gap will grow larger every year.

Christy Capital Management, Inc., a Registered Investment Advisor, provides support for federal employees throughout the Southeast in investment consulting and retirement planning. Brandon S. Christy, CPA, PFS, President, and our team of advisors at Christy Capital, are knowledgeable in tax planning, federal benefits, and creative retirement strategies. Our firm would be honored to assist you, as our client, in obtaining your long term financial goals. If you would like more information, please visit us on the web at [www.ChristyCapital.com](http://www.ChristyCapital.com), e-mail at [info@ChristyCapital.com](mailto:info@ChristyCapital.com) or you may contact us directly at 866-331-7749.

**Brandon S. Christy, CPA, PFS, President**

2939 McManus Rd • Macon, GA 31220 • [www.ChristyCapital.com](http://www.ChristyCapital.com)  
(478) 314-2160 • Fax (877) 772-9155 • Toll Free (866) 331-7749 • [Info@ChristyCapital.com](mailto:Info@ChristyCapital.com)