

## **What is the Foreign Service Pension System Annuity Supplement?**

The Foreign Service Pension System (FSPS) is a benefit payable to certain retirees who *retire before age 62, are in the “new” FSPS retirement system, and are entitled to an immediate annuity*. The purpose of the supplement is to provide a level of income before age 62 similar to that an annuitant would receive at age 62 as part of Social Security benefits. The annuity supplement is payable from the date of retirement until the month prior to the month in which the annuitant reaches age 62. It is calculated as if the annuitant is 62 and fully eligible to receive SSA benefits on the day of actual retirement. It is subject to an annual earnings test similar to the one applied to Social Security benefits.

An employee with at least one year of FSPS service and who retires voluntarily or involuntarily with entitlement is eligible to an immediate annuity. Employees who retire at their Minimum Retirement Age (MRA) with at least ten years of service or employees who retire on disability or deferred retirement are not eligible for the annuity supplemental.

To calculate a retiree’s annuity, the department estimates what his/her full Social Security benefits would be. Then, it calculates the amount of service under the FSPS and reduces the estimated full Social Security benefits accordingly. For example, if an estimated Social Security benefit at age 62 is \$20,000 and the number of years under the FSPS is 20 years, the formula would be \$20,000 divided by 40 times 20, or \$10,000.