
Federal and Public Sector Retirement

Discontinued Service Retirement (DSR)

When federal employees are involuntarily separated against their will and without their consent, other than a separation for cause on charges of misconduct or delinquency, they may qualify for a Discontinued Service Retirement (DSR) annuity.

DSR retirement provides an immediate and possibly reduced annuity for federal employees that are separated against their will. The key to a DSR retirement is the underlying basis of the voluntary separation. The final determination as to whether a DSR retirement will be approved rests with the Office of Personnel Management (OPM).

According to OPM, proper grounds for involuntary separations for DSR purposes include, but are not limited to, the following reasons:

- ▶ Reductions-in-Force (RIF);
- ▶ The abolishment of a federal employee's position;
- ▶ Unacceptable performance (unless due to misconduct), i.e. unsuccessful completion of a Performance Improvement Plan (PIP);
- ▶ Transfer of function outside commuting area;
- ▶ Failure to continue to meet the qualification requirements of a position -- i.e., the inability to maintain a security clearance or medical issues that arise (fitness for duty);
- ▶ Separation during probation because of failure to qualify due to performance; and
- ▶ Removal from the Senior Executive Service (SES) for less than fully successful performance.

A federal employee who is involuntarily separated and has CSRS coverage is eligible for a discontinued service annuity if all of the following conditions are met:

1. Age and service requirements (i.e., the employee has completed at least 20 years of creditable service and is at least 50 years of age or has completed at least 25 years of creditable service regardless of age);
2. Minimum civilian service requirement;
3. Separation from a position subject to CSRS coverage;
4. "One-out-of-two" requirement (i.e., an employee must be covered by CSRS for at least 1 year within the 2-year period immediately preceding the separation on which the annuity is based); and
5. No declination of a reasonable offer.

An employee who is involuntarily separated and has FERS coverage is eligible for a discontinued service annuity if all of the following conditions are met:

1. Age and service requirements (i.e., the employee has completed at least 20 years of creditable service and is at least 50 years of age or has completed at least 25 years of creditable service regardless of age);



2. Minimum civilian service requirement;
3. Separation from a position subject to FERS coverage; and
4. “Reasonable offer” requirement.

Our law firm represents and advises federal employees nationwide and abroad with respect to DSR issues under FERS and CSRS plans. Often times a DSR option can be overlooked as a possible means by which to resolve a federal employment dispute with a federal agency. Please [contact our firm](#) to schedule a consultation with one of our attorneys to discuss your DSR matter.