

Contents for Subchapter 560

Summary of Changes	ix
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Additional Material:

References to additional material concerning the subject matter in some sections of this chapter are indicated in boxed reference notes within the text.

5 Employee Benefits

560 Civil Service Retirement Program

561	General	1
561.1	Scope	1
561.2	Administration	1
561.3	Employees Covered	1
561.4	CSRS Offset	1
561.5	Exclusions	2
562	Creditable Service	2
562.1	General	2
562.11	Types of Service	2
562.12	Time Credit	2
562.2	Federal Civilian Service	3
562.21	General	3
562.211	Federal/District of Columbia	3
562.212	Breaks In Service	3
562.213	Deductions Refunded	3
562.22	Service Covered by Social Security	3
562.23	Part-Time Employment	3
562.231	Part-Time Regular Employees	3
562.232	Part-Time Flexible Employees	3
562.233	Annuity Proration	4
562.24	Intermittent Service	4
562.25	Special Circumstances	4
562.251	Japanese-American Employee	4
562.252	Employee Receiving OWCP Benefits	5
562.253	Employee Restored After Erroneous Removal or Suspension	5

562.254	Employee Granted LWOP to Serve in Employee Organizations	6
562.255	Employee on Leave of Absence	6
562.3	Military Service	7
562.31	Types of Service	7
562.311	Military Groups	7
562.312	Reserve Components	7
562.313	Military Academies	7
562.314	National Guard Service	7
562.315	Military Service Prior to January 1957	7
562.316	Military Service After December 31, 1956	8
562.32	Required Conditions	8
562.33	Double Credit Not Permitted	8
562.34	Service Credit Deposit Required	8
562.341	Amount of Deposit	8
562.342	Charging Interest	8
562.35	Military Retired Pay	9
562.351	CSRS Annuity	9
562.352	Waiver of Military Retired Pay	9
562.4	Credit For Unused Sick Leave	10
562.41	Eligibility	10
562.42	Method of Computing	10
562.43	Restrictions	10
562.5	Computing Total Length of Service	10
563	Annuities — Requirements and Procedures	10
563.1	General Requirements	10
563.11	Conduct	10
563.12	Time	11
563.13	Age and Service	11
563.2	Requirements and Procedures by Type of Separation	11
563.21	Involuntary Separation	11
563.211	Additional Requirements	11
563.212	Reduced Annuity	11
563.22	Mandatory Retirement	12
563.23	Disability Retirement Requirements	12
563.231	Service	12
563.232	Total Disability	12
563.233	Conduct	12
563.3	Deferred Annuity	13
564	Types of Annuities	13
564.1	Annuity Without Survivor Benefits	13

Employee Benefits
Civil Service Retirement Program

564.2	Annuity with Survivor Benefits	13
564.21	Annuity to Current and/or Former Spouse(s)	13
564.211	General	13
564.212	Current Spouse Eligibility	14
564.213	Election of Former Spouse Annuity	14
564.214	Annuity Limitation	14
564.215	Reduction in Employee's Annuity	14
564.216	Effective Date	14
564.22	Annuity to Former Spouse Based on Court Order	14
564.221	General	14
564.222	Current Spouse Election	14
564.223	Protection of Current Spouse's Entitlement	15
564.23	Annuity to Person with Insurable Interest	15
564.231	General	15
564.232	Eligibility	15
564.233	Reduced Rate	15
564.24	Current Spouse's Consent	15
564.25	Surviving Child	16
564.3	Election of Annuity	16
564.31	Application	16
564.32	Election Changes After Retirement	16
564.321	18-Month Reelection Period	16
564.322	Marriage Terminated	16
564.323	Marriage Terminated and Remarriage	16
564.324	Marriage After Retirement	17
565	Employee's Retirement Account	17
565.1	Deductions from Current Earnings	17
565.2	Deposits for Prior Service	17
565.21	Employee Deposits	17
565.211	Percentages of Basic Pay	17
565.212	Reduction for Periods of No Deposit	18
565.22	Survivor Deposits	18
565.23	Deposit/Redeposit Application	18
565.3	Redeposits	19
565.31	Employee Redeposits	19
565.32	Amount of Redeposit	19
565.33	Impact on Annuity	19
565.34	Exception	19
565.35	Survivor Redeposits	19
565.36	Form Used	19

565.4	Voluntary Contributions	20
565.41	Application	20
565.42	Restrictions	20
565.43	Amount of Contributions	20
565.44	Amount of Additional Annuity	20
565.45	Type of Annuity Election	20
565.46	Withdrawal of Voluntary Contribution	21
565.461	Conditions	21
565.462	Application	21
565.47	Death Before Retirement	21
565.5	Refund of Deductions	21
565.51	Less Than 5 Years Civilian Service	21
565.511	Refund	21
565.512	Eligibility	21
565.513	Interest	21
565.514	Application	21
565.52	Five Years or More Civilian Service	22
565.521	Choice	22
565.522	Value	22
565.523	Eligibility	22
565.524	Refund	22
565.525	Interest	22
565.526	Repayment	22
566	Annuity Computation	22
566.1	Effective Dates	22
566.11	Commencement	22
566.12	Ending	23
566.13	Employee's Work and Leave Status	23
566.131	Use of Annual Leave Balance	23
566.132	Continuing Leave Status	23
566.2	Factors Affecting Annuity Computations	23
566.21	Primary Factors	23
566.22	Other Factors	23
566.23	Determining Length of Service	24
566.24	Determining High 3-Year Period	24
566.241	Dates Included	24
566.242	Consecutive	24
566.243	Refunded Deductions	24
566.25	Determining High-3 Average Pay	24
566.251	Computation	24
566.252	Basic Pay	24

Employee Benefits
Civil Service Retirement Program

566.3	General Formula	24
566.31	Computation	24
566.32	Substitution	25
566.33	Guides for Applying the General Formula	25
566.34	Maximum Annuity Benefits	25
566.341	Eighty Percent Limitation	25
566.342	Excess Service	25
566.4	Disability Retirement	26
566.41	Guaranteed Minimum	26
566.411	Employee Under Age Sixty	26
566.412	Employee Past Age Sixty	26
566.413	Exceptions	26
566.42	Application of Guaranteed Minimum Principle	27
566.421	Computations	27
566.422	Examples Resulting From Applying Guaranteed Minimum	29
566.423	Concept	29
566.5	Reemployed Annuitants, Additional Annuity	29
566.51	Supplemental Annuity	29
566.511	Eligibility	29
566.512	Computation	29
566.52	Redetermination of Annuity	30
566.6	Alternative Form of Annuity/Payment of Lump-Sum Credit	30
566.61	Alternative Option	30
566.62	Computation	31
566.63	Survivor Annuity	31
567	Death Benefits — Death in Service	31
567.1	Survivor Annuity	31
567.11	Conditions to Be Met by the Employee	31
567.12	Conditions to Be Met by the Current (Former) Spouse	31
567.121	Current Spouse	31
567.122	Former Spouse — Court Ordered Annuity	32
567.13	Conditions to Be Met by the Child	32
567.131	General	32
567.132	Child incapable of Self-Support	32
567.133	Stepchild or Illegitimate Child	32
567.14	Computation of Annuity for Survivors	32
567.141	Current and/or Former Spouse	32
567.142	Current and/or Former Spouse of a Law Enforcement Employee	33
567.143	Payment of Child's Annuity	33
567.15	Beginning Date for Survivor Annuity	34
567.16	Conditions for Termination, Restoration, or Changes in Survivor Annuity	34

567.17	Election of Annuity by Survivor	35
567.171	Election of Survivor Annuity or Employees' Compensation Benefits	35
567.172	Election of Survivor Annuity or Social Security Benefits	35
567.18	Election by Annuitants and Resultant Survivor Annuities	35
567.19	Deceased Annuitant Survived by Child	36
567.2	Lump-Sum Benefit	36
567.21	Conditions for Payment	36
567.22	Person(s) Entitled to Payment	36
567.221	Order of Precedence	36
567.222	Former Spouse	36
567.23	Designations of Beneficiaries	36
567.231	Employee Informed	36
567.232	Employee Reminder	37
567.3	Procedure Upon Death of an Employee or Annuitant	37
567.31	Contacting Next of Kin	37
567.32	Notifying OPM	37
567.33	Filing Death Claim Applications	37
567.331	SF 2800	37
567.332	Minor Children	37
567.333	One Application	37
567.334	SF 1153	37
567.34	Evidence	38
567.341	Required	38
567.342	Additional	38
568	Management-Initiated Disability Retirement Procedures	38
568.1	General	38
568.11	Basis for Filing	38
568.12	Medical Examination	39
568.121	Notifying the Employee	39
568.122	Designating a Physician	39
568.123	Information Provided Examining Physician	39
568.124	Psychiatric Evaluation	39
568.125	Cost of Medical Examination	40
568.126	Management Decision	40
568.13	Filing Application	40
568.131	Employing Office Action	40
568.132	Notice to Employee	40
568.133	Notice to OPM	40
568.2	OPM Action	40
568.21	Processing by OPM	40
568.22	Decision	41

Employee Benefits
Civil Service Retirement Program

568.23	Cancellation of Retirement	41
568.24	Employee's Status Pending OPM's Decision	41
569	General Retirement Information	41
569.1	Retirement Counseling	41
569.11	Responsibility	41
569.12	National Retirement Counseling System (NARECS)	41
569.121	Purpose	41
569.122	Content	41
569.123	Individual Counseling	42
569.124	Interview	42
569.125	Check List for Pre-Retirement Interviews	42
569.126	Certified Summary of Federal Service	42
569.127	Information Reference	42
569.128	Advice to Employee	42
569.13	Survivor Counseling and Assistance	43
569.14	Group Counseling and Assistance	43
569.141	Objectives and Responsibility	43
569.142	Location and Participation	43
569.143	Suggestions for Program Content	43
569.2	Retirement Forms	44
569.21	Guidelines for Processing Personnel Actions	44
569.22	Requisitioning Forms	44
569.3	Retirement Account Information	44
569.4	Information Source for Separated or Retired Employees	44
569.5	Information Source for Employees	45
569.6	Federal Income Tax	45
569.61	Taxable Annuities	45
569.62	Federal Income Tax Withholding	45
569.63	Federal Income Tax Questions	45
569.7	Privacy Act Considerations	45
569.71	General	45
569.72	OPM Records	46
569.73	USPS Records	46

Exhibits

Exhibit 567.16	Conditions for Termination, Restoration, or Changes in Survivor Annuity	34
Exhibit 567.18	Election by Annuitants and Resultant Survivor Annuities	35

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Summary of Changes for Subchapter 560

Note that changes are cumulative. Numbering of a section may be modified by a change made subsequently.

1. Overall ELM Revisions

The entire ELM is reformatted, with changes in typographical treatment where necessary, for ease of use for printing and online viewing. Addresses are reformatted to reflect machine readability standards.

Addresses and telephone numbers are updated in the text, and Appendix C, Addresses, previously added by PB 21809, 2/20/92, is deleted.

Form titles in the text and in Appendix B, Form Titles, were updated when the ELM was issued online in 1996. Any subsequent updating is noted in the revisions specific to this segment noted below. (PB 21929, 9/26/96)

2. Revisions Specific to This Segment

Addresses, form titles, and position titles are updated. References to retirement age requirements and annuity dollar figures are updated to 1997 values.

Substantive changes are marked with vertical bars in the margins or printed in bold type in tables and certain exhibits.

561 General is amended to include a reference note to identify the Office of Personnel Management (OPM) *CSRS/FERS Handbook* as the source document for further information.

562 Creditable Service is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

562.252 Employee Receiving OWCP Benefits is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

562.252b Employee Separated from Postal Service is expanded and clarified to incorporate OPM regulations regarding reemployed individuals and credit for time spent on Office of Workers' Compensation Programs (OWCP) rolls.

562.253 Employee Restored After Erroneous Removal or Suspension is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

562.3 Military Service is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

562.341 Amount of Deposit is updated to delete an erroneous handbook reference.

562.36 Additional Information is deleted to eliminate an erroneous handbook reference.

562.4 Credit for Unused Sick Leave is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

563.1 General Requirements is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

563.21 Involuntary Separation is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

563.22 Mandatory Retirement is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

563.23 Disability Retirement Requirements is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

563.231 Service (formerly **Requirements**) is renamed and reorganized so that the former 563.231a is included under this number, the former 563.231b becomes 563.232, and the former 563.231c becomes 563.233.

563.232 Total Disability (formerly **563.231b**) is expanded to outline the reassignment provisions provided in the Civil Service Retirement (CSR) law for a disability retirement application filed by an employee of the Postal Service. (PB 21725, 5/18/89)

563.232 Additional Information (former edition) is deleted to eliminate reference to an obsolete handbook.

563.3 Deferred Annuity is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

564.1 Annuity Without Survivor Benefits is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

564.21 Annuity to Current and/or Former Spouse(s) is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

564.216 Effective Date is clarified to comply with OPM regulations regarding survivor annuitants and remarriage.

564.22 Annuity to Former Spouse Based on Court Order is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

564.25 Surviving Child is clarified to comply with OPM regulations regarding survivor annuitant student status.

564.3 Election of Annuity is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

565.1 Deductions from Current Earnings is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

565.2 Deposits for Prior Service is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

565.3 Redeposits is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

565.33 Impact on Annuity is expanded to incorporate revised OPM regulations regarding redeposits.

565.4 Voluntary Contributions is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

565.5 Refund of Deductions is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

565.514 Application is expanded to incorporate OPM regulations that require spouse and former spouse notifications for refunds.

566.1 Effective Dates is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

566.131 Use of Annual Leave Balance is clarified to state that employees must be advised regarding forfeiture of leave prior to retirement.

566.2 Factors Affecting Annuity Computations is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

566.3 General Formula is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

566.41 Guaranteed Minimum is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

566.42 Application of Guaranteed Minimum Principle is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

566.5 Reemployed Annuitants, Additional Annuity is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

566.511b Eligibility is deleted to eliminate redundancy (information stated in 566.511 (formerly 566.511a)).

566.6 Alternative Form of Annuity/Payment of Lump-Sum Credit is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

566.61 Alternative Option (formerly **Eligibility**) is renamed and updated to incorporate revised OPM regulations that determine eligibility for the Alternative Form of Annuity.

567 Death Benefits — Death in Service is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

568 Management-Initiated Disability Retirement Procedures is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

568.12 Medical Examination (under **Management-Initiated Disability Retirement Procedures**) is added to provide a detailed clarification of current practice. The former **568.12 Filing Application** becomes **568.13**, and its subsections are renumbered. (PB 21849, 9/2/93)

569 General Retirement is amended to include a reference note to identify the OPM *CSRS/FERS Handbook* as the source document for further information.

569.122a Content is updated to remove a restrictive description of annuity estimate distribution dates.

569.126 Certified Summary of Federal Service is updated to eliminate erroneous instructions for personnel services offices.

569.21 Guidelines for Processing Personnel Actions is updated to eliminate an obsolete publishing reference.

560 Civil Service Retirement Program

561 General

Reference Note:

For additional material concerning the subject matter found in 561, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 10 and 20.*

561.1 Scope

Subchapter 560 covers the Civil Service Retirement System (CSRS) only. Information concerning the Federal Employees Retirement System (FERS) will be covered in subchapter 580.

561.2 Administration

The Office of Personnel Management (OPM) administers the CSRS. The CSRS law, policies, and regulations issued by OPM, including those governing employee eligibility and benefits, are controlling in the event of conflict with the information contained in this subchapter.

561.3 Employees Covered

The CSRS applies to:

- Employees serving under a career appointment, effective before January 1, 1984.
- Employees who received a career appointment before January 1, 1984 and who had a break in service of less than 1 year since 1983.
- Employees who are rehired after 1983 with a break in service exceeding 1 year and who had performed 5 or more years of federal civilian service prior to January 1, 1987.

Note: These employees are CSRS Offset employees and, therefore, also covered by the Social Security System.

- Employees in positions subject to the CSRS who transfer to temporary, indefinite, or other excluded positions without a break in service, or with a break in service not exceeding 3 days.

561.4 CSRS Offset

CSRS Offset employees are eligible for a CSRS annuity just as if they were covered by CSRS alone, except that the annuity payment is reduced (offset) when the employee becomes eligible for Social Security. The offset is made (even if the employee does not apply for Social Security) when the basic requirements for Social Security are met, usually at age 62. The amount of the Offset is the amount of the Social Security benefits attributable to the employee's service after 1983 covered by both CSRS and Social Security.

561.5 Exclusions

The CSRS does *not* apply to:

- a. Casual employees, except as provided in 561.3d.
- b. Employees serving under appointments limited to 1 year or less. (If individuals have previously served in positions in the USPS or other federal government agencies where they were covered by the CSRS, there must be a break of at least 4 days between such previous service and the casual or temporary appointment in the USPS.)
- c. Employees serving under temporary appointments pending establishment of a register or pending final determination of eligibility for permanent appointment.
- d. Employees paid on a contract or a fee basis such as mail messengers, star route contractors, and clerks in charge of contract stations.
- e. Officers-in-charge, unless they are covered in a position specified in 561.3d.
- f. Clerks in post offices in Cost Ascertainment Group (CAG) L and special delivery messengers who are in post offices in CAG H, J, K, and L.
- g. Substitute rural carriers and rural carrier relief/rural carrier associates, unless they fall under the exception specified in 561.3d.
- h. Job cleaners.
- i. Individuals hired for emergencies such as fires, floods, earthquakes, etc.
- j. Employees subject to another federal government retirement system.

562 Creditable Service**Reference Note:**

For additional material concerning the subject matter found in 562 through 562.251, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 10 and 20.*

562.1 General**562.11 Types of Service**

Generally, both civilian and military service performed for the federal government is creditable for retirement purposes.

562.12 Time Credit

562.121 Generally, full-time credit is allowed for periods of government employment between the dates of an employee's appointment and separation.

562.122 Full-time credit is not allowed, e.g., when an employee is serving on a "when-actually-employed" basis or when an employee is in nonpay status in excess of 6 months in a calendar year (see 562.255).

562.2 **Federal Civilian Service**

562.21 **General**

562.211 **Federal/District of Columbia**

With certain exceptions, service creditable under the CSRS is federal and District of Columbia government employment that meets the following tests:

- a. The employee was engaged in the performance of federal functions under authority of an act of Congress or an Executive Order; and
- b. The employee was appointed or employed by a federal officer in his official capacity as such; and
- c. The service was performed under the supervision and direction of a federal officer.

562.212 **Breaks In Service**

- a. Periods of separation of 3 calendar days or less are not deducted in computing total creditable service.
- b. Periods of separation which total more than 3 days are deducted in computing total creditable service, except in certain instances when injury compensation benefits are received (562.252).

562.213 **Deductions Refunded**

Service for which retirement deductions have been refunded to the employee is creditable in establishing eligibility for annuity. This service may also be used in computing high-3 average pay (566.25), if appropriate. If redeposit is not made, such service is not included in calculating length of service for annuity computation purposes.

562.22 **Service Covered by Social Security**

Civilian service covered by Social Security (FICA) is creditable for retirement purposes if such service is followed by employment which is subject to the retirement system.

562.23 **Part-Time Employment**

562.231 **Part-Time Regular Employees**

Employees who serve on a part-time basis (non-full-time service with a prearranged regularly scheduled tour of duty) such as 4 hours a day, 5 days a week are allowed full calendar credit for all time elapsing between dates of appointment and separation.

562.232 **Part-Time Flexible Employees**

The service of a part-time flexible schedule employee, including substitute rural carriers, is fully creditable from the date of original appointment to the date of separation. Periods during which the employee was on furlough are creditable only if the periods of absence in the aggregate do not exceed 6 months in any calendar year.

562.233 Annuity Proration

Retirement benefits based on part-time employment performed on or after April 7, 1986 will be reduced by a ratio of part-time hours to the number of hours the employee would have worked had employment been full-time.

562.24 Intermittent Service

With the exception of service as a part-time flexible employee or substitute rural carrier (see 562.23), an employee serving on an intermittent basis (non-full-time service without a prearranged regularly scheduled tour of duty) receives credit, for retirement purposes, for *only* the actual days in a pay status. This type of service includes Rural Carrier Relief, Rural Carrier Associate, and Postmaster Relief Leave Replacement.

562.25 Special Circumstances**562.251 Japanese-American Employee**

- a. *Conditions.* Special retirement credit is granted to employees of Japanese ancestry who meet the following conditions:
 - (1) The employee must have been employed on July 15, 1952 by the federal government in a position covered by the CSRS.
 - (2) At some time during the period from December 7, 1941 to September 3, 1945, by reason of United States Policy or program or to enter the U.S. Armed Forces, the employee must have:
 - (a) Been separated from the federal service, or
 - (b) Lost opportunity for, or been denied, probational appointment from a Civil Service register, or
 - (c) Been denied reinstatement to a position in the federal service.
- b. *Creditable Time.* An employee meeting conditions in 526.25 receives retirement credit for:
 - (1) The period of internment;
 - (2) The period for which loss of opportunity for, or denial of, appointment occurred;
 - (3) The period which resulted from denial of reinstatement; or
 - (4) The period which resulted from separation from the service.
- c. *Installation Head Responsibility.* When, based on documented evidence, an employee is found eligible for such special retirement (and leave) credit, installation heads prepare personnel action forms to adjust personnel and retirement records.

562.252 **Employee Receiving OWCP Benefits**

Reference Note:

For additional material concerning the subject matter found in 562.252, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 102.*
- *Office of Personnel Management CSRS/FERS Handbook, Chapters 10 and 20.*

- a. *Employee on Leave Without Pay (LWOP) Status.* Credit is allowed for the entire period that an employee receives Office of Workers' Compensation Program (OWCP) benefits if the employee is carried on the postal rolls in LWOP status.
- b. *Employee Separated from Postal Service.* Credit is allowed for a period of separation during which a former employee (not an annuitant) was in receipt of OWCP benefits, provided the employee is later reemployed in the Postal Service (or federal service). Annuitants who are reemployed after a period of separation during which they received OWCP benefits in lieu of an annuity receive credit for the separation only after they have qualified for a redetermination of the annuity. See ELM 566.52, Redetermination of Annuity.

562.253 **Employee Restored After Erroneous Removal or Suspension**

Reference Note:

For additional material concerning the subject matter found in 562.253 through 562.255, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 10 and 20.*

- a. *Policy.* An employee whose separation or suspension is determined to have been improper and who is restored retroactively is considered for retirement purposes as having properly been in the service during the intervening period of erroneous separation or suspension.
- b. *Determining Retirement Credit:*
 - (1) If restoration is with entitlement to pay, the employee's basic pay over the intervening period is subject to regular retirement deductions and the employee receives credit for the entire period.
 - (2) If restoration is without entitlement to pay, retirement credit is allowed for as much of the intervening period without pay as does not exceed 6 months in any calendar year.
- c. *Redeposit Requirement.* An employee who received a refund of retirement deductions before restoration must redeposit the refund in order to be eligible for any future annuity based on the period covered by the refund.

562.254 Employee Granted LWOP to Serve in Employee Organizations

If an employee is granted LWOP to serve as a full-time officer or employee of an employee organization composed primarily of federal/postal employees, the following action is taken:

- a. Employing Office:
 - (1) Notifies the employee of the employee's right to elect to continue retirement coverage. (The employee's election must be in writing.)
 - (2) Sets up a follow-up system to remind employees that election must be filed within 60 days after employee enters LWOP status.
 - (3) Makes a final effort to urge employees to make an election.
 - (4) Documents the action taken if, after the employees have been contacted, they continue to refuse to make an election. Failure to make an election is considered an election not to continue retirement coverage. A copy of the election (or installation head's documentation) is filed in the employee's official personnel folder.
- b. Employee:
 - (1) Files an election to continue retirement coverage for as long as in LWOP status. The election must be filed with the installation head within 60 days after LWOP begins.
 - (2) Pays or arranges to have paid to the Minneapolis PDC (if elects to continue retirement coverage), on a current basis, both the current percentage of salary retirement deductions and the matching agency contribution which would be applicable if the employee were in pay status.
- c. Declination of Coverage
 - (1) *Credit Not Allowed.* If an employee on LWOP serving in an employee organization declines to continue retirement coverage, this time is not creditable for retirement purposes. This time is also not allowed for any other purpose in which service creditable for retirement is used as a criterion (e.g., leave or job retention).
 - (2) *Retirement/Death on LWOP.* If the employee retires or dies while on LWOP, annuity or survivors' annuity rights are determined as of the day preceding the one on which the employee entered on LWOP.

562.255 Employee on Leave of Absence

An employee on leave of absence is granted credit for:

- a. All leave with pay.
- b. Time on the rolls in a nonpay status (i.e., LWOP, suspension, furlough, and Absence Without Leave (AWOL)), not exceeding 6 months in the aggregate in any calendar year, except when the entire time is creditable as provided in 562.252, 562.254, and 562.3.

562.3 **Military Service**

Reference Note:

For additional material concerning the subject matter found in 562.3, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 22 and 23.*

562.31 **Types of Service**

562.311 **Military Groups**

Retirement credit is allowed for honorable active service in the Army, Navy, Air Force, Marine Corps, Coast Guard and, after June 30, 1960, in the Regular or Reserve Corps of the Public Health Service of the United States, and, after June 30, 1961, as a commissioned officer of the National Oceanic and Atmospheric Administration (formerly Coast and Geodetic Survey and Environmental Science Services Administration).

562.312 **Reserve Components**

Active duty for training in the reserve components of these services is also creditable. Inactive duty time while in the reserve components of these services is not creditable.

562.313 **Military Academies**

Service as a midshipman at the U.S. Naval Academy and as a cadet at the U.S. Military Academy, Air Force Academy, or Coast Guard Academy constitutes military service and is also creditable for retirement purposes.

562.314 **National Guard Service**

- a. National Guard Service is creditable only when:
 - (1) The organization is activated into the actual services of the United States, or
 - (2) The employee is ordered to active duty service or training as a member of the United States Armed Forces Reserves under one of the following authority:
 - (a) Section 233(d) Armed Forces Reserve Act of 1952.
 - (b) A provision of Title 10, United States Code.
- b. National Guard service or training periods are not creditable under the following circumstances:
 - (1) Service performed before January 1, 1953 and not directly under a call by the President of the United States.
 - (2) Service performed for a state government or duty called for by a governor of a state.

562.315 **Military Service Prior to January 1957**

Military service performed prior to January 1957 is creditable for retirement purposes. Full credit is allowed without making contributions to the retirement fund to cover such service.

562.316 Military Service After December 31, 1956

- a. *Employed On or After October 1, 1982.* Employees who are first employed in a position subject to the CSRS on or after October 1, 1982 will not receive credit for their post-1956 military service unless a service credit deposit is made for that military service. (See 562.34.)
- b. *Employed Before October 1, 1982.* Employees who were first employed in a position subject to the CSRS before October 1, 1982 have the option of either:
 - (1) Making the service credit deposit for their post-1956 military service as specified in 562.34; or
 - (2) Receiving credit for their post-1956 military service, and having their annuity recomputed at age 62 to eliminate post-1956 military service if they are eligible for Social Security Old-Age or survivor benefits. See Handbook EL-504, *Post-1956 Military Service Credit Deposits*, for procedures on making deposits for post-1956 military service.

562.32 Required Conditions

Military service must have been performed before the date of separation on which title to annuity is based and must have been terminated by honorable discharge or terminated under other honorable conditions.

562.33 Double Credit Not Permitted

Military service is not creditable if the employee receives retired pay unless the retired pay is awarded under conditions listed in 562.35. An employee may not receive credit for both civilian service and military service covering the same periods of time.

562.34 Service Credit Deposit Required**562.341 Amount of Deposit**

The deposit for post-1956 military service for CSRS purposes is 7 percent of basic military pay plus interest.

562.342 Charging Interest

- a. *Grace Period.* No interest is charged if a deposit for post-1956 military service was completed by September 30, 1986 or within 3 years after the date the employee was first hired in a position subject to CSRS, if later.
- b. *Rate of Interest.* The rate of interest is a variable rate which is compounded annually. The variable rate of interest is determined by the Secretary of the Treasury each calendar year on the basis of the average yield of new investments purchased by the Civil Service Retirement and Disability Fund during the previous year.

562.35 **Military Retired Pay**

562.351 **CSRS Annuity**

The receipt of military retired pay bars the crediting of military service toward CSRS annuity except when:

- a. The retired pay is awarded because of a disability incurred in combat with an enemy of the United States or caused by an instrument of war and incurred in line of duty during a period of war, or
- b. The retired pay is granted under 1331 through 1337 of Chapter 67, Title 10, U.S. Code, which pertains to retirement from a reserve component of the armed forces on the basis of service instead of disability.
- c. The employee waives the retired pay.

562.352 **Waiver of Military Retired Pay**

- a. *General.* An applicant for annuity receiving military retired pay which bars the use of the military service in the computation of a CSRS annuity may elect to give up military retired pay. The military service may then be added to the civilian service in computing the CSRS annuity.
- b. *Procedures.* An employee retiring from the Postal Service who decides to waive military retired pay:
 - (1) Notifies the Military Finance Center at least 60 days before the retirement date of the decision to waive military retired pay in order to receive credit for the military service for computing the CSRS annuity. The notice includes: (a) the employee's full name, military rank, and serial number; (b) the desired date that retired pay is to stop (the day before annuity begins); and (c) a request that the Military Finance Center notify OPM of the effective date of the waiver.
 - (2) Attaches a copy of the waiver request to SF 2801, *Application for Immediate Retirement*, so that OPM knows a waiver has been requested. If the retired pay finance center's acknowledgment of the waiver is received before the retirement application is submitted to OPM (through the Minneapolis PDC), attaches a copy of the Military Finance Center's acknowledgment of the waiver.

562.4 Credit For Unused Sick Leave**Reference Note:**

For additional material concerning the subject matter found in 562.4, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 50.*

562.41 Eligibility

Unused sick leave to an employee's credit is used in computing service for annuity purposes if the employee: (a) retires on an immediate annuity or (b) dies leaving a survivor entitled to an annuity.

562.42 Method of Computing

After it is determined that an employee meets the minimum length of service required for retirement, any unused sick leave to the employee's credit is converted to years, months, and days on the basis of a 260-day work year and added to the employee's total service time. (See 562.5.) The employee's high-3 average pay is then determined and annuity is computed.

562.43 Restrictions

Credit for unused sick leave is allowable only for annuity purposes. It is not allowable for other purposes in which service creditable for retirement is used as a criterion, such as leave or job retention.

562.5 Computing Total Length of Service

Total service on which an annuity is based, including periods of military service and unused sick leave, is counted in full years and months. Any fractional part of a month is not counted.

563 Annuities — Requirements and Procedures**563.1 General Requirements****Reference Note:**

For additional material concerning the subject matter found in 563.1, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 41.*

563.11 Conduct

An annuity may not be paid to any employee who has ever been convicted of an offense involving the national security of the United States.

563.12 **Time**

To be eligible for an annuity an employee must:

- a. Have a minimum of 5 years of creditable civilian service.
- b. Complete, within the last 2-year period before separation on which retirement is based, at least 1 year in employment covered by the CSRS, except when an annuity is payable because of total disability.

563.13 **Age and Service**

Employees separated for any reason, except as stated in 563.11, are eligible for optional retirement and an immediate annuity if they meet one of the following combinations of age and service:

- a. Age 62 with 5 years of creditable civilian service.
- b. Age 60 with 20 years of creditable service, including 5 years of creditable civilian service.
- c. Age 55 with 30 years of creditable service, including 5 years of creditable civilian service.

563.2 **Requirements and Procedures by Type of Separation**

563.21 **Involuntary Separation**

Reference Note:

For additional material concerning the subject matter found in 563.21, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 44.*

563.211 **Additional Requirements**

An employee who is involuntarily separated from the service (not for cause) may apply for an immediate annuity if the employee meets the general requirements in 563.1 and:

- a. Has 20 years of creditable service, including 5 years of creditable civilian service, and is 50 years of age or over; or
- b. Has 25 years of creditable service, including 5 years of creditable civilian service, regardless of age.

563.212 **Reduced Annuity**

If the retiring employee is under age 55, the basic life annuity rate is reduced by one-sixth of 1 percent for each full month (2 percent a year) that the employee is under age 55.

563.22 **Mandatory Retirement****Reference Note:**

For additional material concerning the subject matter found in 563.22, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 43 and 46.*

Law enforcement officers (e.g., Postal Inspectors) are the only postal employees subject to mandatory retirement because of age. Information on mandatory retirement for these employees can be obtained from the

CHIEF POSTAL INSPECTOR
US POSTAL SERVICE
475 L'ENFANT PLZ SW
WASHINGTON DC 20260-2100.

563.23 **Disability Retirement Requirements****Reference Note:**

For additional material concerning the subject matter found in 563.23, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 60.*

563.231 **Service**

The employee must have completed at least 5 years of creditable civilian service.

563.232 **Total Disability**

An employee must, while employed under the CSRS, become totally disabled because of disease or injury, to render useful and efficient service in the position occupied and all vacant positions in the employing agency and commuting area at the same grade or pay level and tenure to which the employee is qualified for reassignment. The Civil Service Retirement (CSR) law governing the disability retirement program provides that an employee of the United States Postal Service is not qualified for reassignment if:

- a. The reassignment is to a position in a different craft; or
- b. The reassignment is inconsistent with terms of the collective bargaining agreement covering the employee.

563.233 **Conduct**

The disease or injury which caused the disability must not be the result of vicious habits, intemperance, or willful misconduct on the employee's part within the 5-year period immediately prior to becoming disabled.

563.3 **Deferred Annuity**

Reference Note:

For additional material concerning the subject matter found in 563.3, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 45.*

An employee is eligible for a deferred annuity at age 62 if the employee:

- a. Leaves the CSRS before qualifying for an immediate annuity;
- b. Has at least 5 years of creditable civilian service;
- c. Has worked at least 1 year under the CSRS within the 2 years immediately preceding the separation on which the deferred annuity is based; and
- d. Leaves his or her retirement contributions in the Civil Service Retirement and Disability Fund.

564 **Types of Annuities**

564.1 **Annuity Without Survivor Benefits**

Reference Note:

For additional material concerning the subject matter found in 564.1, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 50.*

This type of annuity provides payments at an unreduced rate during the life of the retiring employee. It does not provide survivor benefits. (See 564.24 for current spouse's consent in the case of a married employee.)

564.2 **Annuity with Survivor Benefits**

564.21 **Annuity to Current and/or Former Spouse(s)**

Reference Note:

For additional material concerning the subject matter found in 564.21, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 50.*

564.211 **General**

This type of annuity provides a retiring employee with annuity payments at a reduced rate and, upon the annuitant's death, provides the current and/or former spouse(s) with survivor annuity payments. An annuity with full survivor benefits to the current spouse is automatic for a retiring employee who is

married at retirement and who does *not* make an election for an annuity without survivor benefits.

564.212 **Current Spouse Eligibility**

To be eligible for a survivor annuity after the death of an annuitant, the current spouse must have been married to the annuitant for at least 9 months or a parent of the annuitant's child. This requirement does not apply if the annuitant's death is accidental.

564.213 **Election of Former Spouse Annuity**

To elect a former spouse annuity, the retiring employee must have been married to the former spouse for at least 9 months.

564.214 **Annuity Limitation**

The total survivor annuity(ies) that can be provided to a current spouse and/or one or more former spouses cannot exceed 55 percent of the retiring employee's unreduced annuity.

564.215 **Reduction in Employee's Annuity**

The reduction in the retiring employee's annuity is 2 1/2 percent of any amount up to \$3,600, specified as the base for the survivor benefit, plus 10 percent of any amount over \$3,600 so specified.

564.216 **Effective Date**

The survivor annuity(ies) begins on the day after the annuitant's death and ends on the last day of the month preceding the one in which the designated survivor remarries before age 55 or dies. (See 567.16 for eligibility for continuance of annuity for a designated survivor upon remarriage under age 55.)

564.22 **Annuity to Former Spouse Based on Court Order**

Reference Note:

For additional material concerning the subject matter found in 564.22 through 564.25, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 52.*

564.221 **General**

OPM must honor a court order/divorce decree that gives (awards or requires a retiring employee to provide) a survivor annuity to a former spouse. A court-ordered former spouse annuity takes precedence over an election to provide a survivor annuity to a current spouse. A retiring employee's annuity will be automatically reduced by OPM to provide a court-ordered former spouse annuity.

564.222 **Current Spouse Election**

If a former spouse is entitled to a court-ordered survivor annuity, the retiring employee must make an election concerning a survivor annuity for the current spouse as if there were no court-ordered former spouse annuity. (See

564.24 for current spouse's consent if less than a full survivor annuity is elected.)

564.223 Protection of Current Spouse's Entitlement

A retiring employee can protect a current spouse's entitlement to a survivor annuity by electing a full or partial survivor annuity for the current spouse at retirement. This is accomplished when:

- a. The court order gives the former spouse the maximum survivor annuity; in which case the current spouse would not be entitled to a survivor annuity, based on the amount elected, until the former spouse loses entitlement (because of remarriage before age 55 or death); and
- b. The court order gives the former spouse less than the maximum survivor annuity; in which case the current spouse would be entitled to a partial survivor annuity up to the amount elected, but not exceeding the difference between the court-ordered survivor annuity and 55 percent of the retiring employee's unreduced annuity. If the former spouse loses entitlement (because of remarriage before age 55 or death), the current spouse's annuity would be increased, if necessary, to the amount elected.

564.23 Annuity to Person with Insurable Interest

564.231 General

This type of annuity provides payments at a reduced rate during the life of the retiring employee. Upon the retiring employee's death, it provides a survivor annuity payable to the person designated. The person designated must have an insurable interest in the retiring employee. An insurable interest is presumed to exist if the person designated has a reasonable expectancy of pecuniary benefit in the continuance of the life of the retiring employee.

564.232 Eligibility

Any retiring employee who is not retiring on disability and who can prove good health can elect a reduced annuity to provide a survivor annuity for a person having an insurable interest in the retiring employee.

564.233 Reduced Rate

A retiring employee's annuity is reduced by 10 percent plus an additional 5 percent for each 5 years the person designated is younger than the retiring employee. The maximum reduction is 40 percent, except when a former spouse is entitled to a court-ordered annuity and the retiring employee elects an insurable interest annuity for the current spouse.

564.24 Current Spouse's Consent

Married employees who elect less than a full survivor annuity for their current spouse, regardless of the type of annuity elected, must obtain their current spouse's consent on OPM Form 1431, *Spouse's Consent To Survivor Election*. The current spouse's consent is required even if a former spouse will be awarded a survivor annuity by a court order. (See 564.222.) A waiver of the spousal consent requirement may be granted by OPM under certain conditions (e.g., whereabouts of the current spouse cannot be determined or

there are exceptional circumstances regarding the current spouse which warrant such a waiver).

564.25 **Surviving Child**

Regardless of the type of annuity elected at the time of retirement, a surviving child of the deceased annuitant who (a) is under the age of 18 and single, (b) is over age 18 and incapable of self-support, or (c) is a full-time student under the age of 22, is entitled by law to a survivor annuity (see 567.13).

564.3 **Election of Annuity**

Reference Note:

For additional material concerning the subject matter found in 564.3, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 52.*

564.31 **Application**

The type of annuity desired by the retiring employee is indicated on the application for retirement (SF 2801) at the time of retirement.

564.32 **Election Changes After Retirement**

564.321 **18-Month Reelection Period**

Annuitants have 18 months from their annuity commencing date to change their decision to provide a survivor annuity (court-ordered former spouse annuities are not subject to this reelection) or to elect a higher survivor annuity. In either case, a deposit will be required for such an election. The deposit consists of the difference between the rate of the annuity originally elected and the rate of the annuity elected during the 18-month period, plus \$245 per each thousand-dollar change in the designated survivor's base. In addition, the deposit will be subject to interest charged at a rate equal to the overall yield to the retirement fund during the preceding fiscal year.

564.322 **Marriage Terminated**

If an employee who is married at the time of retirement elects a survivor benefit for the current spouse and the marriage is terminated before the annuitant dies, the reduction in annuity is eliminated unless the annuitant elects to continue it.

564.323 **Marriage Terminated and Remarriage**

If a reduction in annuity was eliminated because of termination of marriage and the annuitant remarries, a survivor annuity may be elected for the new (current) spouse. The annuity is reduced by the same percentage reduction in effect at retirement. The new spouse is eligible for the survivor benefits provided: (a) the marriage was in effect for at least 9 months before the annuitant's death, or (b) the new spouse is the parent of a child born of the marriage.

564.324 **Marriage After Retirement**

- a. *Change From Unreduced Annuity.* An employee who is not married at the time of retirement, and who elects an unreduced annuity without survivor benefits, may, if the employee marries after retirement, change election to a reduced annuity with survivor benefits to the current spouse. The annuitant submits a signed, written request for the change to OPM no later than 2 years after the marriage. Once the change in election is accepted by OPM, it cannot be changed again.
- b. *Change From Person Having Insurable Interest.* An election of a reduced annuity with survivor benefits to a designated person having an insurable interest may be changed to a reduced annuity with survivor benefits to the current spouse if the employee marries after retirement. A written request for the change is submitted to OPM no later than 1 year after the marriage. Once the change in election is accepted by the OPM, it cannot be changed again.

565 **Employee's Retirement Account**

565.1 **Deductions from Current Earnings**

Reference Note:

For additional material concerning the subject matter found in 565.1, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 30.*

Seven percent of each employee's basic pay is deducted and withheld as the employee's contribution to the retirement fund.

565.2 **Deposits for Prior Service**

Reference Note:

For additional material concerning the subject matter found in 565.2, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 21.*

565.21 **Employee Deposits**

565.211 **Percentages of Basic Pay**

Employees credited with civilian service after July 31, 1920, for which no retirement deductions or deposits have been made, deposit with interest an amount equal to the following percentages of their basic pay for such service:

CSRS	
Percentage of Basic Pay	Service Period
2.5	August 1, 1920 to June 30, 1926
3.5	July 1, 1926 to June 30, 1942
5	July 1, 1942 to June 30, 1948
6	July 1, 1948 to October 31, 1956
6.5	November 1, 1956 to December 31, 1969
7	After December 31, 1969
1.3	January 1, 1984 to December 31, 1987
0.94	January 1, 1988 to December 31, 1989
0.80	After December 31, 1989

565.212 **Reduction for Periods of No Deposit**

No deposit is required for periods of service for which no retirement deductions were made. However, the annuity will be affected as follows:

- a. *Nondeduction Service Performed Before October 1, 1982.* A retiring employee will receive credit for this service toward his annuity; however, his annuity will be reduced by 10 percent of the amount due as a deposit unless the employee elects to eliminate the service entirely from credit for annuity purposes or completes a deposit for the service.
- b. *Nondeduction Service Performed On or After October 1, 1982.* A retiring employee will receive no credit for this service in the computation of his annuity unless a deposit with interest has been made; however, the service will be used to determine the length of service needed for annuity eligibility even without a deposit.
- c. *Exception.* In nondisability retirement cases when an alternative form of annuity (AFA) is elected, OPM will avoid collecting redeposit (and deposit) money which simply would be returned as part of a person's lump-sum payment. Instead, OPM gives automatic credit for redeposits/deposits, including interest, thus assuring the AFA is the maximum amount possible. These are deemed deposits/redeposits which are treated as having been paid and then returned to the person as part of the lump-sum payment. (See 566.6.)

565.22 **Survivor Deposits**

Deposits may be made or completed after the death of the employee by a survivor who is qualified to receive annuity benefits.

565.23 **Deposit/Redeposit Application**

Deposits or redeposits require SF 2803, *Application To Make Deposit or Redeposit*. SF 2803 must be routed through the Minneapolis PDC for proper certification and/or listing of service history and for transmittal to OPM. OPM computes the amount due and furnishes the employee with instructions on how to make payment.

565.3 **Redeposits**

Reference Note:

For additional material concerning the subject matter found in 565.3, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 21.*

565.31 **Employee Redeposits**

Each employee who has received a refund of retirement deductions, covering service for which the employee is allowed credit under CSRS, may redeposit the amount received, with interest.

565.32 **Amount of Redeposit**

The amount of redeposit due includes the sum of the refund plus interest from the date the refund was paid to the date of redeposit (or commencing date of annuity, if earlier). Interest is charged through all periods of employment and all periods of separation after October 1, 1956. Interest is computed at 4 percent through December 31, 1947 and 3 percent through December 31, 1984. After December 31, 1984, the interest rate is determined based on the average yield of securities invested in by the retirement fund during the previous fiscal year.

565.33 **Impact on Annuity**

An employee who received a refund of retirement deductions covering a period of service that ended before October 1, 1990, does not need to pay a redeposit in order to receive credit for annuity. However, the final annuity is actuarially reduced based on the employee's age and amount of redeposit owed at time of retirement. A refund of retirement deductions covering a period of service from October 1, 1990, or later must be redeposited in order to receive credit toward annuity computation.

565.34 **Exception**

In nondisability retirement cases when an alternative form of annuity (AFA) is elected, OPM will avoid collecting redeposit (and deposit) money which would simply be returned as part of a person's lump-sum payment. Instead, OPM gives automatic credit for redeposits/deposits, including interest, thus assuring the AFA is the maximum amount possible. These are *deemed* redeposits/deposits which are treated as having been paid and then returned to the person as part of the lump-sum payment. (See 566.6.)

565.35 **Survivor Redeposits**

Redeposits may be made or completed after the death of the employee by a survivor who is qualified to receive annuity benefits.

565.36 **Form Used**

See 565.23.

565.4 Voluntary Contributions**Reference Note:**

For additional material concerning the subject matter found in 565.4, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 31.*

565.41 Application

An employee who wishes to obtain a larger retirement annuity than is otherwise provided may purchase additional annuity by making voluntary contributions to the retirement fund, subject to the restrictions set forth in 565.42. Application is made by filing SF 2804, *Application to Make Voluntary Contributions*, with OPM.

565.42 Restrictions

Voluntary contributions are made subject to the following restrictions:

- a. If an employee has had creditable civilian service for which no deposit or redeposit has been made, the employee is eligible to make voluntary contributions only upon completing the deposit or redeposit.
- b. If an employee has at any time received a refund of voluntary contributions with interest, the employee may not make further voluntary contributions unless again employed under CSRS after a separation of more than 3 calendar days.

565.43 Amount of Contributions

Voluntary contributions are made in multiples of \$25, and their total may not exceed 10 percent of the total base pay received for creditable service since August 1, 1920.

565.44 Amount of Additional Annuity

The age of the retiring employee governs the amount of additional annuity the voluntary account purchases. Each \$100 credited to the employee's account purchases additional annuity of \$7 a year for an employee retiring at age 55 or younger. The \$7 amount increases 20 cents for each full year that the employee is beyond age 55 at the time of retirement.

565.45 Type of Annuity Election

The employee's election of the type of basic annuity desired also applies to the additional annuity purchased with voluntary contributions, unless the employee indicates to the contrary in a note attached to the application for retirement.

565.46 **Withdrawal of Voluntary Contribution**

565.461 **Conditions**

An employee may withdraw voluntary contributions with interest under the following conditions:

- a. Before separation from service, or
- b. After separation, but before receipt of any additional annuity based thereon.

565.462 **Application**

Withdrawals are made by filing with OPM using SF 2802, *Application for Refund of Retirement Deductions*, and indicating on the form that the application is for refund of voluntary contributions *not* for refund of regular retirement deductions.

565.47 **Death Before Retirement**

If an employee dies in service, or after separation but before retirement, the voluntary contributions with interest are payable to the person(s) entitled in the order of precedence defined in 567.22.

565.5 **Refund of Deductions**

Reference Note:

For additional material concerning the subject matter found in 565.5, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 32.*

565.51 **Less Than 5 Years Civilian Service**

565.511 **Refund**

An employee who has completed less than 5 years of civilian service at the time of separation, or of transfer to a position not covered by the CSRS, may apply for a refund of the retirement deductions made from the employee's salary and of any sums deposited covering prior service, with interest.

565.512 **Eligibility**

To be eligible for a refund, the employee must be separated or transferred to a position not covered by CSRS for at least 31 consecutive days.

565.513 **Interest**

No interest is given if the refund period is 1 year or less. Interest is computed at 4 percent to December 31, 1947, and 3 percent thereafter, compounded annually to the date of separation or transfer.

565.514 **Application**

SF 2802, *Application for Refund of Retirement Deductions*, is required. In order to receive refunds, employees generally must notify their spouse and any former spouse(s) that they plan to file applications. Employees may be barred from receiving refunds if the refund would end the court-ordered right

of any spouse or former spouse to future benefits based on employees' service.

565.52 **Five Years or More Civilian Service**

565.521 **Choice**

An employee who has completed 5 years or more of creditable civilian service and is separated or transferred to a position not covered by CSRS has a choice of either a refund payment or a deferred retirement annuity at age 62.

565.522 **Value**

In dollars received, the annuity, in most cases, is more valuable than the refund of retirement deductions. When employees retire at age 62, they also have the right to elect a survivor annuity.

565.523 **Eligibility**

To be eligible for a refund, the employee files the refund application (SF 2802) with OPM at least 31 days before the beginning date of any annuity for which the employee may be eligible.

565.524 **Refund**

The refund consists of the retirement deductions made from the employee's salary and any sums deposited covering prior service, including deposits for post-1956 military service.

565.525 **Interest**

No interest is payable on refunds covering periods of service of 5 years or more.

565.526 **Repayment**

An employee who receives a refund of retirement deductions cannot receive an annuity for the period of service covered by the deductions unless the person is reemployed in a position subject to CSRS and repays the deductions with interest (see 565.3).

566 **Annuity Computation**

566.1 **Effective Dates**

Reference Note:

For additional material concerning the subject matter found in 566.1, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 50 and 55.*

566.11 **Commencement**

Annuities based on optional (voluntary) retirement commence on the first day of the month after separation, or after the last day in a pay status, provided the age and service requirements for annuity eligibility are met. An exception

is made for annuitants who voluntarily retire on day 1, 2, or 3 of the month, in which case the annuity commences either on the day after separation or after the last day in a pay status. Annuities based on disability or discontinued service retirement begin the day after the employee's last day in a pay status (or the day after separation) provided the disability or age and service requirements for annuity eligibility are met on that date.

566.12 **Ending**

Annuity payment ends on the day of the annuitant's death or on the date the annuitant becomes ineligible for a continuing annuity. Survivor annuities are paid through the last day of the month before death or any other terminating event, such as a survivor annuitant's remarriage.

566.13 **Employee's Work and Leave Status**

566.131 **Use of Annual Leave Balance**

Bargaining unit employees with leave balances subject to forfeiture must be counseled to use the excess annual leave prior to the effective date of their retirement.

566.132 **Continuing Leave Status**

Employees who have requested disability retirement and who are unable to work while their applications are under review by OPM continue on the rolls in a leave status (with or without pay) pending notification by OPM of its decision on the application.

566.2 **Factors Affecting Annuity Computations**

Reference Note:

For additional material concerning the subject matter found in 566.2, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 50 and 55.*

566.21 **Primary Factors**

Primary factors are:

- a. Length of service, including credit for unused sick leave.
- b. High-3 average pay.

566.22 **Other Factors**

Other factors are:

- a. Retirement before age 55.
- b. Failure to make deposit.
- c. Election of reduced annuity to provide a survivor annuity.
- d. Increases for voluntary contributions. (See 565.4.)
- e. Election of lump-sum credit (see 566.6).

566.23 Determining Length of Service

For annuity computation purposes, length of service is determined by adding together all periods of the employee's creditable civilian and military service and the period credited to the employee for unused sick leave. After obtaining total service, the fractional part of a month is dropped because annuity is computed on the basis of years and months. No credit is allowed for the remaining odd days of total service.

566.24 Determining High 3-Year Period**566.241 Dates Included**

The 3-year period starts and ends on the dates producing the highest average pay. The period need not start on the first day of any month or on the date of a pay change.

566.242 Consecutive

The 3-year period need not be continuous but must be consecutive. Example: Two or more separate periods of employment may be joined provided there is not an intervening period of service to be considered.

566.243 Refunded Deductions

The 3-year period may include service for which retirement deductions have been refunded, even though not redeposited.

566.25 Determining High-3 Average Pay**566.251 Computation**

The high-3 average pay is determined by averaging the rates of an employee's basic pay over a period of 3 consecutive years of creditable service, with each rate weighted by the period of time during which it was in effect.

566.252 Basic Pay

Basic pay for retirement purposes includes higher level pay but does not include cost-of-living adjustments (COLA, TCOLA), overtime pay, night differential, military pay, allowances, premium pay, or lump-sum terminal leave benefits.

566.3 General Formula**Reference Note:**

For additional material concerning the subject matter found in 566.3, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 50 and 55.*

566.31 Computation

The basic annuity under the general formula is obtained as follows: Step 1. Take: 1-1/2 percent of the high-3 average pay and multiply the result by 5 years of service. Step 2. Add: 1-3/4 percent of the high-3 average pay

multiplied by the number of years of service between 5 and 10. Step 3. Add: 2 percent of the high-3 average pay multiplied by all service over 10 years.

566.32 **Substitution**

Instead of using 1-1/2 percent, 1-3/4 percent, and 2 percent, a substitution of 1 percent of the high-3 average pay plus \$25 may be made for any or all of the percentages if a higher annuity is produced.

566.33 **Guides for Applying the General Formula**

Regardless of length of service, the following rules apply in computing basic annuities under the general formula. If the high-3 average pay is:

- a. *\$5,000 or More*, the highest basic annuity is obtained by using Steps 1 through 3.
- b. *Between \$3,334 and \$4,999*, the highest annuity is obtained by substituting the 1 percent plus \$25 in Step 1 and then using Steps 2 and 3.
- c. *Between \$2,501 and \$3,333*, the highest annuity is obtained by substituting the 1 percent plus \$25 in Steps 1 and 2 and using Step 3.
- d. *\$2,500 or less*, the highest annuity is obtained by taking 1 percent of the high-3 average salary, adding \$25, and multiplying the result by total service, eliminating Steps 1 through 3.

566.34 **Maximum Annuity Benefits**

566.341 **Eighty Percent Limitation**

The basic annuity of a retiring employee may not exceed 80 percent of high-3 average salary except when an annuity in excess of 80 percent results from crediting unused sick leave. (See 562.4.) If an annuity computed under the general formula exceeds 80 percent, it is reduced to an amount equal to 80 percent of the high-3 average salary. The reduction is made prior to applying any reductions or increases.

566.342 **Excess Service**

If employees have service in excess of the years and months required to provide the 80 percent maximum (usually 41 years and 11 months), retirement deductions withheld after they have completed the service requirements may be:

- a. Credited to their voluntary contribution accounts if their regular deduction obligations have been satisfied. (If employees owe a deposit or redeposit, the money is first applied to that, and any balance is credited as voluntary contributions.)
- b. Refunded to employees if they elect the refund before their annuity is granted and if no deposit or redeposit is due.
- c. Paid in a lump sum to eligible survivors if the employee dies.

566.4 **Disability Retirement**566.41 **Guaranteed Minimum****Reference Note:**

For additional material concerning the subject matter found in 566.41, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 60.*

566.411 **Employee Under Age Sixty**

- a. An employee under age 60, retiring on disability, is allowed a minimum basic annuity if it is greater than the basic annuity computed under the general formula. The minimum basic annuity is the lesser of:
 - (1) 40 percent of the high-3 average pay, or
 - (2) The annuity obtained by using the general formula after increasing the total service by the length of time elapsing between the date of separation and the date that the employee would reach age 60.
- b. If the employee is eligible for immediate annuity benefits under the general formula based on age and service, and, if the general formula yields a larger annuity than the prescribed minimum, the general formula is used.

566.412 **Employee Past Age Sixty**

The guaranteed minimum contains no provisions for projection of service past age 60. Therefore, the disability annuity rate of an employee who is age 60 or over must be computed by using the employee's actual service in the general formula regardless of whether the result would be greater or less than 40 percent of the employee's high-3 pay.

566.413 **Exceptions**

An employee who retires under the disability retirement provisions of CSRS and who is receiving military retired or retainer pay, or compensation from the Veterans Administration in lieu of retainer pay, is not eligible for the guaranteed minimum disability annuity. The employee will receive his earned annuity based on length of service (excluding credit for military service) and high-3 average salary. This applies even if a waiver of retired or retainer pay for CSRS purposes has been initiated. (The above limitations on benefits do not apply if military retired pay is awarded on account of a service-connected disability incurred in combat with an enemy of the United States, or caused by an instrumentality of war and incurred in line of duty during a period of war, or awarded under the reserve retirement provisions of Chapter 67, Title 10, U.S. Code).

566.42 **Application of Guaranteed Minimum Principle**

Reference Note:
For additional material concerning the subject matter found in 566.42, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 61.*

566.421 **Computations**

If the high-3 average pay is:

- a. \$4,839 or more, and:
 - (1) If the employee's actual service is at least 21 years and 11 months, actual service in the general formula is used. A computation under the guaranteed minimum provides no advantage.
 - (2) If the employee's actual service is less than 21 years and 11 months but service would, if projected to age 60, total at least 21 years and 11 months, then 40 percent of the employee's high-3 average salary produces the highest allowable basic annuity, which is the guaranteed minimum.
 - (3) If the employee's combination of actual and projected service totals less than 21 years and 11 months, use of such total service in the general formula produces the highest allowable basic annuity, which is the guaranteed minimum.
- b. *Between \$2,500 and \$4,838*, the following table and computations are used to determine the basic disability annuity rate:
 - (1) Table.

High-3 Average Salary Table for Determining Basic Annuity Rates for Disability Retirement		
Salary	Years	Service Months
\$2,500 to \$2,542	20	1
\$2,543 to \$2,586	20	2
\$2,587 to \$2,631	20	3
\$2,632 to \$2,678	20	4
\$2,679 to \$2,727	20	5
\$2,728 to \$2,777	20	6
\$2,778 to \$2,830	20	7
\$2,831 to \$2,884	20	8
\$2,885 to \$2,941	20	9
\$2,942 to \$2,999	20	10
\$3,000 to \$3,061	20	11
\$3,062 to \$3,124	21	0

High-3 Average Salary Table for Determining Basic Annuity Rates for Disability Retirement		
Salary	Years	Service Months
\$3,125 to \$3,191	21	1
\$3,192 to \$3,260	21	2
\$3,261 to \$3,333	21	3
\$3,334 to \$3,488	21	4
\$3,489 to \$3,658	21	5
\$3,659 to \$3,846	21	6
\$3,847 to \$4,054	21	7
\$4,055 to \$4,285	21	8
\$4,286 to \$4,545	21	9
\$4,546 to \$4,838	21	10

(2) *Computations.*

- (a) If the employee's actual service is equal to, or greater than, the service shown in the preceding table for the applicable high-3 average salary range, use the actual service in the general formula. (A computation under the minimum guarantee provides no advantage.)
 - (b) If the employee's actual service is less than the service shown in the table for the applicable high-3 average salary range, but would, if projected to age 60, total at least that much, 40 percent of the high-3 average salary produces the highest allowable basic annuity, which is the guaranteed minimum.
 - (c) If the employee's combination of actual service and service projected to age 60 totals less than the service shown in the table for the applicable high-3 average salary range, use of such total service in the general formula produces the highest basic annuity, which is the guaranteed minimum.
- c. *\$2,499 or Less*, the disability annuity rate is obtained as follows:
- (1) Compute the employee's annuity rate under the general formula, using the employee's actual service.
 - (2) Compute the employee's annuity rate under the guaranteed minimum, using (a) actual service plus projected service to age 60 in the general formula and (b) 40 percent of high-3 average salary.
 - (3) Discard the higher annuity rate obtained under the guaranteed minimum.
 - (4) Compare the lower rate obtained under the guaranteed minimum with the rate obtained by using the employee's actual service in the general formula, and select whichever is higher as the basic annuity.

566.422 **Examples Resulting From Applying Guaranteed Minimum**

- a. An employee disabled at an early age may be entitled to a higher basic annuity than an older disabled employee with more actual service and a greater high-3 average salary.
- b. Disabled employees with identical high-3 average salaries but different lengths of service may be entitled to the same basic annuities.
- c. A disabled employee may be entitled to a higher basic annuity than an employee with more service and a greater high-3 average salary who is retiring at or over age 62 under a provision other than disability.

566.423 **Concept**

The situations in 566.422 result from the concept underlying the guaranteed minimum for disability annuitants. Disability interrupts a career that otherwise would have extended to age 60, and basic annuity, therefore, should include credit for the time which the employee normally would have served, subject to a maximum limitation of 40 percent of the high-3 average salary.

566.5 **Reemployed Annuitants, Additional Annuity**

Reference Note:

For additional material concerning the subject matter found in 566.5, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 100 and 102.*

566.51 **Supplemental Annuity**

566.511 **Eligibility**

Certain reemployed annuitants, on termination of reemployment which was on a continuous full-time or part-time basis and such reemployment is the equivalent of at least 1 year, are eligible for supplemental annuity based on the period of reemployment. Those who serve the equivalent of at least 5 years may elect to have their annuity rate redetermined. If they desire, reemployed annuitants may elect another type of annuity at this time (with regard to survivor benefits). The annuitant makes a deposit to cover the reemployment service in order to have a complete recomputation of annuity. An individual working on a part-time basis (half-time) must work 2 years to meet the equivalent of at least 1 year of reemployment service.

566.512 **Computation**

- a. *Continuous Employment.* Supplemental annuity (566.51) is computed on all periods of continuous reemployment service that is the equivalent of at least 1 year after the employee's retirement. Such periods are considered as part of the employee's total service. Employment is considered continuous unless interrupted by a separation from service exceeding 3 calendar days. Leave of absence, with or without pay, does not break continuity.
- b. *General Formula.* The supplemental annuity is computed under the general formula (566.3). It is computed only at the end of

reemployment and is based on the average basic salary (before annuity deduction) received during periods of continuous employment. (Employee's salary during reemployment is reduced by the amount of annuity.)

- c. *Average Salary.* The full rates of basic salary in effect during all periods of reemployment, with each rate weighted by the time it was in effect, are used to determine the average salary rather than any high-3 average salary. The new average salary and the length of service computed on the basis of all reemployment service and unused sick leave are applied in the formula to obtain the supplemental annuity.
- d. *Using Steps of General Formula.* In determining which steps of the general formula to use, all the annuitant's service (before and after retirement) is added together. Unless the 1 percent plus \$25 must be substituted, the 1 3/4 percent in Step 2 is applied to as much of their reemployment service as makes the total service between 5 and 10 years. The 2 percent in Step 3 is applied to as much of the reemployment service as makes the total service in excess of 10 years. (The result is a higher supplemental annuity than could be obtained if the general formula were applied to the reemployment service separately.)

566.52 **Redetermination of Annuity**

If the final period of continuous employment consists of the equivalent of at least 5 years of service, the annuitant may at separation make a deposit to cover the reemployment service and elect a redetermination of annuity. By this election, the annuitant receives a complete redetermination of annuity based on the law in effect on the date of separation, instead of existing annuity, plus the supplemental benefit. This special computation treats the annuitant as if retiring for the first time, and gives the annuitant a new right of election as to the type of annuity as well as any liberalization of benefits provided since original retirement.

566.6 **Alternative Form of Annuity/Payment of Lump-Sum Credit**

Reference Note:

For additional material concerning the subject matter found in 566.6, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 53.*

566.61 **Alternative Option**

Employees diagnosed with a life-threatening medical condition who are eligible to retire under an optional retirement may choose the Alternative Form of Annuity. This option allows a refund of all employee contributions made to the CSRS retirement fund in addition to an actuarially reduced monthly benefit. This option is not available to those employees filing for disability retirement. Also, even if the conditions for this alternative annuity (as outlined above) are met, if a court order has been established to provide

annuity benefits for a former spouse, this election is not allowed. Married employees must have the current spouse's consent to elect an AFA.

566.62 **Computation**

To compute the AFA, the basic monthly annuity is calculated as if the AFA had not been elected. This amount is then reduced by an amount equal to the retiring employee's lump-sum credit divided by an actuarial factor for the employee's attained age (in full years) at the time of retirement. A table indicating the actuarial factors is published annually by the USPS.

566.63 **Survivor Annuity**

Election of AFA has no impact on a survivor annuity. The survivor annuity is determined based on the retiring employee's basic annuity as if AFA had not been elected.

Note: The lump sum payable to voluntary retirees whose annuities commence after January 3, 1988 and before October 1, 1989 will be broken into two portions. The first is payable at retirement and represents 60 percent. The remaining 40 percent is paid, with interest, 1 year after retirement.

567 **Death Benefits — Death in Service**

Reference Note:

For additional material concerning the subject matter found in 567, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapters 70, 73, 74 and 75.*

567.1 **Survivor Annuity**

567.11 **Conditions to Be Met by the Employee**

In order to provide a survivor annuity, an employee, upon his death, must have:

- a. Completed at least 18 months of creditable civilian service, and
- b. Died while employed in a position subject to CSRS.

567.12 **Conditions to Be Met by the Current (Former) Spouse**

567.121 **Current Spouse**

An employee's current spouse qualifies for a survivor annuity if the spouse:

- a. Was married to the employee for at least 9 months immediately preceding the employee's death; or
- b. Is the parent of a child born of the marriage with the employee.

567.122 Former Spouse — Court Ordered Annuity

A former spouse who has been awarded a survivor annuity by a court order, qualifies for the survivor annuity if the former spouse:

- a. Was married to the employee for at least 9 months.
- b. The marriage was terminated prior to the employee's death.

567.13 Conditions to Be Met by the Child**567.131 General**

The child of an employee (including a legally adopted one) qualifies for a survivor annuity if:

- a. Under the age of 18 (or under the age of 22 and a student pursuing a full-time course of study in a recognized educational institution), and
- b. Is unmarried.

567.132 Child incapable of Self-Support

A child who is over age 18 may be entitled to a survivor annuity if the child: (a) meets the requirements in 567.131 and (b) is incapable of self-support by reason of a mental or physical disability incurred before reaching age 18. (To determine whether the disability requirement is met, the child undergoes a physical examination arranged by OPM without cost to the family.)

567.133 Stepchild or Illegitimate Child

A stepchild or an acknowledged illegitimate child may be entitled to a survivor annuity if the child: (a) meets the requirements in 567.13 and (b) has lived with the employee in a regular parent-child relationship.

567.14 Computation of Annuity for Survivors**567.141 Current and/or Former Spouse**

- a. *Guaranteed Minimum.* The law guarantees a minimum annuity to the current spouse of an employee dying after October 19, 1969. The annuity is 55 percent of the smaller of:
 - (1) 40 percent of the deceased employee's high average salary, or
 - (2) The regular annuity obtained after increasing the deceased employee's service by the period of time between the date of death and the date that the deceased employee would have reached the age of 60.
- b. *Former Spouse.* The survivor annuity for a former spouse is based on the amount specified in the court order. In no instance, can such amount exceed 55 percent of the deceased employee's earned annuity.
- c. *No Restriction.* The survivor annuity to the spouse is payable in addition to any benefit due the child(ren).
- d. *Regular Survivor Annuity Higher.* When the regular survivor annuity of 55 percent of the deceased employee's earned annuity is higher than the guaranteed minimum, the regular survivor annuity is payable.
- e. *Periods of Refunds.* In computing the survivor annuity, no credit may be allowed for the period(s) of service for which retirement deductions were refunded to the employee and the employee did not make a

redeposit to cover the refund. The survivor may make the redeposit if he desires credit for the period(s) involved.

- f. *Nondeduction Service.* Time credit is given for the period(s) of *nondeduction service* for which neither the employee nor the qualified survivor has made deposit. However, the amount of annuity earned by the employee (the basis for determining the survivor's annuity) is reduced by 10 percent of the amount of the unpaid deposit if the nondeduction time is prior to October 1, 1982. If the nondeduction time is subsequent to October 1, 1982, a deposit may be made by the survivor if he wishes the time to be included in the computation of the survivor annuity.

567.142 **Current and/or Former Spouse of a Law Enforcement Employee**

If a law enforcement employee was 50 years of age or over at the time of his death and had completed at least 20 years of law enforcement service, survivor annuity for the widow(er) is computed as follows:

(2 1/2% of the employee's high-3 average salary x 20 years of law enforcement officer service) + (2% of the high-3 average salary x all service over 20 years, including credit for unused sick leave)) x 55%.

567.143 **Payment of Child's Annuity**

A child's annuity is paid to a guardian if one has been appointed by a court. If no guardian is appointed, payments are made, at the discretion of OPM, to the person who has care and custody of the child:

- a. *Other Parent Survives.* The survivor annuity is payable to the child(ren) in addition to any benefit due a current (and/or former) spouse. If the deceased employee is survived by a spouse, the yearly survivor annuity payable to each child is the lesser of the following amounts:
 - (1) \$317 per month per child.
 - (2) \$981 per month divided by the number of children involved.
- b. *No Surviving Parent.* If the deceased employee is not survived by the other parent, the yearly survivor annuity payable to each child is the lesser of the following amounts:
 - (1) \$393 per month per child.
 - (2) \$1,179 per month divided by the number of children involved.
- c. *Death of the Other Parent.* When the other parent dies, the annuity to each child still entitled to an annuity changes. The amount of annuity for each child is increased to the amount that would have been payable if the employee had not been survived by a spouse. This increase is given even though the spouse was not in receipt of a survivor annuity at the time of death.
- d. *Termination of Annuity to Child.* Upon termination (for any reason) of the annuity to a child, the amount of annuity to the remaining child(ren)

is increased to the amount that would have been payable had the child whose annuity is terminating not been entitled to an annuity.

- e. *Cost-of-living Increases.* The cost-of-living increases do not apply to the survivor benefits determined by the 60 percent of 75 percent part of the formula as the average pay reflects increases resulting from increased cost-of-living.

567.15 **Beginning Date for Survivor Annuity**

A survivor's annuity begins the day after the date of death of the employee or annuitant.

567.16 **Conditions for Termination, Restoration, or Changes in Survivor Annuity**

See Exhibit 567.16.

Exhibit 567.16

Conditions for Termination, Restoration, or Changes in Survivor Annuity

Current (former) spouse dies.	Annuity terminates on the last day of the month preceding the month in which death occurs.
Current (former) spouse who is under 55 years of age remarries.	Annuity terminates on the last day of the month preceding the month in which remarriage occurs. Current spouse annuity can be restored if marriage is later terminated. Former spouse annuity cannot be restored under any circumstances.
Current (former) spouse who is over 55 years of age remarries.	Remarriage does not terminate annuity if the remarriage occurred after age 55.
Current (former) spouse's remarriage is terminated.	If remarriage occurred before age 55 and remarriage is terminated because of annulment, divorce, or death of spouse and redeposit is made of any lump-sum which was paid at the time the annuity was terminated: (1) Current spouse annuity can be restored. (2) Former spouse annuity cannot be restored under any circumstances.
Child marries, dies, or becomes 18 years of age.	Annuity terminates on the last day of the month preceding the month in which child marries, dies, or becomes 18 years of age.
Child who is a full-time student becomes 22 years of age.	Annuity terminates on the last day of the month preceding the month in which child becomes 22 years of age. Note: A student whose twenty-second birthday falls during a school year (September 1–June 30) is considered not to have attained 22 until the end of the school year.
Child who is over 18 years of age and incapable of self-support, marries, or dies.	Annuity terminates on the last day of the month preceding the month in which the child becomes capable of self-support, marries, or dies.

567.17 **Election of Annuity by Survivor**

567.171 **Election of Survivor Annuity or Employees' Compensation Benefits**

- a. *Not Concurrently.* Except as noted in 567.171b, survivor annuities and survivor's compensation benefits under the Federal Employees Compensation Act are not payable concurrently if both are based on the death of the same employee. A survivor entitled to an annuity must elect one or the other. If all eligible survivors of a deceased employee elect to receive the compensation benefit rather than the survivor annuity, their rights to the survivor annuity terminate.
- b. *Exception.* When a current spouse is being paid the balance of a *scheduled* compensation award which was due the deceased employee, the current spouse may receive the survivor annuity and the balance of the scheduled compensation award concurrently.

567.172 **Election of Survivor Annuity or Social Security Benefits**

Survivors who are eligible for annuity based in part on military service performed by the employee between September 16, 1940 and December 31, 1956, and who are also eligible for Social Security benefits, may elect to have such military service credited toward the Social Security benefit. However, if this election is made, the survivors' right to annuity is terminated. In practice, the survivors apply for both benefits and ask OPM and Social Security Administration (SSA) for statements showing the amount of each benefit, and then make their election as to where to credit the military service.

567.18 **Election by Annuitants and Resultant Survivor Annuities**

See Exhibit 567.18.

Exhibit 567.18

Election by Annuitants and Resultant Survivor Annuities

Annuitant at time of retirement elects to receive annuity without survivor benefit.	Current spouse does not qualify for a survivor annuity. Annuitants who are married must obtain the consent of their current spouses. A former spouse who is awarded a survivor annuity based on a court order will automatically receive an annuity.
Annuitant at time of retirement elects to receive annuity with survivor benefits.	Current and/or former spouse does qualify for survivor annuity.
Annuitant acquires spouse after retirement and elects a reduced annuity with benefit to current spouse.	Current spouse is eligible for survivor annuity provided: (1) The spouse has been married to the retired employee for at least 9 months preceding the employee's death, or (2) The spouse is the parent of a child born of the marriage.
Annuitant elects a reduced annuity with benefit to a person with insurable interest.	Designated person is eligible for a survivor annuity.

567.19 Deceased Annuitant Survived by Child

If a *deceased annuitant* is survived by a *child(ren)*, the child(ren) would, regardless of type of annuity elected at retirement, be entitled to a survivor annuity under the same conditions and in the same amounts as the child(ren) of a *deceased employee*.

567.2 Lump-Sum Benefit**567.21 Conditions for Payment**

A lump-sum death benefit payment for retirement deductions and for any unpaid annuity (annuity accrued from date of last payment to date of death) is authorized by OPM and is payable immediately:

- a. Upon the death of an employee if the employee:
 - (1) Has less than 18 months of civilian service, or
 - (2) Leaves no current (or former) spouse or child(ren) entitled to a survivor annuity.
- b. Upon the death of an annuitant annuity payments have not exhausted the employee's lump-sum credit.
- c. Upon termination of annuity payments to the survivor(s) of an employee or to the survivor(s) of an annuitant if total annuity payments have not exhausted the employee's or the annuitant's lump-sum credit.

567.22 Person(s) Entitled to Payment**567.221 Order of Precedence**

A lump-sum payment is payable to the person(s) entitled to each benefit, in the following order: First — To the beneficiary or beneficiaries designated by the employee or annuitant. Second — To the current spouse. Third — To the child or children in equal shares, with the share of any deceased child distributed to the descendants of that child. Fourth — To the parents in equal shares or the entire amount to the surviving parent. Fifth — To the duly appointed executor or administrator of the estate. Sixth — To the person(s) entitled under the laws of the state in which the employee was domiciled at the time of death.

567.222 Former Spouse

A lump-sum payment cannot be awarded to a former spouse by court order or divorce decree if there is a valid Designation of Beneficiary, a duly appointed executor or administrator, or any one of the relatives in the order of precedence survives the employee.

567.23 Designations of Beneficiaries**567.231 Employee Informed**

At the time that an employee enters on duty in a position subject to CSRS the employing office informs the employee that:

- a. Lump-sum benefits under the CSRS, unpaid compensation (567.3), and Federal Group Life Insurance are paid to the person(s) entitled in the order of precedence shown in 567.22.

- b. A designation is made if the employee wishes: (1) to name person(s) not mentioned in the order of precedence or (2) to change the order of preference or the amount of shares.
- c. A designation of beneficiary is for lump-sum benefit purposes only and does not affect the right of any person qualified to receive survivor annuity benefits. Survivor annuity benefits are payable either (1) by operation of law, or (2) as a result of an election made by a retiring employee.

567.232 **Employee Reminder**

Each employing office periodically reminds employees that beneficiary designations may be changed to reflect changes in family status.

567.3 **Procedure Upon Death of an Employee or Annuitant**

567.31 **Contacting Next of Kin**

When an employee dies, the employing office a) contacts the next of kin or emergency addressee and advises such person of benefits payable and of the right to apply for them and b) renders every assistance in completing: SF 2800, *Application for Death Benefits*; FE 6, *Claim for Death Benefits (Life Insurance)*; and SF 1153, *Claim for Unpaid Compensation of Deceased Civilian Employee*.

567.32 **Notifying OPM**

OPM is notified of the death of an annuitant as soon as possible. On receipt of the death notice, OPM a) initiates the filing of the *Application for Death Benefits* (SF 2800) and b) informs the interested parties of their rights.

567.33 **Filing Death Claim Applications**

567.331 **SF 2800**

The applicant files SF 2800 with the
RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045.

567.332 **Minor Children**

SF 2800 and other death claim applications are filed on behalf of minor children by the guardian appointed by the court or, if no guardian has been or will be appointed, by the person having care and custody of the children.

567.333 **One Application**

If the current spouse is entitled to a benefit in his own right and also on behalf of the child(ren), he files only one SF 2800.

567.334 **SF 1153**

SF 1153 is filed through the employing office to the Minneapolis PDC.

567.34 Evidence**567.341 Required**

Every Application for Death Benefits is accompanied by a) a certified copy of the death certificate issued for the employee and b) other evidence called for by the application.

567.342 Additional

OPM determines what benefits are payable under CSRS and, depending on the type of benefit payable and other circumstances in a particular case, may request the applicant to submit additional evidence. Such request does not normally delay settlement.

568 Management-Initiated Disability Retirement Procedures**Reference Note:**

For additional material concerning the subject matter found in 568 through 568.24, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 60.*

568.1 General

There are certain limited situations under which an employing office may initiate a disability retirement application on behalf of an employee. OPM will not accept an application filed by an employing office unless the conditions in 568.11 are met. OPM will not act on the application until it receives the appropriate documentation of the separation action.

568.11 Basis for Filing

An employing office may file an application for disability retirement on behalf of an employee who has 5 years of federal civilian service under the following conditions:

- a. The employing office has issued a decision to remove the employee; and
- b. The employing office concludes, after its review of medical documentation, that cause for the unacceptable performance, conduct, or attendance is due to disease or injury; and
- c. The employee is institutionalized or, based on review of medical and other information, it concludes that the employee is incapable of making a decision to file an application for disability retirement; and
- d. The employee has no personal representative or guardian (individual who would act and care for the employee); and
- e. There is no immediate family member who is willing to file the application on behalf of the employee.

568.12 **Medical Examination**

568.121 **Notifying the Employee**

If it becomes necessary to order a medical examination under these provisions, the employee must be notified in writing to report for the examination. The notice must include the following:

- a. A statement of the general scope and character of the examination.
- b. The reasons for ordering the examination.
- c. The consequence of failure to comply with the request.
- d. The employee's right to be represented. The employee's representative must be provided with a copy of the notification.

568.122 **Designating a Physician**

Management shall designate the examining physician. The employee, however, is offered an opportunity to submit medical documentation from his or her personal physician for review and consideration.

568.123 **Information Provided Examining Physician**

The examining physician must be provided with a copy of all relevant medical information in the Postal Service's possession, the applicable standards and requirements of the position, and a detailed description of the duties of the position (job description), including the critical and essential elements of the job, physical demands, and environmental factors.

568.124 **Psychiatric Evaluation**

The following procedures must be followed when ordering a psychiatric examination:

- a. *Basis for Requesting a Psychiatric Evaluation.* A psychiatric evaluation may be ordered only after the employee provides results of a general medical or psychiatric examination *or* a nonpsychiatric fitness-for-duty examination has been conducted, and, after review of the documentation or examination report, the medical officer concludes that a psychiatric evaluation is warranted for medical reasons.
- b. *Employee Names Representative.* Appointment of a representative of the employee is required. Employees may name their own representative at any time.
- c. *Employee Refuses to Name Representative.* If the employee does not name a representative voluntarily, a management official urges the employee to do so before a fitness-for-duty psychiatric examination is ordered by the medical officer.
- d. *Management Appoints Representative.* If the employee persists in not naming a representative, management appoints one to receive copies of all notices, determinations, decisions, and other written communication issued to the employee under these procedures. Management may choose a member of the employee's family, union officer, veteran's service officer, or an employee not under the supervision of the affected employee's supervisor.
- e. *Employee's Objection to Named Psychiatrist.* An employee or representative who objects to the psychiatrist named by the medical

officer is requested to submit the names of three to five medical board-certified psychiatrists of his or her choice. The medical officer then selects a psychiatrist from the list, and management arranges for the examination.

568.125 **Cost of Medical Examination**

Any costs incurred as a result of a medical examination taken at the direction of the Postal Service and by a Postal Service appointed physician selected pursuant to 568.124e above shall be the responsibility of the Postal Service. The employee, however, is responsible for all costs incurred as a result of any medical examination conducted by a private physician selected by the employee.

568.126 **Management Decision**

To support a disability retirement under these provisions, management must conclude, after its review of the medical documentation, and in the opinion of the medical officer, that the cause for the unacceptable performance, conduct, or attendance is due to the employee's medical condition or illness. If the employee is not institutionalized, management must also conclude that the employee is incapable of making a decision to file a disability retirement application. This conclusion must be based on a medical assessment by a Postal Service medical officer.

568.13 **Filing Application**

568.131 **Employing Office Action**

If all of the conditions in 568.11 have been satisfied, the employing office can proceed in filing a disability application on behalf of the employee.

568.132 **Notice to Employee**

The employing office must inform the employee, in writing, at the same time that it informs the employee of its removal decision that (a) a disability retirement application has been submitted to OPM on the employee's behalf, (b) the employee may review any medical information and obtain copies of any records at no expense, and (c) that the action does not affect the employee's right to submit a voluntary application for disability retirement.

568.133 **Notice to OPM**

When submitting an application for disability retirement to OPM under these procedures, the employing office must provide OPM with copies of the decision to remove the employee, the medical documentation, and any other documents required to show that the cause for removal is due to a medical condition. Following separation, OPM must be provided with a copy of the documentation of the separation.

568.2 **OPM Action**

568.21 **Processing by OPM**

OPM will not act on an application for disability retirement initiated by management until it receives the appropriate documentation of the separation. When OPM receives a complete application for disability retirement, it will notify the former employee that it has received the

application. OPM will also provide the employee with an opportunity to submit additional medical documentation.

568.22 **Decision**

OPM will issue its decision, in writing, to the employee and to the employing office, through the Retirement Branch, Minneapolis PDC. The decision will include a statement of findings and conclusions, and an explanation of the right to request a reconsideration of OPM's decision.

568.23 **Cancellation of Retirement**

OPM will cancel any disability retirement when a final decision of an administrative authority or court reverses the removal action and orders the reinstatement of the employee.

568.24 **Employee's Status Pending OPM's Decision**

The employee will remain on the Postal Service's rolls pending the final disposition of an adverse action through the appropriate appeal procedures. The employee will not be retained on the rolls pending OPM's decision on the disability application once all appeal procedures have been exhausted.

569 **General Retirement Information**

Reference Note:

For additional material concerning the subject matter found in 569, refer to:

- *Office of Personnel Management CSRS/FERS Handbook, Chapter 40.*

569.1 **Retirement Counseling**

569.11 **Responsibility**

District managers are responsible for ensuring that retirement information and counseling are made available to their employees.

569.12 **National Retirement Counseling System (NARECS)**

569.121 **Purpose**

- a. The basic purpose of NARECS is to provide employees with information and counseling to assist in making their transition into retirement a smooth one.
- b. NARECS emphasizes improved retirement paperwork processing so that when an employee retires, the necessary papers are sent to OPM correct, complete, and timely (within 30 days of the separation date).

569.122 **Content**

NARECS provides:

- a. Automatic semiannual printouts of computer-generated annuity estimates for employees eligible for optional retirement.

- b. Individual annuity estimates, upon request.
- c. Management reports.
- d. Training Program on retirement counseling. (Postal Employee Development Center Course No. 14519-00).
- e. CSRS Retirement Guide, Handbook EL-502.

569.123 **Individual Counseling**

On request, interested employees are given individual pre-retirement counseling. Counseling is done by an official who can provide detailed information on the CSRS and the health benefits and life insurance programs. The official directs the employee to community or private sources for retirement planning information not available in the installation. These interviews are "on the clock" if the interviewer is available during the same tour as the employee seeking advice.

569.124 **Interview**

The interview is intended to:

- a. Clarify the employee's work and leave status up to the date of retirement.
- b. Identify additional documents, proofs, affidavits, etc., as necessary.
- c. Clarify the advantages, if any, of deposits or redeposits.
- d. Provide information on alternative forms of retirement.
- e. Provide basic annuity estimates to assist employees in making their decision. The retirement counselor requests individual annuity estimates from the Minneapolis PDC with the retirement effective date and type of retirement (optional, disability or discontinued service) based on the employee's request.

569.125 **Check List for Pre-Retirement Interviews**

Form 2411, *Check List for Pre-Retirement Interviews* gives additional information regarding aspects of retirement that are covered during the interview with the employee or employee representative.

569.126 **Certified Summary of Federal Service**

This OPM Form SF 2801-1, *Certified Summary of Federal Service*, records the retiring employee's total creditable civilian and military service. A certified copy of this form must accompany each retiring employee's Application for Immediate Retirement to OPM. Employing offices are encouraged to accurately complete this form (this includes having the employee review it and certify whether all service is listed) in advance of the employee's separation, e.g., during first contact with employee for retirement counseling.

569.127 **Information Reference**

Sources from which the employee may obtain information on such topics as wills, investments, personal insurance, etc. may be pointed out to the employee.

569.128 **Advice to Employee**

Employees are cautioned that, although they may be given information on various provisions and options under the retirement law, the final choice on

these matters (except in the case of management-initiated disability retirement) is the decision of the employee. Further, employees are cautioned that any estimate of annuity is preliminary and subject to final determination by OPM.

569.13 **Survivor Counseling and Assistance**

Installation heads promptly inform a deceased employee's survivor of benefits that may be due and assist in preparing the necessary applications. To the extent practicable, assistance is also given to survivors of annuitants.

569.14 **Group Counseling and Assistance**

569.141 **Objectives and Responsibility**

Group retirement planning programs provide employees with: a) general information on retirement, b) aging problems, and c) general information on available federal and local community services. Such programs attempt (1) to motivate employees to constructively plan for their retirement years and (2) to assist them in anticipating some of the opportunities and problems that retirement brings. District managers are responsible for ensuring that at least one group retirement counseling seminar is held each fiscal year for employees within 3 years of optional retirement eligibility. NARECS Report No. AAF240P2, Current Eligibles Reference List, and Report No. AAF240P3, Retirement Forecast Reference List, may be used to assist in planning for group seminars. Group counseling is supplementary to, but not a substitute for, individual counseling prescribed in 569.12.

569.142 **Location and Participation**

Group counseling sessions may be held on USPS premises, if available, or in any other available place. Employees within 2 to 5 years of retirement age and employees actively considering retirement are encouraged to attend. Participation is voluntary and off-the-clock and may include husbands and wives. The important aspects of retirement may be adequately covered in approximately six to eight sessions of 2 hours each.

569.143 **Suggestions for Program Content**

- a. Income and Financial Affairs:
 - (1) Civil Service Retirement.
 - (2) Social Security Benefits.
 - (3) Unemployment Compensation.
 - (4) Veterans Benefits.
 - (5) Budgeting.
 - (6) Federal and State Income Taxes.
 - (7) Insurance and Health Benefits.
 - (8) Investments.
- b. Legal Affairs:
 - (1) Contracts.
 - (2) Acquiring and Disposing of Property.

- (3) Legal Advice.
- (4) Record of Important Documents.
- c. Health:
 - (1) Food and Nutrition.
 - (2) Psychological Problems of Retirement.
 - (3) (Problems of Physical Health.
- d. Retirement Activities:
 - (1) Employment (including volunteer work).
 - (2) Hobbies.
 - (3) Recreation.
 - (4) Travel.
- e. Family and Social Relations.

569.2 Retirement Forms

569.21 Guidelines for Processing Personnel Actions

Handbook EL-301, *Processing Personnel Actions*, contains information on processing retirement forms in connection with personnel actions.

569.22 Requisitioning Forms

Installations are expected to maintain a supply of retirement forms sufficient to meet anticipated needs. Such forms are requisitioned from the area supply center under regular requisitioning procedures.

569.3 Retirement Account Information

The official individual retirement records are maintained by the Minneapolis PDC. Questions pertaining to an employee's retirement account (including the amount of retirement deductions) which cannot be answered locally are forwarded by management to the retirement section of the Minneapolis PDC. The individual's retirement records covering service in any federal agency or prior postal service with a break in employment of 4 days or more are on file with OPM.

569.4 Information Source for Separated or Retired Employees

Questions relating to the amount of annuity to which a separated or retired employee is entitled, or to specific benefits of survivors of employees or of annuitants, are referred to the

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045.

569.5 **Information Source for Employees**

Questions relating to administration, or questions requiring interpretation of the Civil Service retirement law or regulations, are referred to the

MGR COMPENSATION
HUMAN RESOURCES
US POSTAL SERVICE
475 L'ENFANT PLZ SW
WASHINGTON DC 20260-4213.

569.6 **Federal Income Tax**

569.61 **Taxable Annuities**

The "three-year rule" was repealed by the Tax Reform Act of 1986 for any individual whose annuity starting date is after July 1, 1986. In general, this rule provided that annuities were tax-free, to the extent that employee contributions were made, for up to 3 years. Annuities effective after July 1, 1986 are subject to the "general rule" under the Internal Revenue Code. This rule provides that each monthly annuity payment is made up of two parts: (1) the tax-free part (which represents a return of employee contributions) and (2) the taxable balance. The tax-free part, once calculated, is a specific dollar amount which remains in effect until an annuitant has recovered all of the contributions made to the retirement fund. At that time, entire monthly annuity becomes taxable. Publication 721, *Comprehensive Tax Guide to U.S. Civil Service Retirement Benefits*, available from the Internal Revenue Service, explains how the federal tax rules affect CSRS annuities.

569.62 **Federal Income Tax Withholding**

CSRS annuities are subject to federal income tax withholdings unless an annuitant elects not to have tax withheld. If an annuitant elects not to have tax withheld, he may have to make estimated tax payments. Generally, the tax withheld or estimated tax, or the total of both, must cover at least 90 percent of an annuitant's total tax for the year or 100 percent of the tax shown on the annuitant's return for the previous year, whichever is less. Annuitants elect the amount they wish to have withheld on Form W-4PA, which is available from OPM.

569.63 **Federal Income Tax Questions**

Questions relative to any aspect of federal income tax are referred to the District Director of Internal Revenue.

569.7 **Privacy Act Considerations**

569.71 **General**

Retirement records contain information about individuals. As such, they may be handled and disclosed only in accordance with the Privacy Act and implementing instructions.

569.72 OPM Records

Those records which are sent to OPM become the OPM's records. Retired employees making privacy requests specifically for those records should, therefore, direct their requests to the

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045.

569.73 USPS Records

Copies of an individual's retirement records and related correspondence may be maintained within the USPS in one of two ways: either in the personnel area as part of the privacy system entitled *USPS 120.070, Personnel Records — General Personnel Folders (Official Personnel Folders and Records Related Thereto)*, or in the PDC as part of the privacy system entitled *USPS 050.020, Finance Records-Payroll System*. Employees making requests specifically for access to or update of these records direct their requests to the nearest USPS personnel office for processing.