§ 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

<table>
<thead>
<tr>
<th>Type of event</th>
<th>Date deficiency will be determined</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSRS or FERS nondisability retirement</td>
<td>Commencing date of annuity.</td>
</tr>
<tr>
<td>CSRS disability retirement</td>
<td>Commencing date of annuity.</td>
</tr>
<tr>
<td>FERS disability retirement</td>
<td>First day of month following 62nd birthday.</td>
</tr>
<tr>
<td>CSRS death in service</td>
<td>Commencing date of survivor annuity.</td>
</tr>
<tr>
<td>FERS death in service</td>
<td>Commencing date of survivor annuity.</td>
</tr>
<tr>
<td>FERS death of disability annuitant prior to age 62.</td>
<td>Commencing date of survivor annuity.</td>
</tr>
<tr>
<td>FERS death of separated employee</td>
<td>Commencing date of redetermined annuity benefit.</td>
</tr>
</tbody>
</table>

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 the retirement 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.


§ 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 nondisability retirement coverage performed before October 1, 1982, if applicable, as provided under 5 U.S.C.A. 8339(i), note.

(c) For noncontributory service covered by CSRS or FERS retirement as defined in 5 U.S.C.A. 8419(a) of title 5, United States Code.

(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.