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basic employee annuity that includes a CSRS component.

(c) COLA's apply to basic annuities (not to annuity supplements), survivor annuities, and survivor supplements.

(d) COLA's do not apply for annuitants who are under age 62 as of the effective date, except—

(1) Survivors;

(2) Disability retirees (other than disability retirees whose benefits is based on 60% of high-3 average salary);

(3) Retirees who retired under §842.208 of this chapter (the special provisions for law enforcement officers and firefighters);

(4) Retirees who retired under §842.207 of this chapter (the special provision for air traffic controllers);

(5) Retirees who retired under §842.210 of this chapter (the special provision for military reserve technicians who ceased satisfying the requirements of their position) due to a disability.

(e)(1) Except as provided in paragraph (e)(2) of this section, COLA's are not payable to disability retirees during the first year.

(2) COLA's are payable to disability retirees during the first year if the annuity rate payable is the retiree's earned benefit or the annuity is redetermined because the retiree has reached age 62.

(3) After the first year, both the disability benefit and the social security offset (it any) are increased by COLA's. Disability retirees' earned benefits also increase with COLA's, even when earned benefits are not paid. After application of the COLA, the greater of the increased 40 percent benefit offset by social security or the increased earned benefit is paid until the annuity is redetermined at age 62. After age 62, the redetermined annuity is paid.

(f) COLA's are payable to retirees and survivors whose annuities commence before the effective date.

§841.704 Proration of COLA's.

(a) The full amounts of COLA's are payable on annuities having a commencing date more than 11 months before the effective date.

(b)(1) Prorated portions of COLA's are payable of annuities having a commencing date within 11 months before the effective date.

(2) Proration is based on the number of months (with any portion of a month counting as a month) between the annuity commencing date and the effective date.

(3) For survivors of deceased retirees, proration is determined by the date the annuity was first payable to the deceased retiree.

(4) Proration applied to the assume social security disability insurance benefit is based on the commencing date of the disability annuity, not the beginning of the social security disability benefit.

§841.705 Increases on basic employee death benefits.

(a) COLA's on the basic employee death benefit increase the $15,000 component by the percentage change.

(b) Recipients of the basic employee death benefit are entitled to COLA's if the employee or Member died on or after the effective date.

§841.706 Increases on combined CSRS/FERS annuities.

(a) COLA's on combined CSRS/FERS annuities are computed by increasing the CSRS component by the percentage change and the FERS component by the amount of COLA's under §841.703(a).

(b) The initial monthly rate is computed by—

(1) Applying CSRS rules to CSRS service to obtain the annual rate of the self-only annuity (as defined in §831.603 of this chapter) based on the CSRS service; then

(2) Applying FERS rules to FERS service to obtain the annual rate of annuity determined under §§842.403, 842.405, 842.406, or 842.407 of this chapter based on the FERS service; then

(3) Making any applicable FERS reductions for age and/or survivor benefits to the amounts computed under paragraphs (b)(1) and (b)(2) of this section; then

(4) Dividing the sum of the reduced amounts computed under paragraph (b)(3) of this section by 12; then

(5) Dropping any cents.

(c) The initial monthly CSRS component is computed by—

(1) Applying CSRS rules to CSRS service to obtain the annual rate of the

self-only annuity (as defined in § 831.603 of this chapter) based on the CSRS service; then

(2) Making any applicable FERS reductions for age and/or survivor benefits; then

(3) Dividing the annual amount by 12; then

(4) Dropping any cents.

(d) The initial monthly FERS component is computed by subtracting the initial monthly CSRS component from the initial monthly rate.

(e) A retiree who was covered under FERS for at least one month has a FERS component. If the amount of the FERS component as computed under paragraph (d) of this section is zero (because the CSRS component is equal to the monthly rate, leaving no balance for the FERS component), the FERS component is $1 per month. The retiree is due a full dollar increase on the FERS component with the next COLA. An employee with less than a month of FERS service has no FERS component and is not due any FERS COLA's.

(f) COLA's are determined by applying the appropriate increase to each component and rounding to the next lower dollar (each component must increase by at least one dollar if a COLA applies to each component) before adding them together for the new monthly amount payable.

§ 841.707 COLA's affecting computation of survivor supplements.

For purposes of computing the assumed CSRS annuity under § 843.308 of this chapter, the assumed CSRS annuity includes COLA's computed under CSRS rules.

§ 841.708 Special provisions affecting retired military reserve technicians.

(a) Military reserve technicians who retire as a result of a medical disability are excepted from the bar against COLA increases for retirees under age 62.

(b) Military reserve technicians have retired as a result of a medical disability if they retire under—

(1) Section 8451(a)(1)(B) of title 5, United States Code (allowing retirement by military reserve technicians who are medically disabled for their positions); or

(2) Section 8456 of title 5, United States Code (allowing retirement by military reserve technicians who are not disabled for their positions and who are not eligible under the special military technician discontinued service provisions (section 8414(c)) but who are medically disqualified for military service or the rank required to hold their positions).

(c)(1) Military reserve technicians have not retired as a result of a medical disability if they retire under section 8414(c) of title 5, United States Code (allowing retirement by military reserve technicians who may not be disabled for their positions, but are medically or nonmedically disqualified for military service or the rank required to hold the position, and who are at least age 50 with 25 years of service), unless they provide OPM official documentation showing that their disqualification was for medical reasons.

(2) When OPM receives no information about the reason for the disqualification of a military reserve technician retiring under section 8414(c) of title 5, United States Code, OPM will process the case assuming that the disqualification was for nonmedical reasons. OPM will inform these retirees that they will not receive COLA's until they reach age 62 unless they provide an official certification from the military showing that their disqualification was for medical reasons.

Subpart H—Waiver of Benefits

SOURCE: 52 FR 2058, Jan. 16, 1987, unless otherwise noted.

§ 841.801 Purpose.

This subpart regulates the statutory provision on waiver of annuity benefits under the Federal Employees' Retirement System.

§ 841.802 Definitions.

As used in this subpart—

Annuitant means a person receiving or who is entitled and has made application to receive retirement or survivor benefits under subchapter II, IV, or V of chapter 84 of title 5, United States Code.