Federal Employee Survivor Benefits for Children With Special Needs

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Federal employees may be able to provide government survivor benefits for their children with special needs. Federal employees, non-elected, non-military people working in federal agencies, in executive branch departments, the military, and the U.S. Postal Service.

Two Different Retirement Systems

There are two different retirement systems covering federal employees, depending on the date they became employed. The current system is the Federal Employees Retirement System (FERS), for employees who started employment after 1983. The older system is the Civil Service Retirement System (CSRS), for employees who started employment before 1984 (unless such employees elected to convert to FERS when the transition to the newer system took place). FERS and CSRS are both managed by an agency called the Office of Personnel Management (OPM).

Eligibility for a Child's Survivor Benefit

Both FERS and CSRS provide a cash survivor benefit, commonly referred to as an annuity, to eligible unmarried dependent children when a federal employee or retired federal employee dies. This differs from the Childhood Disability Benefit under Social Security, which is paid when a parent covered by Social Security retires, becomes disabled, or dies.

Eligible children generally receive monthly benefits until age 18, marriage, or death, whichever occurs first. Benefits may continue until age 22 if the child is a full-time student at a recognized educational institution. Unmarried dependent children with a disability that began before age 18 may continue receiving benefits into adulthood as long as they remain incapable of self-support. Benefits end if the annuitant marries, dies, or becomes capable of self-support.

These federal employee survivor benefits arise by statute and do not require a specific election by the employee to provide benefits for children, nor do they reduce the employee's retirement annuity. However, under FERS, children's survivor benefits may be reduced or eliminated if Social Security survivor benefits are payable based on the same earnings record. This differs from the military Survivor Benefit Plan, where retirees must elect coverage and accept a reduction in their retirement pay to provide survivor benefits.

Amount of Benefits

The amount of survivor benefits payable to eligible children under FERS and CSRS is determined by a federal statutory formula. The benefit is calculated using two figures: a set monthly amount per child and a maximum total monthly amount for all eligible children combined. The payable benefit is the lesser of the per-child amount or the total maximum divided equally among the eligible children.

These child survivor benefits are adjusted annually for cost-of-living increases. Because the amounts are indexed to inflation and updated each year, families should consult the Office of Personnel Management or a qualified advisor to confirm the current benefit rates applicable at the time of the employee's death.

Relationship to Social Security

CSRS employees do not pay into the Social Security system. Accordingly, the children of deceased CSRS employees receive the full survivor benefit described above without any offset or coordination with Social Security.

FERS employees, however, do pay into the Social Security system. As a result, their children are entitled to Social Security survivor and dependents benefits, and their children with special needs may be entitled to Social Security CDB benefits. Because of this, FERS survivor benefit payments are subject to a Social Security offset. The FERS survivor benefit payment is determined by combining the benefit for all eligible children reduced by the Social Security benefits payable for such eligible children (or that would be payable upon application) for the same month. As a result, the FERS children's survivor benefit may be reduced to zero.

Under the Federal Employees Retirement System (FERS), children of deceased employees can receive survivor benefits. However, these benefits are often reduced or eliminated because Social Security benefits take their place. For children with special needs, Social Security Childhood Disability Benefits (CDB) can provide financial support if their disability began before age 22 and their parent is retired, disabled, or deceased. CDB pays 50% of the parent's Social Security amount if the parent is retired or disabled, and 75% if the parent is deceased. In contrast, children of Civil Service Retirement System (CSRS) employees get survivor benefits directly from the federal system, without a Social Security offset. However, these CSRS benefits are usually lower than the combined benefits a child under FERS can get from Social Security and FERS. For children with disabilities, Social Security CDB often provides much greater support.

Supplemental Security Income

Children with disabilities who meet income and resource requirements are often eligible for monthly Supplemental Security Income (SSI) benefits beginning at age 18. The maximum Federal Benefit Rate (FBR) for SSI in 2026 is $994 per month for an eligible individual, although many states provide optional supplemental payments that can increase the total monthly benefit. SSI is intended to help meet basic needs such as food, clothing, and shelter. In calculating the monthly benefit, SSI generally disregards the first $20 of most unearned income, and most remaining unearned income reduces the SSI payment dollar for dollar.

Because the maximum federal employee survivor benefit for children may be less than the SSI Federal Benefit Rate, children with special needs who receive a federal survivor's annuity often apply for SSI to bring their combined monthly income up to the SSI maximum. SSI will generally be reduced dollar for dollar by the amount of the federal employee annuity after applying the $20 general unearned income disregard.

Accordingly, if a child of a federal employee receives both a survivor's annuity and SSI, the child's combined total monthly income in 2026 will generally equal the $994 Federal Benefit Rate, assuming no other income and no state supplement. SSI will pay only the difference between the annuity (minus the $20 exclusion) and the $994 maximum. Any applicable state supplemental payment may increase the total amount further.

Under current regulations, federal employee survivor annuities cannot be paid directly into a Special Needs Trust (SNT) to avoid being considered income by SSI. This means that such annuities are counted as unearned income, which can reduce or eliminate SSI benefits for the recipient. In contrast, the Disabled Military Child Protection Act, enacted in 2014, allows military Survivor Benefit Plan (SBP) payments to be directed to a SNT, thereby preserving the beneficiary's eligibility for means-tested programs like SSI and Medicaid. To extend similar protections to federal civilian employees' survivors, new legislation would be required.

Transition to Adulthood

To avoid a disruption in benefits to children with special needs who have been receiving federal employee survivor benefits as minors, a letter requesting continued payments because of incapacity for self-support should be sent to OPM at least 90 days before a child turns 18. It should include a signed physician statement with the child's name, survivor claim number, and information concerning the individual's disability (including the date it started, details regarding the disability and its probable length), educational history, and employment history (if any). The physician's name, address, and phone number should also be part of the package.

Medical Benefits

There are several healthcare benefits to consider when a federal employee has children with special needs. Children receiving SSI automatically qualify for Medicaid (in most, but not all, states), and they may be eligible for Medicaid waiver services. The waiver services vary by state and may cover residential support, in-home services, and other support. After they receive Social Security CDB for two years, children with special needs will also qualify for Medicare.

In addition to Medicaid and Medicare, which are programs generally available to the public, the children of federal employees may be eligible for the Federal Employees Health Benefits program (FEHB). The FEHB offers private health insurance contracted through OPM to federal employees and their dependents. The employee can elect their choice of coverage, but such choices can differ depending on where the employee or dependent resides, and they are priced accordingly. For a child to be covered after the parent's death, the federal employee must have elected "Self and Family" coverage during his or her lifetime.

The FEHB program is available to children of federal employees under age 26, as well as to their children over age 26 who are incapable of self-support because of physical or mental disability that occurred before to reaching that age. The disability must be expected to last for at least 12 months.

The parent's employing office determines whether his or her child is eligible for continued FEHB coverage under the disability provisions. A child is automatically deemed incapable of self-support if he or she is receiving Social Security CDB or a CSRS/FERS child's disability benefit. Otherwise, the parent's employing office must be presented with a detailed medical certificate from the child's doctor indicating that the child has a qualifying condition. Such conditions include but are not limited to severe autism, intellectual disabilities with IQ less than 70, chronic renal or hepatic failure, advanced muscular dystrophy, and cancer that is untreatable or that has metastasized. In certain cases, approval will be temporary, requiring renewal of the medical certificate.

Conclusion

Federal employees who have children with special needs should consult a special needs attorney to ensure that they understand the nuances of the complex federal benefit programs available to them. For additional details, visit the OPM and FEHB websites.

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