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required under FERS, as provided by this section.

(b) The refund is equal to—

(1) For service described in §846.302(a) and performed on or after January 1, 1984, and before January 1, 1987, the amount by which the amount contributed exceeds 1.3 percent of basic pay;

(2) For service described in §846.302(a) and performed on or after January 1, 1987, the amount by which the amount contributed exceeds the amount required under §841.503 of this chapter; and

(3) For service described in §846.302(b), the amount by which the amount contributed exceeds 1.3 percent of basic pay.

(c) A refund made under this section is payable with interest computed as prescribed under §831.105 (d) and (e) of this chapter. Interest is payable regardless of the length of the period of service for which refund is being made or the total amount of service the employee has.

(d) A refund described in this section is payable upon the receipt of an application by OPM or its designee.

§846.402 Refunds of all CSRS contributions.

(a) An individual who elects to transfer to FERS is entitled to a refund of all CSRS contributions in accordance with the provisions of part 831, subpart T of this chapter.

(b) An application for refund of FERS retirement contributions under §843.202 of this chapter is deemed to also be an application for refund of CSRS retirement contributions under part 831, subpart T of this chapter.

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§846.501 Cancellation upon transfer to FERS.

A designation of beneficiary made under §831.2005 of this chapter is cancelled on the effective date of an election of FERS coverage. Designations of beneficiary under FERS must be made in accordance with §843.205 of this chapter and apply to an employee's contributions under both CSRS and FERS.

PART 847—ELECTIONS OF RETIREMENT COVERAGE BY CURRENT AND FORMER EMPLOYEES OF NONAPPROPRIATED FUND INSTRUMENTALITIES

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AUTHORITY: 5 U.S.C. 8347(a) and 8461(g) and section 1043(b) of Pub. L. 104–106, Div. A, Title X, Feb. 10, 1996, 110 Stat. 434. Subpart B also issued under 5 U.S.C. 8347(q) and 8461(n).

SOURCE: 61 FR 41721, Aug. 9, 1996, unless otherwise noted.

Subpart A—General Provisions

§ 847.101 Purpose and scope.

(a) This part contains the regulations issued by the Office of Personnel Management (OPM) to implement the statutory election rights under the Portability of Benefits for Nonappropriated Fund Employees Act of 1990 and section 1043 of the National Defense Authorization Act for Fiscal Year 1996 of certain current and former NAFI employees.

(b) This part establishes—

(1) The eligibility requirements for making an election;

(2) The procedures for making elections;

(3) The methodologies to determine the employee costs associated with the elections; and

(4) The methodologies to calculate benefits that include credit for NAFI service based on such elections.

(c)(1) The regulations in this part apply to individuals covered by CSRS or FERS (and their survivors) and the employers of such individuals. The Department of Defense and the U.S. Coast Guard will issue any necessary regulations to implement these election rights to the extent they affect NAFI retirement systems under their jurisdiction.

(2) The regulations in this part apply only to CSRS benefits and FERS basic benefits. They do not apply to benefits under the Thrift Savings Plan described in subchapter III of chapter 84, of title 5, United States Code.

§ 847.102 Regulatory structure.

(a)(1) Subpart A of this part contains information applicable to all elections under this part.

(2) Subpart B of this part contains information about prospective retirement coverage elections under sections 8347(q) and 8461(n) of title 5, United States Code.

(3) Subpart C of this part contains information about the procedures applicable to retroactive retirement coverage and alternative credit elections under section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

(4) Subpart D of this part contains information about the types of retroactive elections available, the eligibility requirements for each type of election, the effects of an election on CSRS and FERS coverage during future employment, and the effective dates of CSRS and FERS coverage applicable to elections under section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

(5) Subpart E of this part contains information about transferring retirement contributions in connection with elections under section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

(6) Subpart F of this part contains information about determining the employee costs associated with elections under section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

(7) Subpart G of this part contains information about benefits indirectly affected by elections under section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

(b) Section 831.305 of this chapter contains information about CSRS credit for NAFI service performed after June 18, 1952, but before January 1, 1966.

(c)(1) Part 831 of this chapter contains information about the Civil Service Retirement System.

(2) Parts 841 through 844 of this chapter contain information about FERS basic benefits.

(3) Part 837 of this chapter contains information about reemployment of annuitants.

(4) Parts 870, 871, 872, and 873 of this chapter contain information about the Federal Employees Group Life Insurance Program.

(5) Part 890 of this chapter contains information about coverage under the Federal Employees Health Benefits Program.

(6) Chapter II (parts 1200 through 1299) of this title contains information about appeals to the Merit Systems Protection Board.

(7) Chapter VI (parts 1600 through 1699) of this title contains information about the Federal Employees Thrift Savings Plan.

§ 847.103 Definitions.

(a) Except as provided in paragraph (b) of this section, the definitions in sections 8331 and 8401 of title 5, United States Code, apply throughout this part.

(b) In this part—

Actuarial present value means the amount of money (earning interest at an assumed rate) required at the time of retirement to finance an annuity that is payable in monthly installments for the annuitant's lifetime based on mortality rates for annuitants under CSRS and FERS; and increases each year at an assumed rate of inflation. Interest, mortality, and inflation rates used in computing the present value are those used by the Board of Actuaries of the Civil Service Retirement System for valuation of CSRS and FERS, based on dynamic assumptions.

Age means the number of years an individual has been alive as of his or her last birthday.

Agency means an executive agency as defined in section 105 of title 5, United States Code; a legislative branch agency; a judicial agency; and the U.S. Postal Service and Postal Rate Commission.

Annuitant means a *retiree* or a *survivor*.

CSRS or FERS means the Civil Service Retirement System or the Federal Employees Retirement System as described in chapters 83 and 84 of title 5, United States Code.

Deferred annuity date means the earliest date on which a retiree would be eligible, without credit for the NAFI service, to receive a deferred annuity based on his or her actual date of separation.

Deficiency means the remainder of the actuarial present value or crediting NAFI service, after subtracting the amount credited to the employee from a transfer to the Fund under subpart E of this part, and earnings under § 847.507 on the transferred amount.

Employee contributions with interest means the dollar amount deducted from an employee's pay for retirement system participation, plus any amounts the employee deposited for civilian service credit under the retirement system, and interest, if any, payable under § 841.605 of this chapter (for FERS) or under applicable NAFI retirement system rules.

Fund means the Civil Service Retirement and Disability Fund established in section 8348 of title 5, United States Code.

Government contributions means the dollar amount which was contributed on behalf of an employee by his or her employer for retirement system participation.

Monthly annuity rate means the amount of the monthly single life annuity under CSRS or FERS (computed without regard to any survivor benefit reductions computed under sections 8339 (j) or (k), and 8418 through 8420 of title 5, United States Code), before any offset relating to benefits under the Social Security Act under section 8349 of title 5, United States Code, but after including any reduction for age (5 U.S.C. 8339(h) or 8415(f)) or for crediting nondeduction civilian service performed before October 1, 1982 (5 U.S.C.A. 8339(i), note).

NAFI means a nonappropriated fund instrumentality described in section 2105(c) of title 5, United States Code.

Retiree means a former employee who, on the basis of his or her service meets all the requirements for title to a CSRS or FERS annuity and files claim therefor.

Survivor means a widow, widower, or former spouse entitled to a CSRS or FERS annuity based on the service of a deceased employee, separated employee, or retiree.

§ 847.104 OPM responsibilities.

(a) OPM will issue guidance to employing agencies to use when notifying their employees about the opportunity to make an election under this part and for counselling employees in connection with the election.

(b) OPM will issue instructions to agencies concerning the transfer of funds and recordkeeping in connection with these elections.

§ 847.105 Agency responsibilities.

(a) Each agency is responsible for notifying its employees of the opportunity to make an election under this part and for determining if an employee who wishes to make an election is qualified to do so, and for counselling employees in accordance with guidance issued by OPM.

(b) If an agency determines that an employee is not eligible to make an election under this part, the agency shall issue a final decision to the employee that meets the requirements of § 847.106, including notice of the right to appeal under § 847.107.

§ 847.106 Agency decision concerning eligibility.

(a) If the agency determines that the employee is not eligible to make an election under this part, it must issue a final decision to the employee.

(b) A final decision shall be in writing, shall fully set forth the findings and conclusions of the agency, and shall contain notice of the right to request an appeal provided in § 847.107.

§ 847.107 Appeals to MSPB.

(a) An individual whose rights or interests under the CSRS or FERS are affected by a final decision of the employing agency may request the Merit Systems Protection Board to review such decision in accordance with procedures prescribed by the Board.

(b) Paragraph (a) of this section is the exclusive remedy for review of agency decisions concerning eligibility to make an election under this part. An agency decision must not allow review under any employee grievance procedures, including those established by chapter 71 of title 5, United States Code, and part 771 of title 5, Code of Federal Regulations.

§ 847.108 Computation of time.

In computing a period of time for filing documents, the day of the action or event after which the designated period of time begins to run is not included. The last day of the period is included unless it is a Saturday, a Sunday, or a legal holiday; in this event, the period runs until the end of the next day which is not a Saturday, a Sunday, or a legal holiday.

Subpart B—Elections to continue retirement coverage after a qualifying move

§ 847.201 Purpose and scope.

This subpart contains OPM's regulations on the procedures, eligibility requirements, time limits and effects of elections under sections 8347(q) and 8461(n) of title 5, United States Code.

§ 847.202 Definition of qualifying move.

(a) A qualifying move occurring on or after August 10, 1996, which would allow an opportunity to elect to continue retirement coverage under CSRS and FERS must meet all the following criteria:

(1) The employee must not have had a prior opportunity to elect to continue CSRS or FERS retirement coverage;

(2) The employee must have been vested in CSRS or FERS prior to the move to a NAFI;

(3) The employee must have moved from a position covered by CSRS or FERS to a retirement-covered position in a NAFI; and

(4) The employee must begin employment in a retirement-covered position in a NAFI no later than 1 year after separation from CSRS- or FERS-covered employment.

(b) A qualifying move occurring on or after August 10, 1996, which would allow an opportunity to elect to continue retirement coverage under a NAFI retirement system must meet all the following criteria:

(1) The employee must not have had a prior opportunity to elect to continue NAFI retirement system coverage;

(2) The employee must have been a vested participant in the NAFI retirement system (as the term ''vested participant'' is defined by that retirement system) prior to the move to a CSRS- or FERS-covered position;

(3) The employee must have moved from a NAFI to a civil service position subject to CSRS or FERS coverage; and

(4) The employee must be appointed to a CSRS- or FERS-covered position no later than 1 year after separation from retirement-covered NAFI employment.

(c) A qualifying move occurring between January 1, 1987, and August 9, 1996, which would allow an opportunity to elect to continue retirement coverage under CSRS or FERS must meet all the following criteria:

(1) The employee must not have had a prior opportunity to elect to continue CSRS or FERS retirement coverage;

(2) The employee must have been vested in CSRS or FERS prior to the move to a NAFI;

(3) The employee must have moved from a CSRS- or FERS-covered position within the Department of Defense or the U.S. Coast Guard to a retirement covered position with a NAFI; and

(4) The employee must begin employment in a retirement-covered position in a NAFI no later than 4 days after separation from CSRS- or FERS-covered employment.

(d) A qualifying move occurring between January 1, 1987, and August 9, 1996, which would allow an opportunity to elect to continue retirement coverage under a NAFI retirement system must meet all the following criteria:

(1) The employee must not have had a prior opportunity to elect to continue NAFI retirement system coverage;

(2) The employee must have been a vested participant in the NAFI retirement system (as the term ''vested participant'' is defined by that retirement system) prior to the move to the civil service;

(3) The employee must have moved from a NAFI to a CSRS- or FERS- covered position within the Department of Defense or the U.S. Coast Guard; and

(4) The employee must be appointed to a CSRS- or FERS-covered position no later than 4 days after separation from retirement-covered NAFI employment.

(e) A qualifying move under paragraphs (a) and (b) of this section is considered to occur on the date the individual enters into the new position, not at the time of separation from the prior position.

(f) A retroactive election opportunity under subpart D of this part (pertaining to elections of CSRS, FERS, or NAFI retirement coverage) is not considered a prior opportunity to elect retirement coverage under this section.

§ 847.203 Elections of CSRS coverage.

(a) An employee who completes a qualifying move (under § 847.202(a) or (c)) from a CSRS-covered position to a NAFI may elect to continue CSRS coverage.

(b) An employee who elects CSRS coverage under this section will be covered by CSRS (or FERS, if the employee subsequently transfers to FERS under part 846 of this chapter) during all periods of future service not excluded from coverage by CSRS, including any periods of service with a NAFI.

(c) An employee who makes an election under paragraph (a) of this section and who has had a break in service exceeding 3 days is eligible to elect FERS under part 846 of this chapter.

§ 847.204 Elections of FERS coverage.

(a) An employee who completes a qualifying move under § 847.202(a) and (c) from a FERS-covered position to a NAFI may elect to continue FERS coverage.

(b) An employee who elects FERS coverage under this section will be covered by FERS during all periods of future service not excluded from coverage by FERS, including any periods of service with a NAFI.

§ 847.205 Elections of NAFI retirement system coverage.

(a) An employee who completes a qualifying move under § 847.202(b) and (d) from a NAFI position to a CSRS- or FERS-covered position may elect to continue coverage under the NAFI retirement system.

(b) An employee who elects NAFI retirement system coverage under this section is excluded from coverage under CSRS or FERS during that and all subsequent periods of employment, including any periods of service as a reemployed annuitant.

§ 847.206 Time limit for making an election.

(a) Except as provided in paragraph (b) of this section, the time limit for making the election is 30 days after the qualifying move.

(b) Agencies may waive the time limit if it finds that the employee was not timely given the opportunity to make the election, or, despite due diligence, was prevented by circumstances beyond his or her control from making an election within the time limit.

(c) An agency decision to waive the time limit must comply with the provisions of § 847.106, including notification of the right of appeal under § 847.107.

§ 847.207 Effective dates of elections.

Elections under this subpart are effective on the date of the qualifying move.

§ 847.208 Changes of election.

An election under this subpart is irrevocable when received by the employing agency.

§ 847.209 Collection of CSRS and FERS retirement contributions from NAFI employers.

CSRS and FERS salary deductions and contributions for NAFI employees who have elected CSRS or FERS coverage under this subpart must be made and submitted to OPM in the manner currently prescribed for the transmission of withholdings and contributions.

§ 847.210 Collection of NAFI retirement contributions from Federal agencies.

The Department of Defense and the U.S. Coast Guard will establish procedures for agencies to withhold and submit retirement contributions to the retirement systems for employees who elect to be covered by a retirement system for NAFI employees under this subpart.

§ 847.211 Death of employee during election opportunity period.

(a) When an employee eligible to make an election under this subpart dies before expiration of the time limit under § 847.206, the employee is deemed to have made the election and to be

covered, at time of death, by the retirement system that covered the employee before the qualifying move.

(b) The deemed election under paragraph (a) of this section does not apply if the eligible survivor elects to have it not apply.

(c) An election by the survivor to decline the deemed election must be in writing and filed no later than 30 days after the employing agency notifies the survivor of the right to decline the deemed election.

Subpart C—Procedures for Elections Under the Retroactive Provisions

§847.301 Purpose and scope.

This subpart establishes the procedures applicable to elections section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

§847.302 Notice of election rights.

The employing agency must provide notice to all eligible employees of the opportunity to elect to continue retirement coverage under subpart D of this part. Failure to provide notice to the employee is justification for waiving the time limit under §847.304.

§847.303 Election forms.

(a) Eligible employees may make an election under subpart D of this part on a form prescribed by OPM and filed with the employing agency.

(b) For elections of retirement coverage under subpart D of this part, the election form will require that the employee obtain a certification from his or her previous retirement system showing dates of service, amounts transferable from the previous retirement system to the elected retirement system under subpart E of this part, and that the employee became vested in the retirement system. If an employee was covered by more than one retirement system, he or she must obtain certification from each retirement system.

§847.304 Time limit.

(a) Except as provided in paragraph (b) of this section, the time limit for making an election under subpart D of this part is August 11, 1997.

(b) Because Public Law 104–106 requires that eligible employees receive timely notice of the opportunity to make the election under subpart D of this part, and that employees must be counselled concerning the election opportunity, the employing agency must waive the time limit in paragraph (a) of this section in the event that an employee did not receive such notice or counselling.

§847.305 Basic records.

(a) Agencies must establish and maintain retirement accounts for employees subject to CSRS or FERS in the manner prescribed by OPM.

(b) The individual retirement record (Standard Form 2806 for CSRS, or Standard Form 3100 for FERS) is the basic record for action on all claims for annuity or refund, and those pertaining to deceased employees and annuitants.

Subpart D—Elections of Coverage Under the Retroactive Provisions

General Provisions

§847.401 Purpose and scope.

This subpart contains OPM's regulations concerning the types of elections available, the eligibility requirements for each type of election, the effects of an election on CSRS and FERS coverage during future employment, and the effective dates of CSRS and FERS coverage applicable to retroactive retirement coverage and credit elections under section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

§847.402 Definition of qualifying move.

(a) A qualifying move occurring after December 31, 1965, and before August 10, 1996, which would allow an employee the opportunity to elect to continue retirement coverage under CSRS or FERS retroactive to the date of the move must meet all the following criteria:

(1)(i) For moves occurring before February 10, 1996, the employee must not have had a prior opportunity to elect to continue CSRS, FERS, or NAFI retirement coverage under §847.202 (c) or (d);

(ii) For moves occurring on or after February 10, 1996, the employee must not have made an election under § 847.202 (c) or (d);

(2) The employee must have been vested in CSRS or FERS prior to the move to a NAFI;

(3) The employee must have moved from a position covered by CSRS or FERS to a retirement-covered position in a NAFI;

(4) The employee must have begun employment in a retirement-covered position in a NAFI no later than 1 year after separation from CSRS- or FERS-covered employment; and

(5) The employee must, since moving to the NAFI position, have continuously participated in a retirement system established for NAFI employees, disregarding any break in service of not more than 3 days.

(b) A qualifying move occurring after December 31, 1965, and before August 10, 1996, which would allow an employee the opportunity to elect to continue retirement coverage under a NAFI retirement system retroactive to the date of the qualifying move must meet all the following criteria:

(1)(i) For moves occurring before February 10, 1996, the employee must not have had a prior opportunity to elect to continue CSRS, FERS, or NAFI retirement coverage under § 847.202(c) or (d);

(ii) For moves occurring on or after February 10, 1996, the employee must not have made an election under § 847.202(c) or (d);

(2) The employee must have been a vested participant in the NAFI retirement system (as the term ''vested participant'' is defined by that retirement system) prior to the move to a FERS-covered position;

(3) The employee must have moved from a NAFI to a civil service position subject to FERS coverage or CSRS/SS coverage, as defined in § 846.102 of this chapter, followed by the employee's automatic conversion to FERS coverage;

(4) The employee must have been appointed to a FERS-covered position no later than 1 year after separation from retirement-covered NAFI employment; and

(5) The employee must, since moving to the FERS position, have been continuously covered by FERS, disregarding any break in service of not more than 3 days.

(c) A move from a NAFI to CSRS, including CSRS/SS as defined under § 846.102 of this chapter followed by an election of FERS coverage under § 846.201 of this chapter, is not a qualifying move for an election of retirement coverage under § 847.431 (pertaining to elections of NAFI service credit for FERS service) and § 847.441 (pertaining to elections of NAFI retirement coverage).

(d) A qualifying move under paragraphs (a) and (b) of this section is considered to occur on the date the individual entered into the new position, not at the time of separation from the prior position.

ELECTIONS OF CSRS OR FERS COVERAGE BASED ON A MOVE FROM CSRS OR FERS TO NAFI

§ 847.411 Election requirements.

(a) An employee who completed a qualifying move under § 847.402(a) may elect to be covered by CSRS, if the qualifying move was from a CSRS-covered position, or FERS, if the qualifying move was from a FERS-covered position, for all Federal service following the qualifying move. Employees who elect to be covered by CSRS will be prospectively covered by the CSRS Offset provisions set out in subpart J of part 831 of this chapter.

(b) A survivor eligible for benefits under the NAFI retirement system which covered an employee at the time of death may make an election under this section if the employee was otherwise eligible to make an election, but died before expiration of the time limit under § 847.304.

§ 847.412 Elections of FERS instead of CSRS.

(a) An employee who elects CSRS coverage under § 847.411(a) may, during the 6-month period beginning on the date the election under § 847.411(a) is filed with the employing agency, elect to become subject to FERS.

(b) An election of FERS under this section is subject to the provisions of

part 846 of this subchapter and takes effect on the first day of the first pay period after the employing agency receives the election.

§847.413 Effective date of an election.

(a) An election under §847.411 is effective on the first day of NAFI employment subject to retirement coverage following CSRS- or FERS-covered employment.

(b) Deductions and contributions for CSRS or FERS coverage under §831.111 or §841.501 of this chapter begin effective on the first day of the next pay period after the agency receives the employee's election under §847.411(a).

(c) An election under §847.411 is irrevocable when received by the employing agency.

(d) NAFI service performed on and after the effective date of an election under §847.411 becomes fully creditable for retirement eligibility and computation of the annuity benefit, including computation of average pay.

847.414 Crediting future NAFI service.

An employee who elects CSRS or FERS coverage under §847.411 will be covered by CSRS or FERS during all periods of future service not excluded from coverage by CSRS or FERS, including any periods of service with a NAFI and service as a reemployed annuitant.

§847.415 OASDI coverage.

An employee who elects CSRS coverage under §847.411 is prospectively subject to both the Old Age, Survivors, and Disability Insurance (OASDI) tax and CSRS as described in subpart J of part 831 of this chapter, known as CSRS Offset, effective from the first day of the next pay period after the employing agency receives the employee's election under §847.411(a).

§847.416 Credit for refunded FERS service.

(a) An employee or survivor who elects FERS coverage under §847.411 will receive credit in the FERS annuity for the service represented by any refund of the unexpended balance under §843.202 of this chapter.

(b) The amount of the refund, increased by interest as computed under §842.305(e) of this chapter, will be added to the deficiency computed under §847.604 and collected in accordance with the provisions of §847.609 (pertaining to a monthly reduction in the annuity benefit).

ELECTIONS TO REMAIN IN FERS COVERAGE WITH CREDIT FOR NAFI SERVICE BASED ON A MOVE FROM NAFI TO FERS

§847.421 Election requirements.

(a)(1)(i) A FERS employee who completed a qualifying move under §847.402(b) may, instead of the election provided by §847.441 (pertaining to elections of NAFI retirement coverage), elect to remain subject to FERS for all subsequent periods of service.

(ii) Prior service under a NAFI retirement system becomes creditable under FERS rules without regard to whether a refund of contributions for such period has been paid by the NAFI retirement system.

(2) A FERS employee who has had a previous opportunity to elect retirement coverage under §847.202(c) and (d) is not excluded from making this election.

(b) A survivor may make an election under paragraph (a) of this section if the employee was otherwise eligible to elect FERS coverage and FERS service credit, but died before expiration of the time limit under §847.304.

(c) NAFI service made creditable under FERS by an election under this section become creditable for FERS retirement eligibility and FERS annuity computation, including average pay, upon receipt of the election by the employing agency.

(d) A election under this section is irrevocable when received by the employing agency.

§847.422 Crediting future NAFI service.

An employee who elects to remain in FERS coverage with credit for NAFI service under §847.421(a) will be covered by FERS during all periods of future service not excluded from coverage by FERS, including any periods of service with a NAFI and service as a reemployed annuitant.

§ 847.423 Credit for refunded FERS service.

(a) An employee or survivor who elects FERS coverage with credit for NAFI service under § 847.421 will receive credit in the FERS annuity for the service represented by any refund of the unexpended balance under § 843.202 of this chapter.

(b) The amount of the refund, increased by interest as computed under § 842.305(e) of this chapter, will be added to the deficiency computed under § 847.604 and collected in accordance with the provisions of § 847.609 (pertaining to a monthly reduction in the annuity benefit).

ELECTIONS TO REMAIN IN NAFI COVERAGE WITH CREDIT FOR FERS SERVICE BASED ON A MOVE FROM FERS TO NAFI

§ 847.431 Election requirements.

(a)(1)(i) A NAFI employee who completed a qualifying move from FERS under § 847.402(a) may, instead of the election provided by § 847.411 (pertaining to elections of CSRS and FERS coverage), elect to remain subject to the current NAFI retirement system for all subsequent periods of service.

(ii) Prior service under FERS becomes credible under the NAFI retirement system rules.

(2) A NAFI employee who has had a previous opportunity to elect retirement coverage under § 847.202(c) and (d) is not excluded from making this election.

(b) A survivor may make an election under paragraph (a) of this section if the employee was otherwise eligible, but died before expiration of the time limit under § 847.304.

(c) An election under this section is irrevocable when received by the employing agency.

§ 847.432 Effect of a refund of FERS deductions.

OPM will inform the NAFI retirement system of the amount of service performed under FERS, without regard to whether a refund of contributions for such period has been paid under FERS.

§ 847.433 Exclusion from FERS for future service.

(a) An employee who elects NAFI retirement system coverage with credit for FERS service under § 847.431(a) is excluded from coverage under FERS during that and all subsequent periods of employment, including any periods of service as a reemployed annuitant.

(b) FERS service which becomes creditable in a NAFI retirement benefit based on an election under § 847.431 is not creditable for any purpose under FERS.

ELECTIONS OF NAFI COVERAGE BASED ON A MOVE FROM NAFI TO FERS

§ 847.441 Election requirements.

(a) An employee who completed a qualifying move under § 847.402(b) may elect to be covered by a NAFI retirement system for all Federal service following the qualifying move.

(b) A survivor eligible for benefits under FERS may make an election under this section if the employee was otherwise eligible to make an election, but died before expiration of the time limit under § 847.304.

§ 847.442 Effective date.

(a) An election under § 847.441 is effective on the first day of FERS-covered employment following NAFI employment subject to retirement coverage.

(b) Deductions and contributions for NAFI retirement system coverage begin effective on the first day of the next pay period after the agency receives the employee's election under § 847.441(a).

(c) An election under § 847.441 is irrevocable when received by the employing agency.

§ 847.443 Exclusion from FERS for future service.

An employee who elects NAFI retirement system coverage with credit for FERS service under § 847.441(a) is excluded from coverage under FERS during that and all subsequent periods of employment, including any periods of service as a reemployed annuitant.

Subpart E—Transfers of Contributions Under the Retroactive Provisions

§ 847.501 Purpose and scope.

This subpart regulates transferring retirement contributions and crediting those contributions to offset the employee costs in connection with elections section 1043(c)(2) of the National Defense Authorization Act for Fiscal Year 1996.

§ 847.502 Transfers to the CSR Fund.

For elections of CSRS or FERS coverage under § 847.411 or FERS coverage and service credit under § 847.421, the amount under § 847.504 will be transferred to the Fund using the procedures established under § 847.506.

§ 847.503 Transfers from the CSR Fund.

For elections of NAFI retirement system coverage under § 847.441, the amount under § 847.504 will be transferred from the Fund using the procedures established under § 847.506.

§ 847.504 Amount of transfer.

(a) All transfers must include employee contributions with interest, if not previously refunded, and Government contributions for civilian service which becomes creditable under the elected retirement system due to an election under §§ 847.411, 847.421, and 846.441.

(b) If the employee has withdrawn his or her contributions to the retirement system, the amount required by paragraph (a) of this section, less the amount refunded, will be transferred.

§ 847.505 When transfer occurs.

(a) OPM, the Department of Defense, and the U.S. Coast Guard will transfer the amount specified in § 847.504 as soon as practicable after receipt of an election of retirement coverage under subpart D of this part.

(b) The transfer of contributions may not be delayed until the employee retires or separates from service.

§ 847.506 Procedures for transfer.

OPM, the Department of Defense, and the U.S. Coast Guard will jointly determine the procedure for transfer of contributions.

§ 847.507 Earnings after transfer.

Amounts transferred to the Fund under § 847.502 that are used to determine the deficiency under § 847.604 accrue interest at the rate prescribed under § 841.603 of this chapter from the date of receipt in OPM through the date determined under § 847.603 (pertaining to the date of calculation of any deficiency).

Subpart F—Additional Employee Costs Under the Retroactive Provisions

§ 847.601 Purpose and scope.

(a) The purpose of this subpart is to establish the methodology that OPM will use to determine—

(1) The cost of an employee's election under § 847.411 or § 847.421; and

(2) The amount by which annuity payments may be affected as a result of the election.

(b) This subpart applies only to CSRS and FERS benefits. The Departments of Defense, and the U.S. Coast Guard will issue regulations providing methodologies for NAFI's under their jurisdictions.

§ 847.602 Present value factors.

(a) OPM publishes the following tables (available at personnel and payroll offices):

(1) One table of present value factors for all CSRS annuities;

(2) One table of present value factors for FERS annuities that do not receive cost-of-living adjustments before the retiree attains age 62; and

(3) One table of present value factors for FERS annuities that receives cost-of-living adjustments before the retiree attains age 62.

(b)(1) Each present value factor will equal the amount of money (earning interest at an assumed rate) required at the date of computation to fund an annuity that starts out at the rate of $1 a month and is payable in monthly

installments for the annuitant's lifetime based on mortality rates for annuitants paid from the Fund; and increases each year, assuming a certain rate of inflation.

(2) Interest, mortality, and inflation rates used in computing the present value are those used by the Board of Actuaries of the Civil Service Retirement System for valuation of CSRS and FERS, based on dynamic assumptions.

(3) The present value factors are unisex factors obtained by averaging distinct present value factors, which take into account mortality for retirees and survivors under CSRS and FERS.

(c)(1) When OPM publishes in the FEDERAL REGISTER notice of normal cost percentages under § 841.407 of this chapter, it will also publish the CSRS and FERS tables of present value factors for use for this part.

(2) The present value factors will be based on the assumptions used to compute the normal cost percentages.

(3) Changes in the tables of present value factors will be effective on the first day of the month in which the changes in the normal cost percentages become effective.

§ 847.603 Date of present value and deficiency determinations.

(a) For determining the deficiency under § 847.604, OPM will determine, under §§ 847.605 through 847.607, the present values of future retirement benefits (with and without credit for the NAFI service) as of the first date on which inclusion of credit for the NAFI service will affect the rate of annuity payable.

(b) Appendix A to this subpart contains a table in which the left column is a list of events for which inclusion of credit for the NAFI service will affect the rate of annuity payable and the right column indicates the date on which the deficiency will be determined.

§ 847.604 Methodology for determining deficiency.

(a) When an event listed in the left column of the table in Appendix A to this subpart occurs, OPM will compute the deficiency, as follows:

(1) As of the date of computation under § 847.603, OPM will determine—

(i) The present value of the annuity including credit for the NAFI service under § 847.605;

(ii) The present value of the annuity without credit for the NAFI service under § 847.606 or § 847.607, as applicable; and

(iii) The amount credited to the employee from a transfer to the Fund under subpart E of this part including earnings under § 847.507.

(2) OPM will add the amount determined under paragraphs (a)(1)(ii) and (iii) of this section and subtract that sum from the amount determined under paragraph (a)(1)(i) of this section.

(b) If the amount determined under paragraph (a)(2) of this section is greater than zero, the deficiency is equal to that amount.

(c) If no event listed in the left column of the table in Appendix A to this subpart occurs—that is, the additional service credit does not cause an increase in an employee annuity or a survivor annuity actually paid—or, if the amount determined under paragraph (a)(2) of this section is less than or equal to zero, the deficiency equals zero.

§ 847.605 Methodology for determining the present value of annuity with service credit.

(a) OPM will determine the present value of the annuity including service credit for NAFI service under paragraph (b) or (c) of this section.

(b) In cases in which the annuity is payable to a retiree, the present value under paragraph (a) of this section equals the monthly annuity rate including credit for the NAFI service as of the date of computation under § 847.603 times the present value factor for the retiree's age on that date.

(c) In cases in which the annuity is payable to a survivor, the present value under paragraph (a) of this section equals the monthly annuity rate including credit for the NAFI service as of the date of computation under § 847.603 times the present value factor for the survivor's age on that date.

§ 847.606 Methodology for determining the present value of annuity without service credit—credit not needed for title.

(a) If credit for the NAFI service is not necessary to provide title to an annuity payable on the date of computation under § 847.603, OPM will determine the present value of the annuity without credit for the NAFI service under paragraph (b) or (c) of this section.

(b) In cases in which the annuity is payable to a retiree, the present value under paragraph (a) of this section equals the monthly annuity rate without credit for the NAFI service as of the date of computation under § 847.603 times the present value factor for the retiree's age on that date.

(c) In cases in which the annuity is payable to a survivor, the present value under paragraph (a) of this section equals the monthly annuity rate including credit for the NAFI service as of the date of computation under § 847.603 times the present value factor for the survivor's age on that date.

§ 847.607 Methodology for determining the present value of annuity without service credit—credit needed for title.

(a) If credit for the NAFI service is necessary to provide title to an annuity payable on the date of computation under § 847.603, OPM will determine the present value of the annuity without credit for the NAFI service under paragraph (b) or (c) of this section.

(b)(1) In cases in which the annuity is payable to a retiree, the present value under paragraph (a) of this section equals the present value of the deferred annuity without credit for the NAFI service as of the deferred annuity date discounted for interest to that date determined under § 847.603.

(2) The present value of the deferred annuity without credit for the NAFI service as of the deferred annuity date equals the retiree's monthly annuity rate without credit for the NAFI service as of the deferred annuity date times the present value factor for the retiree's age on that date.

(3) The present value under paragraph (b)(2) of this section is discounted for interest by dividing that amount by a factor equal to the value of exponential function in which—

(i) The base is one plus the assumed interest rate under § 841.405 of this chapter on the date determined under § 847.603, and

(ii) The exponent is one-twelfth of the number of months between the date determined under § 847.603 and the deferred annuity date.

(c) In cases in which the annuity is payable to a survivor, the present value under paragraph (a) of this section equals zero, that is, no survivor annuity would ever become payable without credit for the NAFI service.

§ 847.608 Reduction in annuity due to deficiency.

Any annuity payable in the case of an employee who has made an election under subpart D of this part will include credit for the NAFI service. The monthly annuity rate on the date determined under § 847.603 will be permanently reduced by an amount equal to the amount of any deficiency divided by the present value factor for the annuitant's age on that date.

APPENDIX A TO SUBPART F OF PART 847—LIST OF EVENTS FOR WHICH INCLUSION OF NAFI SERVICE MAY AFFECT THE RATE OF ANNUITY PAYABLE

Type of event	Date deficiency will be determined
CSRS or FERS nondisability retirement.	Commencing date of annuity.
CSRS disability retirement	Commencing date of annuity.[1]
FERS disability retirement	First day of month following 62nd birthday.[2]
CSRS death in service	Commencing date of survivor annuity.[3]
FERS death in service	Commencing date of survivor annuity.
FERS death of disability annuitant prior to age 62.	Commencing date of survivor annuity.
FERS death of separated employee.	Commencing date of survivor annuity.
CSRS or FERS redetermination of annuity.	Commencing date of redetermined annuity benefit.

[1] Disability annuity with and without credit for NAFI service must be computed. If annuity payable under each computation is identical due to guaranteed minimum annuity, then deficiency is zero.

[2] Generally, the date the deficiency is determined will be the disability retiree's 62nd birthday. However, if an annuity benefit based on the retiree's actual years of service and salary becomes payable prior to age 62, the deficiency is computed at that time.

[3] Deficiency amount could be zero if survivor is eligible for the guaranteed minimum annuity amount under both computations.

Subpart G—Computation of Benefits Under the Retroactive Provisions

§ 847.701 Purpose and scope.

This subpart establishes the methodology that OPM will use to determine benefit payable in connection with an election made under subpart D of this part.

§ 847.702 Lump-sum payments and refunds.

(a) Employee contributions with interest which are transferred to the Fund under subpart E of this part are included in any lump-sum credit or unexpended balance payable to the employee or the employee's survivors under subpart T of part 831 of this chapter or under part 843 of this chapter.

(b) Government contributions which are transferred to the Fund under subpart E of this part are not included in any lump-sum credit or unexpended balance and are not payable to the employee or the employee's survivors.

§ 847.703 Reductions in annuity.

The CSRS or FERS basic annuity of an employee or survivor who has elected retirement coverage under subpart D of this part is reduced in the following order—

(a) For age, if applicable, as provided under sections 8339(h) and 8415(f) of title 5, United States Code.

(b) For noncontributory service performed before October 1, 1982, if applicable, as provided under 5 U.S.C.A. 8339(i), note.

(c) For deficiency, as determined under subpart F of this part.

(d) To provide a survivor annuity to a spouse or former spouse, if applicable, as provided under sections 8339(j)(4) and 8419(a) of title 5, United States Code.

(e) Any other reductions which may apply.

§ 847.704 Maximum survivor annuity election.

The amount of the employee's benefit after reduction for any deficiency under § 847.608 is—

(a) For CSRS, the maximum amount that may be designated as the survivor base under section 8339 (j) or (k) to title 5, United States Code;

(b) For FERS, the employee annuity (for survivor benefit purposes) under sections 8416 through 8420 of title 5, United States Code.

§ 847.705 Cost-of-living adjustments.

Cost-of-living adjustments are applied to the rate payable to the retiree or survivor, including the reduction for any deficiency described in § 847.608.

PART 870—BASIC LIFE INSURANCE

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