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payroll office instructions issued by OPM.

(d) *Distinct periods of service.* A deposit is not considered to have been made for any distinct period of service unless the total amount due for the period is paid in full. A ''distinct period'' for this purpose is the total years, months, and days from the date of entry on active duty (or from January 1, 1957, if later) to the date of final discharge for enlisted military personnel, or to the date of final release from active duty for officers and reservists. A ''distinct period'' also includes consecutive periods of service where there is no break in service, but does not include any lost time.

§ 842.308 Refunds of deductions and service credit deposits made before becoming subject to FERS.

(a) An employee or Member who, while currently employed, is eligible under 5 U.S.C. 8342(a) for a refund of deductions or deposits (relating to civilian service performed before becoming subject to FERS and totaling less than 5 years, not counting service after 1983 that was covered simultaneously by both CSRS and social security) that were previously made for a period of service performed before becoming subject to FERS is eligible for a refund, upon proper application in a form prescribed by OPM. The amount of this refund is the difference between—

(1) The amount of deductions and deposits to his or her credit for such service, plus any interest computed in accordance with 5 U.S.C. 8331(8): and

(2) The amount of the deposit required for such service under § 842.305.

(b) A former employee or Member who is eligible under 5 U.S.C. 8342(a) for a refund of deductions or deposits covering civilian service of the types described in paragraph (a) of this section is eligible for a refund, upon proper application in a form prescribed by OPM. The individual may irrevocably elect a refund, with resepct to this service, of either—

(1) The amount provided under paragraph (a) of this section; or

(2) The full amount of deductions and deposits to his or her credit for such service, plus any interest computed in accordance with 5 U.S.C. 8331(8). If the full amount of deductions and deposits is elected by the former employee or Member, no future deposit for the service may be made.

(c) An employee or Member, who, before becoming subject to FERS, made a deposit for military service is eligible upon proper application in a form prescribed by OPM, while currently employed, for a refund of the amount deposited, excluding interest, to the extent that this amount exceeds the amount of the deposit required for such service under § 842.307.

(d) A former employee or Member who, before becoming subject to FERS, made a deposit for military service is eligible for a refund, upon proper application in a form prescribed by OPM. The former employee or Member may irrevocably elect to receive either—

(1) The amount provided under paragraph (c) of this section; or

(2) The full amount deposited and remaining to the individual's credit. If the full amount of the deposit is elected, no future deposit for the service may be made.

(e) If the current employing agency holds all necessary records pertaining to the amounts in question under paragraph (a) or (c) of this section, the current employing agency will pay the refund in accordance with OPM instructions. Otherwise, OPM will pay the refund.

§ 842.309 Contract service.

Contract service with the United States will only be included in the computation of, or used to establish title to, an annuity under chapter 84 of title 5, United States Code, if—

(a) The employing agency exercised an explicit statutory authority to appoint an individual into the civil service by contract; or

(b) The head of the agency which was party to the contract, based on a timely-filed application, in accordance with section 110 of Public Law 100–238, and the regulations promulgated by OPM pursuant to that statute, certifies that the agency intended that an individual be considered as having been appointed to a position in which (s)he would have been subject to subchapter III of chapter 83 of title 5, United States Code,

and deposit has been paid in accordance with OPM's regulations.

[55 FR 53136, Dec. 27, 1990]

§842.310 Service not creditable because of an election under part 847 of this chapter.

Any FERS service which becomes creditable under a retirement system established for nonappropriated fund employees due to an election made under part 847 of this chapter is not creditable for any purpose under FERS.

[61 FR 41721, Aug. 9, 1996]

Subpart D—Computations

SOURCE: 52 FR 4475, Feb. 11, 1987, unless otherwise noted.

§842.401 Purpose.

This subpart regulates the basic annuity computation under the Federal Employees Retirement System (FERS).

§842.402 Definitions.

In this subpart—

Full-time service means any actual service in which the employee is scheduled to work the number of hours and days required by the administrative workweek for his or her grade or class (normally 40 hours).

Part-time service means any actual service performed on a less than full-time basis, by an individual whose appointment describes a regularly scheduled tour of duty, and any period of time credited as nonpay status time under 5 U.S.C 8411(d), that follows a period of part-time service without any intervening period of actual service other than part-time service.

Proration factor means a fraction expressed as a percentage rounded to the nearest percent. The numerator is the sum of the number of hours the employee actually worked during part-time service; and the denominator is the sum of the number of hours that a full-time employee would be scheduled to work during the same period of service included in the numerator. If an employee has creditable service in addition to part-time service, such service must be included in the numerator and denominator of the fraction.

Total service means the full years and twelfth parts thereof of an employee's or Member's service creditable under subpart C of this part, excluding any fractional part of a month.

[52 FR 4475, Feb. 11, 1987, as amended at 52 FR 22436, June 12, 1987; 58 FR 43493, Aug. 17, 1993]

§842.403 Compution of basic annuity.

(a) Except as provided in paragraph (b) of this section and §§842.405 and 842.406, the annuity of an employee or Member is 1 percent of average pay multiplied by total service.

(b) The annuity of an employee is 1.1 percent of average pay multiplied by total service, provided the individual—

(1) Has completed 20 years of service; and

(2) At the time of separation on which entitlement to an annuity is based—

(i) Is at least age 62; and

(ii) Is not a Member, Congressional employee, military reserve technician, law enforcement officer, firefighter, or air traffic controller.

§842.404 Reductions in basic annuity.

The annuity of an employee or Member retiring under §842.204(a)(1) or §842.212(b) is reduced by five-twelfths of 1 percent for each full month by which the commencing date of annuity precedes the 62nd birthday of the employee or Member, unless the individual—

(a) Has completed 30 years of service; or

(b)(1) Has completed 20 years of service; and

(2) Is at least age 60 on the commencing date of annuity; or

(c) Has completed 20 years of service as—

(1) An air traffic controller, except one separated by removal for cause on charges of misconduct or delinquency;

(2) A firefighter and/or law enforcement officer, except one separated by removal for cause on charges of misconduct of delinquency; or

(3) A Member, except one separated by resignation or expulsion.