

## CHAPTER 15

### RETIREMENT AND INSURANCE

15-1. General. The purpose of this section is to provide information on the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), the requirements for each, and annuity computations.

15-2. General Requirements.

a. CSRS Employees.

- (1) At least 5 years of creditable civilian service with the Federal Government.
- (2) Employed under the Retirement System (contributing to CSRS for at least 1 year out of the last 2 years preceding final separation for retirement).
- (3) Separate from a covered position.

b. FERS Employees.

- (1) At least 5 years of creditable civilian service with the Federal Government (except for Disability - 18 months).
- (2) Must be in FERS position on last day of the service being used to establish eligibility.

15-3. Types of Retirement and Minimum Age and Service Requirements for Retirement.

a. CSRS Employees.

- (1) Voluntary.
  - (a) Age 55 - 30 years of service.
  - (b) Age 60 - 20 years of service.
  - (c) Age 62 - 5 years of service.
- (2) Discontinued service (Involuntary) and Early out (Voluntary) (Major RIF) Retirements.
  - (a) Age 50 - 20 years of service.
  - (b) Any Age - 25 years of service.

NOTE: Reduction of 2% per year (1/6 of 1% a month) for every year under age 55.

- (3) Disability Retirement.
  - (a) Any age - 5 years of creditable civilian service.
  - (b) 1 out of 2 requirements does not apply.
  - (c) Become disabled while serving in CSRS-covered position.

- (4) Deferred Retirement. Age 62 - 5 years of service.
- b. FERS Employees.
  - (1) Voluntary immediate retirement (no age reduction).
    - (a) MRA (Minimum Retirement Age) + 30 years.
    - (b) Age 60 - 20 years of service.
    - (c) Age 62 - 5 years of service.
  - (2) MRA + 10 Retirement (\*Reduced Benefits). MRA with 10 years (minimum of 5 years of creditable civilian service).

\*NOTE: Reduced benefit means if you retire at the MRA with at least 10 but less than 30 years of service, your benefit will be reduced at the rate of 5% a year for each year you are under age 62, unless you have 20 years of service and your annuity begins at age 60 or later.

- (3) Discontinued service (Involuntary) and (Voluntary) (Early Out) (Major RIF) Retirements.
  - (a) Age 50 - 20 years of service.
  - (b) Any age - 25 years of service.

NOTE: No reduction for being under age 62.

- (4) Disability Retirement. Any age - 18 months creditable service (must apply for Social Security Disability Retirement).
- (5) Deferred Retirement.
  - (a) Age 62 - 5 years of service. (No age reduction)
  - (b) Age 60 - 20 years of service. (No age reduction)
  - (c) MRA - 10 years of service. (Reduced benefits) 5% per year for every year under age 62.

15-4. Optional Retirement (Voluntary).

- a. Technicians meeting the optional retirement requirements, who desire to retire with an immediate retirement annuity, should advise the Human Resources Office (HRO) of their intended retirement at least 60 days in advance of the desired effective date.
- b. The HRO will verify eligibility and set up an appointment with the technician at the Human Resources Office in order to complete the necessary retirement forms. It is desirable that the spouse accompany the technician.

15-5. Discontinued Retirement (Involuntary Loss of Military Membership).

- a. Federal law requires Excepted Service personnel to maintain membership in the National Guard as a condition of continued employment and requires prompt termination upon loss of military membership in the Active Army or Air National Guard.

b. Supervisors are responsible for notifying the Human Resources office when it is apparent a technician may lose his/her military membership, or has other significant changes in military status that would affect technician employment. Some examples are:

- (1) Loss of military membership. National Guard officers, warrant officers, and enlisted personnel who are separated from their technician position due to elimination under the provisions of ROPMA or other selective retention programs are considered to be involuntarily separated.
- (2) Failure to accept reenlistment. The failure to accept an enlisted technician's reenlistment application, if properly qualified, by any method other than qualitative or selective screening retention action, is not a basis for discontinued service retirement if denied reenlistment was for cause on charges of misconduct, delinquency, or inefficiency. This also applies to the failure to accept an extension of enlistment.
- (3) Military physical disqualification. A technician who is separated from a technician position for failure to meet military physical standards will be considered for either disability retirement or discontinued service retirement if otherwise eligible.
- (4) Commissioning of enlisted technicians. When a technician who occupies an enlisted military position as a condition of employment accepts a military commission, and is subsequently terminated from technician employment for failure to hold the military grade specified for his/her technician position, such separation is considered voluntary. Therefore, the technician would not be entitled to a discontinued service annuity nor severance pay.
- (5) Officer technicians accepting an appointment as a general officer. When an officer technician is separated because of being promoted to a general officer position, the technician, if otherwise eligible, would be entitled to a discontinued service retirement.
- (6) Loss of military membership at age 60. A technician who loses military membership due to reaching age 60 is considered to be involuntarily separated, and would qualify for a discontinued service annuity provided he/she has at least 20 years of creditable service.

c. The Human Resources Office will:

- (1) Determine eligibility for discontinued service retirement annuity (approval will be from the Office of Personnel Management).
- (2) Advise the technician concerned.
- (3) Set up an appointment with the technician at the HRO in order to complete the necessary retirement forms.

d. Technicians involuntarily separated for reasons other than loss of military membership (reduction-in-force, management directed reassignment, outside local commuting area, etc.) will be notified by the Human Resources Office with appropriate instructions pertaining to retirement eligibility. A reclassification of a technician's position will not support a finding of involuntary separation for retirement purposes. Those individuals involuntarily separated, and not eligible for discontinued service retirement, may qualify for severance pay and/or a deferred retirement annuity at age 62.

15-6. Deferred Retirement.

- a. Technicians (CSRS and FERS employees) with over five years of civilian service will qualify for a deferred annuity at age 62 regardless of their age or number of years of service at the time of termination, **PROVIDING THEY LEAVE ALL RETIREMENT DEDUCTIONS ON DEPOSIT** with the Civil Service Retirement System at the time of termination.
- b. No action is required by a technician at the time of termination if they decide to leave their retirement deductions on deposit. Deductions may be withdrawn at any later date.
- c. Making application for deferred retirement annuity is an individual's responsibility upon reaching age 62. Application can be made by contacting the Office of Personnel Management, Employee Service and Records Center, Boyers, PA 16017.
- d. Annuities for deferred retirement are based on the same formula as for optional or discontinued service retirement and computed on the actual years of creditable service and "high-three" average annual salary at the time of separation. No credit for any unused sick leave as of date of separation.
- e. Deferred annuity commences on the retiree's 62nd birthday.

15-7. Disability Retirement.

- a. Eligibility for a disability retirement annuity can only be determined by the Office of Personnel Management.
- b. Requirements.
  - (1) Must have completed at least 5 years of civilian service for CSRS employees and 18 months service for FERS employees.
  - (2) Must have become totally disabled for useful service in his/her position or any other position of the same grade and class, or fail a military physical and be processed for military separation. Definition of disability is the same for CSRS and FERS employees.
  - (3) The disease or injury that caused the disability must not be the result of vicious habits, intemperance, or willful misconduct on the part of the employee within the 5-year period immediately prior to becoming disabled.
- c. Military technicians who are separated from employment due to loss of military membership for medical reasons are eligible for a "special disability" retirement annuity under the provisions of P.L. 97-253. Office of Personnel Management (OPM) will first determine if the disability retirement will be approved under the "regular" disability retirement. If ineligible for a regular disability retirement, OPM will process the individual's request for the "special disability". Since this law requires that a technician be separated from employment in order to qualify for the special disability retirement, the HRO will, upon receipt or notification that a technician is being separated from the National Guard for medical reasons, issue a 30-day written notice or termination as a technician. At the expiration of the notice period, the HRO will; issue a SF 50 terminating the individual's employment. The technician must sign a waiver which waives the technicians rights to reconsideration and appeal to the Merit Systems Protection Board under 5 U.S.C. 8347(d)(1) if his/her application for disability is disapproved under the "regular" provisions and wants their application processed under the "Special Provisions of P.L. 97-253".

15-8. Computing Annuities for the Civil Service Retirement System (CSRS).

- a. The basic formula for computing retirement annuities other than disability retirement is:

- (1) 1.50% x high-3 average salary x 5 years of service.
- (2) 1.75% x high-3 average salary x 5 years of service.
- (3) 2% x high-3 average salary x remaining years of service (includes sick leave).
- (4) Total (1, 2 & 3) above to get Basic Annuity.

EXAMPLE: 30 years of service; \$20,000 high-3 average pay.

TAKE: 1.50% x 20,000 x 5 yrs of service = 1,500  
 ADD: 1.75% x 20,000 x 5 yrs of service = 1,750  
 ADD: 2% x 20,000 x 20 yrs of service = 8,000

1,500 + 1,750 + 8,000 = \$11,250 (Basic Annuity)

SAMPLE AVERAGE SALARY COMPUTATION						
Dates From	To	Salary	Amt. of Time		Time Factor	Actual Earnings
			Yr.	Mo. Day		
7-01-85	10-11-85	\$17,547	03	11	.281	\$4,930.71
10-12-85	10-09-86	\$18,778	11	28	.994	\$18,665.33
10-10-86	10-08-87	\$20,202	11	29	.997	\$20,141.39
10-09-87	06-30-88	\$22,339	08	22	.728	\$16,262.79
TOTAL						\$60,000.22

Actual Earnings (\$60,000.22) divided by 3 = \$20,000 Average Salary.

b. Unused Sick Leave - CSRS.

- (1) Must retire on an immediate annuity.
- (2) Added to length of service for computation purposes only.
- (3) Additional time computed on the basis of a 2087-hour work year.

c. For CSRS employees under age 55, the annuity will be reduced by 1/6 of 1% for each full month the retiree is under age 55. This reduction for age does not apply to Disability Retirement.

EXAMPLE FOR REDUCTION UNDER AGE 55

30 years of service  
 \$20,000 average salary  
 Basic Annuity = \$11,250

Age 52 years, 0 months  
 Reduction = 6% (.06)

\$11,250 x .06 = \$675 Reduced Annuity = \$10,575

d. Annuity payable under Disability Retirement (CSRS) - Minimum Guaranteed Annuity.

- (1) The annuity payable to an employee retiring because of disability will not be less than:

- (a) 40% of his/her high-3 average pay or,
- (b) An annuity computed under the general formula after increasing total service by the length of time elapsing between the date of separation and the date on which the employee would attain age 60, whichever is the LESSER. This guarantee gives no advantage to an employee who has reached the age of 60.

(2) The annuity computed on the basis of the employee's actual service is allowed if it is greater than the minimum guaranteed annuity.

e. Survivor Annuity. Survivor annuity may be elected by the retiree for a surviving spouse and/or for someone with an insurable interest. The retiree's annuity is reduced by 2-1/2% of the first \$3,600 of the selected annuity base plus 10% of the excess of \$3,600. Any amount of the annuity may be selected as the base for the survivor annuity. The survivor will receive 55% of the amount designated by the retiree as the base amount.

#### REDUCTION FORMULA

2-1/2% of \$3,600  
10% of survivor base exceeding \$3,600  
Subtract total of above from basic annuity  
Divide results by 12 for employee's monthly annuity

#### Example of Effect on Monthly Annuity

Without survivor election	-	\$1000
Full survivor election	-	\$922
\$3,600 survivor election	-	\$992

#### 15-9. Computing Annuities for Federal Employees Retirement System (FERS) Basic Benefit Plan.

a. The basic formula for computing retirement annuities other than disability retirement is: 1% of your high-3 average pay x years and months of creditable service

EXAMPLE:

Retirement Age	=	60
Length of Service	=	30 years
Average Salary	=	\$20,000

BASIC ANNUAL ANNUITY = 1.0% x \$20,000 x 30 = \$6,000

If you retire at age 62 or later with at least 20 years of service, a factor of 1.1% is used rather than 1%.

b. Special Retirement Supplement. If you meet certain requirements, you will receive a Special Retirement Supplement that is paid as an annuity until you reach age 62. This supplement approximates the Social Security benefit earned while you were employed by the Federal Government. You may be eligible for a Special Retirement Supplement if you retire:

- (1) After the Minimum Retirement Age (MRA) with 30 years of service.
- (2) At age 60 with 20 years of service, or

(3) Upon early voluntary retirement (age 50 with 20 years of service, or at any age with 25 years of service) after the Office of Personnel Management determines that your agency is undergoing a major RIF or transfer of function, you will receive the Special Retirement Supplement beginning at the applicable MRA under age 62.

(4) Upon involuntary retirement (discontinued service), you will receive the Special Retirement Supplement beginning at the applicable MRA until age 62.

(5) If you transfer to FERS from CSRS, you must have at least one full calendar year of FERS-covered service to qualify for the supplement.

(6) If you have earnings from wages or self-employment that exceed the Social security annual exempt amount, your Special Retirement Supplement will be reduced or stopped.

c. Minimum Retirement Age (MRA) for FERS.

If your were born	Your MRA is
Before 1948	55 years
in 1948	55 years and 2 months
in 1949	55 years and 4 months
in 1950	55 years and 6 months
in 1951	55 years and 8 months
in 1952	55 years and 10 months
In 1953 through 1964	56 years
in 1965	56 years and 2 months
in 1966	56 years and 4 months
in 1967	56 years and 6 months
in 1968	56 years and 8 months
in 1969	56 years and 10 months
In 1970 and after	57 years

d. Disability Benefits (FERS).

(1) The first year: 60% of your high-3 average pay minus 100% of any Social Security disability benefits to which you are entitled.

(2) After the first year, and until age 62, if your disability prevents you from performing your job, and you do not qualify for Social Security disability benefits, your benefit will be: 40% of your high-3 average pay.

(3) If you do qualify for Social Security benefits, your disability will be reduced by 60% of the initial Social Security benefit to which you are entitled. The resulting total will be equal to at least 40% of your high-3 plus 40% of your Social Security disability benefits.

(4) When you reach age 62, your disability benefit will be recomputed. Essentially, you will receive the annuity you would have received if you had not been disabled, but had continued working until age 62. For purposes of this re-computations your average salary will be increased by all FERS cost-of-living adjustments that took effect while you were receiving a disability annuity.

EXAMPLE: Average high-3 salary is \$25,000. The initial benefit would be 60% of \$25,000, or \$1,250 a month.

Initial FERS monthly benefit	=	\$1,250
Social Security Disability	-	\$700
Adjusted FERS disability benefit	=	\$550
Second year, 40% of high-3 salary	=	\$833 per month
Social Security Disability (60% of \$700)	=	\$420
FERS disability benefit would be		\$413.

e. Survivor Benefits (FERS).

(1) If you die while you are an employee.

(a) If you are married, have worked for the Federal Government for 18 months, and you die while you are an active employee, your surviving spouse receives:

1. A lump sum payment plus the higher of  $\frac{1}{2}$  of your annual pay rate at death, or
2. One-half (1/2) of your high-three average pay

NOTE: Lump-sum payment for 2000 is \$22,596.12. (This figure increases by the cost-of-living adjustments each year).

(b) If you had 10 years of service, your spouse also receives an annuity equaling 50% of your accrued basic retirement benefit. These benefits are paid in addition to any Social Security, group life insurance, or savings plan survivor benefits.

(2) If you die while you are a retiree.

(a) A married retiree's annuity is automatically reduced to provide spouse survivor benefits, unless those benefits are jointly waived in writing by the retiree and the spouse before retirement.

(b) Your annuity is reduced 10% to give your surviving spouse. An annuity of 50% of your unreduced benefit, plus a special supplementary annuity payable until age 60 if your spouse will not be eligible for Social Security survivor benefits until age 60.

(c) You and your spouse may choose instead to have your annuity reduced by 5% to give your spouse an annuity of 25% of your unreduced benefit at your death.

15-10. CSRS - Crediting Civilian Service.

a. All service performed for the Federal Government (Executive, Judicial, or Legislative branches) is potentially creditable toward determining if an employee is eligible to retire if it meets all three tests of Federal employment.

- (1) Engaged in the performance of a Federal function.
- (2) Appointed or employed by a Federal officer.

- (3) Under the direction and supervision of a Federal official.
- b. Normally, full time credit is allowed for all time elapsing between the date of appointment and the date of separation.
- (1) Leave Without Pay - credit is given for all LWOP up to six months in a calendar year.
  - (2) OWCP - All time while receiving OWCP benefits is fully creditable as long as the employee is eventually restored to Federal employment.
  - (3) Part-time Service - Fully creditable for eligibility purposes. Service performed on/after 7 April 1986 is pro-rated only for computation purposes.
  - (4) Intermittent (WAE) - Credit is given only for the days or hours actually worked based on a 260-day work year.
- c. Deposit Service.
- (1) Any period of service not covered by CSRS or FERS retirement deductions is called deposit or non-deduction service. Generally, this would be non-career time, such as temporary, indefinite, or WAE.
  - (2) Deposit Due - Is the amount that would have been contributed to the Retirement Fund plus interest.
  - (3) Effect on Annuity - Service Performed Prior to 1 October 1982.
    - (a) Fully creditable for retirement eligibility and computation purposes.
    - (b) If deposit is not made, annuity is reduced by 10% of deposit due.
    - (c) If the deposit is unpaid at time of retirement, OPM assumes-the retiree wants the 10% reduction.
    - (d) If retiree wants to be informed of the amount of deposit due and the effect on annuity, a written request must be attached to the retirement application.
  - (4) Effect on Annuity - Service Performed After 30 September 1982.
    - (a) Fully creditable for retirement eligibility purposes.
    - (b) If deposit is not made, service is not creditable for computation purposes.
    - (c) If the deposit is unpaid at time of retirement, the retiree is notified of the amount of deposit due and the rate of annuity if the deposit is paid or not paid.
- d. Redeposit Service.
- (1) Creditable civilian service where retirement deductions were taken, but later refunded after a separation from Federal employment.
  - (2) Amount of Redeposit - Redeposit is amount of refund plus interest.
  - (3) Effect on Annuity - Refund based on a separation prior to 1 October 1990.

- (4) Fully creditable for retirement eligibility and computation purposes.
- (5) If the redeposit is not made, the annuity is subject to an actuarial reduction based on the amount of the redeposit due and the retiree's age at time of retirement.
- (6) If the redeposit is unpaid at time of retirement, the retiree is notified of the amount of redeposit due and the rate of annuity if the redeposit is paid or not paid.

NOTE: THE ACTION REDUCTION DOES NOT APPLY IF THE ANNUITY IS BASED ON DISABILITY RETIREMENT, OR IS A DEATH-IN-SERVICE CASE.

- (7) Effect on Annuity - Refund Based on a Separation After 30 September 1990; Disability Retirees; Death-in-Service.
  - (a) Fully creditable for retirement eligibility purposes.
  - (b) If the redeposit is not made, the service is not creditable for computation purposes.
  - (c) If the redeposit is unpaid at time of retirement, the retiree is notified of the amount of redeposit due and the rate of annuity if the redeposit is paid or not paid.

15-11. FERS - Crediting Civilian Service.

a. All service performed for the Federal Government (Executive, Judicial, or Legislative branches) is potentially creditable toward determining if an employee is eligible to retire if it meets all three tests of Federal employment.

- (1) Engaged in the performance of a Federal function.
- (2) Appointed or employed by a Federal Officer.
- (3) Under the direction and supervision of a Federal official.

b. Normally, full time credit is allowed for all time elapsing between the date of appointment and the date of separation.

- (1) Leave Without Pay - Credit is given for all LWOP up to six months in a calendar year.
- (2) OWCP - All time while receiving OWCP benefit is fully creditable as long as the employee is eventually restored to Federal employment.
- (3) Part Time Service - Fully creditable for eligibility purposes. Service is prorated only for computation purposes.
- (4) Intermittent (WAE) - Credit is given only for the days or hours actually worked based on a 260-day work year.
- (5) Interim or Offset Service.
- (6) CSRS Service that is not part of a CSRS Component - Fully creditable if covered by deductions or a deposit has been made.

(7) Non-Deduction Service (Includes service under other Federal retirement systems) - Fully creditable if PERFORMED PRIOR to 1 January 1989, AND deposit has been made. No credit if performed on or after 1 January 1989.

c. Deposit Service.

(1) Any period of civilian service not covered by FERS or CSRS retirement deductions is called Deposit or Non-deduction Service.

(2) Creditability.

(a) To be creditable for BOTH retirement eligibility and computation purposes:

1. The non-deduction service must be performed prior to 1 January 1989, and
2. A deposit must be made.

(b) A deposit may NOT be made for non-deduction service performed on or after 1 January 1989. Such service is not creditable for retirement eligibility or computation purposes.

(3) Deposit Due - 1.3% of the base pay earned during the period of non-deduction service, plus interest.

d. Redeposit. A refund of FERS retirement contributions may not be paid back and the service covered by such refund is NOT creditable for any retirement purpose.

15-12. CSRS - Crediting Military Service For Retirement Purposes.

a. Military Deposit - No deposit is due for military service performed prior to 1 January 1957. For military service performed on or after 1 January 1957, a deposit of 7% of military basic pay earned during the post-1956 military service, plus interest is due.

b. Post-56 Military Service Deposit - First Employed Prior To 1 October 1982.

(1) If ENTITLED to Social Security at time of retirement. (age 62 or older): Post-56 military service not used unless deposit was made prior to retirement.

(2) If NOT ENTITLED to social security at time of Retirement (under age 62): All military service will be used in the computation.

(3) If an annuitant who retired prior to age 62 is ENTITLED to Social Security at age 62: The annuity will be recomputed to exclude Post-56 military service unless deposit was made prior to retirement.

c. Post-56 Military Service Deposit - First Employed On or After 1 October 1982.

(1) If employee MAKES the military deposit: Service credited regardless of Social Security entitlement.

(2) If employee DOES NOT MAKE the military deposit: Service is NOT credited regardless of Social Security entitlement.

NOTE: SERVICE IS NOT CREDITED FOR BOTH ELIGIBILITY AND COMPUTATION PURPOSES.

(3) Deposit Due: 7% of base pay earned during Post-56 military service PLUS interest.

(4) Interest: No interest if paid in full by 30 September 1986, or within 2 years of the date of first employment under CSRS, whichever is later; variable interest rate thereafter, compounded on an annual basis.

15-13. FERS - Crediting Military Service for Retirement Purposes.

- a. Military service is NOT creditable for eligibility or computation purposes unless the required deposit is made before retirement.
- b. Military Deposit.
  - (1) No deposit is due for military service performed prior to 1 January 1957.
  - (2) A deposit is required in order to receive credit for military service performed on or after 1 January 1957.
  - (3) Deposit Due: 3% of the base pay earned during the Post-56 military service plus interest.
  - (4) Interest Accrual Date (IAD) - Interest starts and is compounded annually beginning two years from the date first employed.

15-14. Thrift Savings Plan.

- a. Definition: The Thrift Savings Plan (TSP) is a tax-deferred retirement savings and investment plan that offers employees the same type of savings and tax benefits that many private corporations offer their employees under 401(K) plans. By participating in the TSP, employees have the opportunity to save part of their income for retirement and reduce their current taxes.
- b. Contributions to the Thrift Savings Plan - FERS Employees.
  - (1) Agency automatically contributes 1 percent of basic pay to each employee's account once the employee becomes eligible to participate.
  - (2) Employees under FERS may contribute up to 10 percent of basic pay with the agency matching as follows:

First 3% of pay . . . . .	\$1.00 per \$1.00
Next 2% of pay . . . . .	\$.50 per \$1.00

NOTE: THERE IS A LIMIT THAT AN EMPLOYEE CAN CONTRIBUTE SET BY IRS AND IT CHANGES EACH YEAR.

- (3) CSRS Employees may contribute up to 5 percent of basic pay with no agency matching contribution.
- c. Vesting: Immediate vesting of all contributions except the 1 percent automatic agency contribution. The automatic contribution becomes vested after:
  - (1) Three (3) years of service for career employees.
  - (2) Two (2) years of service for non-career SES and political (Schedule C) appointees, Members of Congress and Congressional employees.

NOTE: THERE IS NO VESTING REQUIREMENT IN A DEATH IN SERVICE CASE.

d. Features of the TSP for All Participants Include:

- (1) Before tax savings and tax deferred investment earnings.
- (2) A choice of investment options is:
  - (a) Government Securities (G Fund).
  - (b) Fixed Income Index (F Fund).
  - (c) Common Stock Index (C Fund). Effective Oct. 2000.
  - (d) Small Capitalization Index (S Fund).
  - (e) International Stock Index (I Fund).
- (3) Inter-fund Transfers.
  - (a) The movement of some or all of an employee's or retiree's account balance among the G, F, C, S, and I Funds by means of a TSP Form 30, does not change the allocation of future contributions.
  - (b) Twelve inter-fund transfers can be made at any time during a calendar year.
  - (c) TSP 30 is sent directly to the TSP Service Office, not the agency.
- (4) Immediate vesting in your own contributions and if FERS employee, the agency matching contributions.
- (5) Portable benefits if you leave Government Service.
- (6) In service withdrawals.
- (7) Withdrawal options at separation.
- (8) Loans from your own contributions and earnings on those contributions for certain purposes while you are in Government service.
  - (a) Must have at least \$1,000 of your own contributions in your TSP account and provide the required documentation, you may borrow for:
    1. Purchase of a primary residence.
    2. Educational expenses.
    3. Medical expenses.
    4. Financial hardship.
  - (b) You pay interest on the loan at the G Fund rate in effect at the time your application is received. Both the principal and the interest you pay go back into your own TSP account.

- (9) Spouse protection through certain notice and consent requirements.

15-15. Refund of Retirement Contributions.

- a. Individuals terminating technician employment, who had retirement deductions withheld from their pay, but do not qualify for an immediate annuity, may either leave the deductions on deposit with the Civil Service Retirement System or the Federal Employees Retirement System and draw a deferred annuity (if eligible) or may withdraw the deductions. There is no provision in the law for the redeposit of FERS contributions that have been refunded.
- b. Upon termination, each technician will be provided an Application for Refund of Retirement Deductions form with the instructions for submission. Normal processing of funds takes 8 - 12 weeks.

15-16. Federal Employees Group Life Insurance (FEGLI).

- a. Types and Amount of Insurance.

(1) Basic Life.

- (a) Annual Basic Pay rounded to next \$1000 Plus \$2000.
- (b) \$10,000 minimum.
- (c) Accidental Death and Dismemberment benefits (AD&D).
- (d) Automatic if not waived by employee.
- (e) For those under age 45 there is an extra amount. AD&D insurance is not increased by these factors.

(2) Option A - Standard.

- (a) \$10,000.
- (b) AD&D.
- (c) Must Elect.

(3) Option B - Additional.

- (a) Multiples of 1 to 5 times annual basic pay.
- (b) Basic pay rounded to the next higher thousand.
- (c) No AD&D.
- (d) Must elect.

(4) Option C - Family.

- (a) Spouse - 1 to 5 times \$5,000.
- (b) Child - 1 to 5 times \$2,500.

- (c) Dual coverage allowed.
  - (d) No AD&D.
  - (e) Paid to employee.
  - (f) Must elect.
  - (g) Family member - same as Health Insurance.
- b. Cost of Insurance.
- (1) Basic.
    - (a) Employee pays 2/3 of the premium, Government pays 1/3.
    - (b) Cost determined by amount of insurance.
  - (2) Option A - Standard & Option B - Additional.
    - (a) Employee pays all.
    - (b) Cost determined by employee's age.
  - (3) Option C - Family.
    - (a) Employee pays all.
    - (b) Cost determined by employee's age.
    - (c) Same cost no matter how many family members.
- c. Eligibility for Coverage.
- (1) Basic Insurance.
    - (a) Most employees are eligible for coverage.
    - (b) Coverage automatic unless waived.
    - (c) Coverage begins automatically on first day in a pay and duty status.
    - (d) If an employee waivers coverage after the first pay period, the waiver is effective at the end of the pay period.

NOTE: If a rehired employee has a prior waiver (SF 2817) on file, and LESS than a 180 day break-in-service, waiver remains in effect.

- (2) Exclusions.
  - (a) Temporary NTE one year.
  - (b) Intermittent.

- (c) Purely Temporary or for brief period.
- d. Elections of Options A-B-C.
  - (1) Available to employees with Basic Insurance.
  - (2) Must elect within 60 days of appointment or eligibility on a SF 2817.
  - (3) Eligible employee may choose any combination.
- e. Cancellation of Waiver or Declination - Basic Insurance.
  - (1) Break-in-Service of 180 days or less. A waiver (of Basic) or declination (A, B or C) of insurance coverage remains in effect until cancelled even if the employee transfers to another agency.
  - (2) Break-in-Service of over 180 days. An employee with a break-in-service of more than 180 days is treated like a new employee (i.e., Basic is automatic, and option to elect A, B and C).
  - (3) To Cancel A Waiver of Basic Insurance.
    - (a) One year from date of last waiver.
    - (b) Show evidence of insurability by completing a SF 2822
    - (c) No age limitation.
  - (4) Effective Date. First day in a pay-and-duty status following Office of Federal Employee's Life Insurance's (OFEGLI) approval.
- f. To Cancel a Declination of Option A - Standard.
  - (1) One year from the date of last waiver.
  - (2) Show evidence of insurability by completing a SF 2822
  - (3) No age limitation.
- g. To Cancel a Declination or Increase Option - B - Additional.
  - (1) Must wait at least one year from the date of declination; providing evidence of insurability.
  - (2) Marriage, acquisition a child, divorce or death.
  - (3) Must elect within 60 days.
- h. To Cancel a Declination of Option C - Family.
  - (1) Marriage, acquisition a child, divorce or death.
  - (2) Must elect within 60 days.
- i. Requirements for Continuing Insurance Into Retirement.
  - (1) Basic.

- (a) Retire on an immediate annuity.
- (b) Covered for the last 5 years of service or from first opportunity to enroll.
- (c) Does not convert to a private policy.
- (2) Options A, B and C.
  - (a) Eligible to continue Basic.
  - (b) Covered for the last 5 years of service or from first opportunity to enroll.
  - (c) Does not convert to a private policy.
  - (d) Annuity sufficient to cover the cost.
- j. Payment of Life Insurance Benefits - order of Precedence.
  - (1) Designated Beneficiary (SF 2823).
  - (2) Widow or Widower.
  - (3) Children (NOTE: Not stepchildren).
  - (4) Parents.
  - (5) Executor, Administrator of Estate.
  - (6) Next of Kin.

15-17. Federal Employee's Health Benefits Program (FEHB).

- a. General.
  - (1) The FEHB is a voluntary program designed to protect the technician and his family from high cost of illness and/or accident.
  - (2) Brochures are furnished to each technician upon employment and replaced through direct distribution when changes occur. These brochures contain details related to coverage. Bi-weekly withholding rates are shown on a separate Retirement Insurance brochure published each year during the open season period.
  - (3) Open Season is provided every November by the Office of Personnel Management and coverage is effective the first pay period in January. The Open Season permits technicians to enroll who had previously rejected such coverage and change of available plans.
- b. Advantages.
  - (1) Guaranteed Coverage.
  - (2) No Medical Examination.
  - (3) No Restrictions for Pre-existing Conditions.

- (4) Government Contribution to Cost.
  - (5) Coverage While on LWOP.
  - (6) Temporary Coverage for 31 Days after Termination.
  - (7) Temporary Coverage after 31 Day Extension (TCC):
    - (a) Up to 18 months for employee.
    - (b) Up to 36 months for dependent/former spouse.
  - (8) Continued coverage after retirement.
  - (9) Continued coverage for survivor annuitants.
- c. Eligibility to Enroll.
- (1) Every eligible employee must register to enroll or not enroll within 60-days from the date he/she becomes eligible.
  - (2) Exclusions.
    - (a) Temporary NTE one year.
    - (b) Intermittent.
    - (c) Purely temporary or hired for brief periods.
- d. Coverage for Temporary Employees.
- (1) Must have completed one year of continuous employment.
  - (2) No break in service of over five days.
  - (3) Pay both the employee and government share of the premiums.
- e. Enrollments Available.
- (1) Self-Only.
  - (2) Self and Family.
  - (3) Family Members - Spouse of an employee or annuitant and an unmarried dependent child under 22 years of age, including:
    - (a) An adopted child or recognized natural child.
    - (b) A stepchild or foster child but only if the child is living with the employee or annuitant in a regular parent-child relationship.
    - (c) Unmarried dependent child regardless of age who is incapable of self-support because of a mental or physical disability which existed before age 22.

- f. Requirements for Continuing Enrollment Into Retirement.
- (1) Retire on an immediate annuity.
  - (2) Enrolled, or covered as a family member, under the FEHB Program for:
    - (a) The five years of service immediately preceding retirement, or
    - (b) All service since first opportunity to enroll.
- g. Coverage While on Active Duty. Status of health insurance coverage available to technicians while on active duty for training is as follows. Employees are allowed to continue his/her FEHB coverage while in leave-without-pay for active duty military service for up to 12 months, unless he/she elects to have the enrollment terminated as of the day before entering active duty.
- (1) If a technician wishes to continue his/her FEHB coverage, the technician will be responsible for his/her share of the premiums. Payment must either be made while the technician is on active duty or when he/she returns to duty.
  - (2) A technician may make a written request to terminate his/her enrollment the day before entering into active duty. The employee would have 31 day temporary extension of coverage, and the break-in-coverage would not count against the employee in meeting the five-year coverage requirement prior to retirement. Also, the technician's enrollment would be reinstated upon return from active duty.
  - (3) Failure to notify the Human Resources Office in writing of his/her decision to either continue or terminate health insurance benefits while on active duty will result in an automatic coverage of FEHB coverage during their tour of military duty, and thus obligate the technician for payment of his/her share of health insurance cost while on active duty.
  - (4) When benefits terminate under the above conditions, a technician and covered members of his family continue to have free health benefits coverage for 31 days thereafter. In addition, if a technician or covered member of his family is confined in a hospital on the 31st day of the grace period, benefits for the hospitalized person will continue while he/she is confined, up to a maximum of 60 additional days.
- h. FEHB: Temporary Continuation of Coverage. Section II of P.L. 100-654 added a new section 8905a to Title 5 of the U.S. Code that provides for temporary continuation of health benefits coverage for certain individuals who lose their coverage on or after 1 January 1990.
- (1) Eligibility for temporary continuation of coverage. Three groups of individuals are eligible for temporary continuation of health benefits coverage.
    - (a) Employees who separate from service, voluntarily or involuntarily, unless the separation is involuntary due to gross misconduct.
    - (b) This group includes employees who separate for retirement and are not eligible for continued FEHB coverage as annuitants.
    - (c) Children who:
      1. Have been covered under an employee's or annuitant's enrollment because they meet the requirements for unmarried dependent children of the employee or annuitant; and

2. Stop meeting the requirements for being considered unmarried dependent children of the employee or annuitant.

(d) This group includes children who marry before reaching age 22, children who lose coverage because they reach age 22, children who lose their status as step-children or foster children, children who no longer meet coverage requirements as recognized natural children, and disabled children age 22 and older who marry, recover from their disability, or become able to support themselves.

(e) Former spouses who meet the requirement in 5 U.S.C. 8901(10) of having been enrolled in an FEHB plan as a family member at some time during the 18 months before the marriage ended, but do not meet one or both of the other two requirements of 5 U.S.C. 8901(10) because the former spouse:

1. Has remarried before reaching age 55, or
2. Is not entitled to a portion of the employee or annuitant's annuity benefit or a survivor benefit based on the employee or annuitant's service.

(2) Notification requirements. Employing offices must notify eligible individuals of their opportunity to elect temporary continuation of coverage as follows:

(a) Separating employees - within 30 days after their coverage would otherwise end, including the 60 day temporary extension of coverage for conversion.

(b) Children. The covered employee has the responsibility of notifying the employing office of the change in the child's status and the address of the child within 60 days after the event that caused the loss of coverage. The employing office then has 14 days to notify the child of his/her rights.

(3) Time limitations for electing temporary continuation of coverage.

(a) Former employees must submit their election within 60 days after the later of:

1. The date of separation, or
2. The date the former employee receives the notice from the agency.

(b) Children must submit their election within 60 days after the later of:

1. The date of the qualifying event, or
2. The date the child receives the notice from the employing agency.

(c) Former spouses must submit their election of continued coverage to the employing office within 60 days after the later of:

1. The date of the qualifying event, or
2. The date the former spouse receives the notice from the employing office.
3. The date coverage under spouse equity provisions is lost (because of remarriage or loss of a qualifying court order) if the loss of coverage under the spouse equity provisions occurs before the expiration of the 36-month period following the qualifying period.

- (d) If the employing offices aren't notified of the eligibility of children or former spouses, the enrollment opportunity ends 60 days after the event.
- (4) Election Options.
  - (a) An individual who elects continued coverage is not limited to the plan, option, or type of enrollment under which he or she has been covered. The individual may choose self-only or self and family coverage, and may enroll in any plan or option for which he/she is eligible. When a child enrolls for self and family, family members are his/her own spouse and children.
  - (b) When a former spouse enrolls for self and family, family members are limited to those individuals who are children of both the employee and the former spouse.
  - (c) After the initial enrollment, the individual may change enrollment during the open season or, generally, when an event occurs that would allow an employee to change enrollment.
- (5) Effective date of coverage. The effective date of coverage is the day after the 31-day temporary extension of coverage for conversion.
- (6) Length of temporary continuation of coverage. The temporary extension of coverage may not exceed:
  - (a) For former employees - 18 months after the date of separation from service.
  - (b) For children and former spouses of employees and annuitants - 36 months after the date of the qualifying event.
  - (c) For children and former spouses of former employees with temporary continuation of coverage - 36 months after the date of the employee's separation.
- (7) Premiums. Enrollees pay their full enrollment charge (both the employee and government shares) plus a 2 percent administration charge.

15-18. State Sponsored Programs.

- a. Long Term Disability Insurance.
  - (1) General. The Long Term Disability Income Protection Program is offered to technicians with a substantial measure of income for periods of disability that extend beyond 60 days. The National Guard Association of Mississippi is the sponsoring organization. Income Protection pays 60% of the regular monthly earnings up to a maximum of \$1,000 a month.
  - (2) Enrollment. Technicians are provided the form during orientation and should submit the form to the HRO within 30 days of employment. The Income Protection Coverage will begin after your enrollment is accepted by Combined Insurance Company of America. When your first premium is paid, your insurance will go into force. Technicians, who wish to acquire coverage after the initial 30 days, will be required to answer medical questions as proof of insurability prior to coverage becoming effective.
  - (3) Claims. As soon as the technician has knowledge that the disability is likely to exceed the 60 day elimination period, he/she notifies the HRO.
- b. Accidental Death and Dismemberment Insurance.

- (1) General. Technicians are eligible to participate in the Accidental Death and Dismemberment Insurance underwritten by Combined Insurance Company of America with the National Guard Association as the sponsoring organization. This plan provides coverage for accidental death and dismemberment for both occupational and non-occupational accidents 24 hours a day, every day of the year. Also included in this plan is an option for coverage of the insured family.
- (2) Enrollment. Forms are provided to the technician during orientation and upon request.
- (3) Claims. Policy issued each technician sets forth specific details of the coverage and claim action required.